

Pima County

Single Audit Report

Year Ended June 30, 2017



A Report to the Arizona Legislature





The Arizona Office of the Auditor General's mission is to provide independent and impartial information and specific recommendations to improve the operations of state and local government entities. To this end, the Office provides financial audits and accounting services to the State and political subdivisions, investigates possible misuse of public monies, and conducts performance audits and special reviews of school districts, state agencies, and the programs they administer.

The Joint Legislative Audit Committee

Representative **Anthony Kern**, Chair

Representative **John Allen**

Representative **Rusty Bowers**

Representative **Rebecca Rios**

Representative **Athena Salman**

Representative **J.D. Mesnard** (ex officio)

Senator **Bob Worsley**, Vice Chair

Senator **Sean Bowie**

Senator **Judy Burges**

Senator **Lupe Contreras**

Senator **John Kavanagh**

Senator **Steve Yarbrough** (ex officio)

Audit Staff

Jay Zsorey, Director

John Faulk, Manager and Contact Person

Contact Information

Arizona Office of the Auditor General

2910 N. 44th St.

Ste. 410

Phoenix, AZ 85018

(602) 553-0333

www.azauditor.gov



TABLE OF CONTENTS

Auditors Section

Independent auditors' report on compliance for each major federal program; report on internal control over compliance; and report on schedule of expenditures of federal awards required by the Uniform Guidance 1

Schedule of Findings and Questioned Costs 5

Summary of auditors' results 5

Financial statement findings 7

Federal award findings and questioned costs 7

County Section

Schedule of expenditures of federal awards 11

Notes to schedule of expenditures of federal awards 17

County Response

Corrective action plan

Summary schedule of prior audit findings

Reports Issued Separately

Comprehensive annual financial report

Independent auditors' report on internal control over financial reporting and on compliance and other matters based on an audit of basic financial statements performed in accordance with *Government Auditing Standards*



STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL

MELANIE M. CHESNEY
DEPUTY AUDITOR GENERAL

**Independent auditors' report on compliance for each major federal program;
report on internal control over compliance; and report on schedule of
expenditures of federal awards required by the Uniform Guidance**

Members of the Arizona State Legislature

The Board of Supervisors of
Pima County, Arizona

Report on compliance for each major federal program

We have audited Pima County's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on each major federal program

In our opinion, Pima County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Other matters

The results of our auditing procedures disclosed instances of noncompliance that are required to be reported in accordance with the Uniform Guidance and that are described in the accompanying schedule of findings and questioned costs as items 2017-101 through 2017-104. Our opinion on each major federal program is not modified with respect to these matters.

Report on internal control over compliance

The County's management is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2017-101 through 2017-104, that we consider to be significant deficiencies.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Pima County response to findings

Pima County's responses to the findings identified in our audit are presented in its corrective action plan at the end of this report. The County's responses were not subjected to the auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on them.

Report on schedule of expenditures of federal awards required by the Uniform Guidance

We have audited the financial statements of the governmental activities, business-type activities, discretely presented component unit, each major fund, and aggregate remaining fund information of Pima County as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated December 18, 2017, that contained unmodified opinions on those financial statements. Our report also included a reference to our reliance on other auditors. Our audit was conducted for the purpose of forming our opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of the County's management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Jay Zsorey, CPA
Director, Financial Audit Division

March 27, 2018





SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Summary of auditors' results

Financial statements

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with generally accepted accounting principles	Unmodified
Internal control over financial reporting	
Material weaknesses identified?	No
Significant deficiencies identified?	Yes
Noncompliance material to the financial statements noted?	No

Federal awards

Internal control over major programs	
Material weaknesses identified?	No
Significant deficiencies identified?	Yes
Type of auditors' report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR §200.516(a)?	Yes

Identification of major programs

CFDA number	Name of federal program or cluster
10.557	WIC Special Supplemental Nutrition Program for Women, Infants, and Children
14.218	CDBG - Entitlement Grants Cluster
17.258, 17.259, 17.278	WIOA Cluster
20.205	Highway Planning and Construction Cluster

93.243 Substance Abuse and Mental Health Services—Projects of
Regional and National Significance
93.563 Child Support Enforcement

Dollar threshold used to distinguish between Type A and Type B programs \$1,228,681

Auditee qualified as low-risk auditee? No

Other matters

Auditee’s summary schedule of prior audit findings required to be reported in accordance with 2 CFR §200.511 (b)? Yes

Financial statement findings

Financial statement findings were reported in the separately issued report on internal control over financial reporting and on compliance and other matters based on an audit of basic financial statements performed in accordance with *Government Auditing Standards*.

Federal award findings and questioned costs

2017-101

Cluster name:	CDBG—Entitlement Grant Cluster
CFDA number and name:	14.218 Community Development Block Grants/Entitlement Grants
Award numbers and years:	B-16-UC-04-0502 July 1, 2016 through September 1, 2023; B-15-UC-04-0502 July 1, 2015 through September 1, 2022; B-14-UC-04-0502 July 1, 2014 through September 1, 2021
Federal agency:	U.S. Department of Housing and Urban Development (HUD)
Compliance requirement:	Allowable costs/cost principles
Questioned costs:	None

Criteria—In accordance with 2 Code of Federal Regulations (CFR) §200.430(i), charges to federal awards for salaries and wages must be based on records that accurately reflect the work performed and must be supported by a system of internal control that provides reasonable assurance that the charges are accurate, allowable, and properly allocated, and comply with the County’s established accounting policies and practices. Further, County Administrative Procedure 22-16 requires the employee and the employee’s immediate supervisor to approve electronic timecards, and County Finance Procedure FN-GMD-36 requires a review of departmental grant-related payroll quarterly to ensure that employee and supervisory timecard approvals are present.

Condition and context—Of 27 employee timecards examined, 3 timecards were not approved by the employee and 1 timecard was not approved by the employee’s supervisor. In addition, the County’s quarterly timecard review process was not adequate as it only identified missing employee approvals and did not identify missing supervisory approvals. The County obtained the necessary approvals after we brought this to its attention. All 4 of the timecards were in award number B-16-UC-04-0502.

Effect—There is an increased risk that unallowable payroll costs could be charged to the program. Further, the County did not comply with federal requirements and county policy governing federal awards. This finding has the potential to affect other county-administered federal programs since many grant-related payroll internal controls are centralized.

Cause—The County did not have adequate internal controls to ensure payroll costs charged to federal programs were properly approved.

Recommendation—The County should follow its existing policies and procedures requiring both employee and supervisory approval for payroll costs. Additionally, the County should further develop and implement policies and procedures that adequately identify when such approvals are missing.

The County’s responsible officials’ views and planned corrective action are in its corrective action plan at the end of this report.

2017-102

CFDA number and name:	93.563 Child Support Enforcement
Award numbers and years:	DI16-002162, DI16-002133 October 1, 2015 through September 30, 2020
Federal agency:	U.S. Department of Health and Human Services
Pass-through grantor:	Arizona Department of Economic Security
Compliance requirement:	Allowable costs/cost principles
Questioned costs:	\$16,020

Criteria—In accordance with 2 CFR §200.430(i), charges to federal awards for salaries and wages must be based on records that accurately reflect the work performed and must be supported by a system of internal control that provides reasonable assurance that the charges are accurate, allowable, and properly allocated, and support the distribution of the employee’s salary or wages among specific activities or cost objectives.

Condition and context—For 1 of 27 employees tested who worked on more than one activity or cost objective, the distribution of the employee’s salaries and wages to the program was not adequately supported. Although the employee charging to the grant prepared a timecard each pay period, the timecard did not specify the actual activity performed. As a result, the County utilized subsidiary payroll records to charge the employee’s hours to the program. However, the subsidiary records were not sufficiently detailed to support the distribution of the employee’s time and effort. During the fiscal year, the County charged \$16,020 of the employee’s payroll costs to the program within award number DI16-002133.

Effect—The County may have charged unallowable payroll costs to the program and did not comply with 2 CFR §200.430(i).

Cause—The County did not have adequate internal controls or maintain sufficient records to ensure payroll costs were appropriately charged and distributed to the federal program.

Recommendation—The County should develop and implement adequate internal control policies and procedures to ensure payroll costs charged to federal programs are accurate, allowable, allocable, and properly supported. These policies and procedures should require the County to maintain subsidiary payroll records in sufficient detail to support the distribution of salaries and wages to federal programs.

The County’s responsible officials’ views and planned corrective action are in its corrective action plan at the end of this report.

2017-103

CFDA number and name:

93.243 **Substance Abuse and Mental Health Services—
Projects of Regional and National Significance**

Award numbers and years:

TI026065-01, TI026065-02, September 30, 2015 through September 29, 2018; TI024987-02, TI024987-03, September 30, 2014 through September 29, 2017; SM061683-02, SM061683-03, September 30, 2014 through September 29, 2018; PO363753, September 30, 2016 through September 29, 2017

Federal agency:

U.S. Department of Health and Human Services

Pass-through grantor:

Arizona Board of Regents, University of Arizona

Compliance requirement:

Level of effort

Questioned costs:

None

Criteria—In accordance with the Substance Abuse and Mental Health Services Administration (SAMHSA) standard terms of award for grant agreements TI026065-01 and TI026065-02, the project director is required to contribute 40 percent of his or her effort to the federal program during the award period. Further, in accordance with 2 CFR §200.303, the County must establish and maintain effective internal control over its federal award that provides reasonable assurance that the County is managing the award in compliance with federal statutes, regulations, and the award terms and conditions.

Condition and context—For SAMHSA grant agreements TI026065-01 and TI026065-02, the County did not establish adequate procedures to ensure that the level of effort requirement was met. Specifically, the County did not maintain adequate documentation to support that the project director met the required 40 percent level of effort contribution to the federal program. The County did not charge any of the project director's costs to the federal program and therefore no questioned costs resulted.

Effect—The SAMHSA program may not have received the appropriate amount of benefit from the project director because the County did not track the director's level of effort for the program.

Cause—The County was not aware of the need to document its compliance with level of effort requirements.

Recommendation—The County should develop procedures to ensure it meets level of effort requirements including maintaining adequate documentation that supports that it met the required percentage of contributed effort.

The County's responsible officials' views and planned corrective action are in its corrective action plan at the end of this report.

2017-104

CFDA number and name:

93.243 **Substance Abuse and Mental Health Services—
Projects of Regional and National Significance**

Award numbers and years:

TI026065-01, TI026065-02, September 30, 2015 through September 29, 2018; TI024987-02, TI024987-03, September 30, 2014 through September 29, 2017; SM061683-02, SM061683-03, September 30, 2014 through September 29, 2018; PO363753, September 30, 2016 through September 29, 2017

Federal agency:

U.S. Department of Health and Human Services

Pass-through grantor:

Arizona Board of Regents, University of Arizona

Compliance requirement:

Procurement and suspension and debarment

Questioned costs:

None

Criteria—In accordance with 45 CFR §92.36(b)(9), the County must maintain records sufficient to detail the significant history of a procurement. These records should include but are not necessarily limited to the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price. Further, in accordance with 45 CFR §75.213 and 2 CFR §180.220(b)(1), the County must ensure that it does not enter into any contracts with federal program monies to procure goods and services costing \$25,000 or more with a vendor that is debarred or suspended or is otherwise excluded from or ineligible for participation in federal assistance programs. Finally, in accordance with 2 CFR §200.303, the County must establish and maintain effective internal control over its federal award that provides reasonable assurance that the County is managing the award in compliance with federal statutes, regulations, and the award terms and conditions.

Condition and context—During the fiscal year, the County paid a vendor \$79,978 for professional services but did not maintain sufficient records detailing the procurement's history. Specifically, the County was not able to provide a listing of all vendor proposals received, vendor rankings or evaluations, and the overall basis for vendor selection or rejection. These services were paid from grant agreements TI024987-02, TI024987-03, SM061683-02, and SM061683-03. Further, the County was unable to provide documentation that it verified this vendor was not suspended or debarred. We performed additional procedures and determined no payments were made to suspended or debarred parties, and thus no questioned costs resulted.

Effect—The County did not comply with federal procurement regulations and as a result, the County was unable to support that it properly evaluated and selected the most advantageous vendor for the services procured. Further, the County could make payments to suspended or debarred vendors.

Cause—The County did not have procedures in place to ensure it maintained sufficient documentation for all procurements with federal program monies.

Recommendation—The County should develop procedures to maintain records sufficient to detail the significant history of all procurements made with federal program monies and document its determinations that vendors being paid \$25,000 or more in federal monies have not been suspended, debarred, or otherwise excluded from participating in federal assistance programs.

The County's responsible officials' views and planned corrective action are in its corrective action plan at the end of this report.

COUNTY SECTION

Pima County
Schedule of expenditures of federal awards
Year ended June 30, 2017

Federal agency/CFDA number	Federal program name	Cluster title	Pass-through grantor	Pass-through grantor's numbers	Program expenditures	Amount provided to subrecipients
Department of Agriculture						
10 433	Rural Housing Preservation Grants				\$ 29,547	
10 553	School Breakfast Program	Child Nutrition Cluster	Arizona Department of Education	ED09-0001	48,723	
10 555	National School Lunch Program	Child Nutrition Cluster	Arizona Department of Education	ED09-0001	94,154	
	<i>Total Child Nutrition Cluster</i>				<u>142,877</u>	
10 557	WIC Special Supplemental Nutrition Program for Women, Infants, and Children		Arizona Department of Health Services	ADHS14-053080	1,479,523	
10 561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	SNAP Cluster	Arizona Board of Regents, University of Arizona	322467	21,081	
10 565	Commodity Supplemental Food Program	Food Distribution Cluster	Arizona Department of Health Services	ADHS16-104449, ADHS17-132853	139,223	
10 572	WIC Farmers' Market Nutrition Program (FMNP)		Arizona Department of Health Services	ADHS14-053080	1,043	
10 576	Senior Farmers Market Nutrition Program		Arizona Department of Health Services	ADHS16-104449, ADHS17-132853	3,844	
10 665	Schools and Roads—Grants to States	Forest Service Schools and Roads Cluster			39,886	
10 704	Law Enforcement Agreements				19,000	
	Total Department of Agriculture				<u>1,876,024</u>	
Department of Housing and Urban Development						
14 218	Community Development Block Grants/Entitlement Grants	CDBG - Entitlement Grants Cluster			2,638,627	\$ 1,028,631
14 231	Emergency Solutions Grants Program				231,976	181,075
14 231	Emergency Solutions Grants Program		City of Tucson	18109, 18293	4,994	
	<i>Total 14.231</i>				<u>236,970</u>	<u>181,075</u>
14 239	Home Investment Partnerships Program		City of Tucson	18314, 18335	53,278	
14 241	Housing Opportunities for Persons with AIDS				568,544	527,113
14 256	Neighborhood Stabilization Program (Recovery Act Funded)				119,765	
14 267	Continuum of Care Program				1,557,821	1,101,494
14 273	Pay for Success Permanent Supportive Housing Demonstration		University of Utah	CT-CN-17*198	1,810	
	Total Department of Housing and Urban Development				<u>5,176,815</u>	<u>2,838,313</u>
Department of the Interior						
15 226	Payments in Lieu of Taxes				3,643,972	
15 227	Distribution of Receipts to State and Local Governments				9,500	
15 234	Secure Rural Schools and Community Self-Determination				15,300	
15 631	Partners for Fish and Wildlife				28,351	
15 659	National Wildlife Refuge Fund				49,119	
15 904	Historic Preservation Fund Grants-In-Aid		Arizona State Parks Board	441418, P13AF00142	10,000	
	Total Department of the Interior				<u>3,756,242</u>	
Department of Justice						
16 unknown	Federal Equitable Sharing Program				104,684	
16 111	Joint Law Enforcement Operations (JLEO)				23,388	

Pima County
Schedule of expenditures of federal awards
Year ended June 30, 2017

Federal agency/CFDA number	Federal program name	Cluster title	Pass-through grantor	Pass-through grantor's numbers	Program expenditures	Amount provided to subrecipients
16 540	Juvenile Justice and Delinquency Prevention		Arizona Governor's Office of Youth, Faith and Family	J2-CSG-15-100115-08, J2-CSG-14-4181-08Y2, J2-CSG-15-100115-07	146,253	
16 575	Crime Victim Assistance		Arizona Department of Public Safety	2015-334, 2015-439, 2015-261, 2014-249, 2015-332, 2015-437, 2015-438, 2015-275	843,638	
16 576	Crime Victim Compensation		Arizona Criminal Justice Commission	VC-17-059	283,944	
16 588	Violence Against Women Formula Grants		Arizona Governor's Office of Youth, Faith and Family	ST-WSG-15-010115-15Y2 & 15Y3, ST-WSG-15-010115-05Y2 & 05Y3	291,577	
16 590	Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program				90,298	
16 606	State Criminal Alien Assistance Program				213,593	
16 738	Edward Byrne Memorial Justice Assistance Grant Program		City of Tucson	17485, 17849, 18057, 18241, 18396	315,291	
16 738	Edward Byrne Memorial Justice Assistance Grant Program		Arizona Criminal Justice Commission	DC-17-030	210,788	
	<i>Total 16.738</i>				<u>526,079</u>	
16 812	Second Chance Act Reentry Initiative				<u>268,189</u>	264,176
	Total Department of Justice				<u>2,791,643</u>	<u>264,176</u>
Department of Labor						
17 235	Senior Community Service Employment Program		Arizona Department of Economic Security	ADES14-064665	81,743	78,950
17 258	WIOA Adult Program	WIOA Cluster	Arizona Department of Economic Security	Di16-002120	3,130,809	933,365
17 259	WIOA Youth Activities	WIOA Cluster	Arizona Department of Economic Security	Di16-002120	2,010,204	1,179,086
17 278	WIOA Dislocated Worker Formula Grants	WIOA Cluster	Arizona Department of Economic Security	Di16-002120	2,555,375	1,374,818
	<i>Total WIOA Cluster</i>				<u>7,696,388</u>	<u>3,487,269</u>
17 268	H-1B Job Training Grants				1,185,155	1,028,761
17 270	Reentry Employment Opportunities				62,583	
17 270	Reentry Employment Opportunities		Pima Prevention Partnership	16/17-PC-77046	87,471	83,140
	<i>Total 17.270</i>				<u>150,054</u>	<u>83,140</u>
17 282	Trade Adjustment Assistance Community College and Career Training (TAACCCT) Grants		Pima County Community College District	None	56,520	33,878
	Total Department of Labor				<u>9,169,860</u>	<u>4,711,998</u>

Pima County
Schedule of expenditures of federal awards
Year ended June 30, 2017

Federal agency/CFDA number	Federal program name	Cluster title	Pass-through grantor	Pass-through grantor's numbers	Program expenditures	Amount provided to subrecipients
Department of Transportation						
20 205	Highway Planning and Construction	Highway Planning and Construction Cluster	Arizona Department of Transportation	SL701-01C, SZ089-01X, SF013-02D/01C, SF024-01D/02D/01C, SF036-01X, SS975-01C, SF034-02D/01C, SF040-01X, SB462-01D/01C, SB463-01D/03D, SL737003D, SH640-03D, SF048-01X, SH638-01D, SH652-01D/03D, T0085-01X	2,757,306	
20 507	Federal Transit Formula Grants	Federal Transit Cluster	City of Tucson	Resolution 22579 for AZ-90-X130	366,248	
20 600	State and Community Highway Safety	Highway Safety Cluster	Arizona Governor's Office of Highway Safety	2016-PT-078, 2016-OP-005, 2016-PT-026, 2016-SB-002, 2017-AL-036, 2017-PT-040, 2017-PT-041	194,470	
20 616	National Priority Safety Programs	Highway Safety Cluster	Arizona Governor's Office of Highway Safety	2015-405d-014, 2015-405c-003, 2017-405b-004	5,881	
	<i>Total Highway Safety Cluster</i>				<u>200,351</u>	
20 703	Interagency Hazardous Materials Public Sector Training and Planning Grants		Arizona Department of Environmental Quality	HMEP2017-19	1,716	
	Total Department of Transportation				<u>3,325,621</u>	
Department of Treasury						
21 unknown	Federal Equitable Sharing Program				25,397	
21 unknown	State and Local Overtime and Authorized Expense Program				30,104	
	Total Department of Treasury				<u>55,501</u>	
Institute of Museum and Library Services						
45 310	Grants to States		Arizona State Library, Archives and Public Records	2016-36017-07, 2016-36017-08	79,500	
Environmental Protection Agency						
66 001	Air Pollution Control Program Support				567,685	
66 034	Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act				101,990	
66 461	Regional Wetland Program Development Grants				15,102	
66 818	Brownfields Assessment and Cleanup Cooperative Agreements				101,173	
	Total Environmental Protection Agency				<u>785,950</u>	

Pima County
Schedule of expenditures of federal awards
Year ended June 30, 2017

Federal agency/CFDA number	Federal program name	Cluster title	Pass-through grantor	Pass-through grantor's numbers	Program expenditures	Amount provided to subrecipients
Department of Energy						
81 042	Weatherization Assistance for Low-Income Persons		Arizona Department of Housing	207-16	16,846	
Department of Education						
84 002	Adult Education—Basic Grants to States		Arizona Department of Education	17FAEABE-17B13309-16B, 17FAEAPL-713309-16B, 17FEDEWIO-713309-16B	122,662	
84 010	Title I Grants to Local Educational Agencies		Arizona Department of Education	17FT1TTI-710267-01A	17,534	
84 013	Title I State Agency Program for Neglected and Delinquent Children and Youth		Arizona Department of Education	17FT1TTI-701267-01A	75,610	
84 027	Special Education—Grants to States	Special Education Cluster (IDEA)	Arizona Department of Education	17FESCGB-710267-09A, 17FESCGB-714453-09A	276,319	
84 365	English Language Acquisition State Grants		Arizona Department of Education	None	41,289	
84 367	Supporting Effective Instruction State Grant (formerly Improving Teacher Quality State Grants)		Arizona Department of Education	17FT1TII-710267-03A	15,272	
	Total Department of Education				548,686	
Election Assistance Commission (EAC)						
90 401	Help America Vote Act Requirements Payments		Arizona Secretary of State	None	271,681	
Department of Health and Human Services						
93 044	Special Programs for the Aging—Title III, Part B—Grants for Supportive Services and Senior Centers	Aging Cluster	Pima Council on Aging	FY 2016-2017	15,331	
93 069	Public Health Emergency Preparedness		Arizona Department of Health Services	ADHS17-133197:2	702,386	
93 074	Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements		Arizona Department of Health Services	ADHS17-133197:2	160,481	
93 093	Affordable Care Act (ACA) Health Profession Opportunity Grants		Pima County Community College District	90FX0005, B1510925	409,378	158,605
93 103	Food and Drug Administration—Research				57,599	
93 116	Project Grants and Cooperative Agreements for Tuberculosis Control Programs		Arizona Department of Health Services	ADHS16-102509:6,7	112,153	
93 136	Injury Prevention and Control Research and State and Community Based Programs		Arizona Department of Health Services	ADHS16-110837	59,301	
93 217	Family Planning—Services		Arizona Family Health Partnership	None	648,611	
93 236	Grants to States to Support Oral Health Workforce Activities		Arizona Department of Health Services	15-095351	3,306	
93 243	Substance Abuse and Mental Health Services—Projects of Regional and National Significance				1,106,617	

Pima County
Schedule of expenditures of federal awards
Year ended June 30, 2017

Federal agency/CFDA number	Federal program name	Cluster title	Pass-through grantor	Pass-through grantor's numbers	Program expenditures	Amount provided to subrecipients
93 243	Substance Abuse and Mental Health Services—Projects of Regional and National Significance <i>Total 93.243</i>		Arizona Board of Regents, University of Arizona	PO # 363753	<u>8,347</u> <u>1,114,964</u>	
93 268	Immunization Cooperative Agreements		Arizona Department of Health Services	ADHS13-041821	32,135	
93 323	Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)		Arizona Department of Health Services	ADHS17-133197:1	9,568	
93 332	Cooperative Agreement to Support Navigators in Federally-facilitated and State Partnership Marketplaces		Arizona Association of Community Health Centers	9NAVPCHD20152016, 5NAVCA150242-02-00	6,704	
93 424	NON-ACA/PPHF—Building Capacity of the Public Health System to Improve Population Health through National Nonprofit Organizations		National Association of City and County Health Officials	2016-121501	7,786	
93 505	Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program	Maternal, Infant, and Early Childhood Home Visiting Cluster	Arizona Department of Health Services	ADHS13-047273, ADHS14-056244	311,867	12,653
93 870	Maternal, Infant and Early Childhood Home Visiting Grant Program <i>Total Maternal, Infant, and Early Childhood Home Visiting Cluster</i>	Maternal, Infant, and Early Childhood Home Visiting Cluster	Arizona Department of Health Services	ADHS14-056244	<u>471,110</u> <u>782,977</u>	<u>12,653</u>
93 524	Building Capacity of the Public Health System to Improve Population Health Through National, Non-Profit Organizations - financed in part by Prevention and Public Health Funds (PPHF)		National Association of City and County Health Officials	2015-120701	2,003	
93 539	PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance financed in part by Prevention and Public Health Funds		Arizona Department of Health Services	ADHS13-041821 PO# 16,17,18	197,399	
93 558	Temporary Assistance for Needy Families	TANF Cluster	Arizona Department of Economic Security	ADES15-089143	485,347	110,967
93 563	Child Support Enforcement		Arizona Department of Economic Security	DI16-002162, DI16-002133	898,024	
93 568	Low-Income Home Energy Assistance		Arizona Department of Economic Security	ADES15-089143	761,174	255,624
93 568	Low-Income Home Energy Assistance <i>Total 93.568</i>		Arizona Department of Housing	207-16	<u>112,139</u> <u>873,313</u>	<u>255,624</u>
93 569	Community Services Block Grant	477 Cluster	Arizona Department of Economic Security	ADES15-089143	661,115	377,693
93 597	Grants to States for Access and Visitation Programs		Arizona Department of Economic Security	DI16-002144	21,211	
93 658	Foster Care Title IV-E		Arizona Office of the None Courts		96,502	
93 752	Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations, financed in part by Prevention and Public Health Funds		Arizona Department of Health Services	ADHS14-064601	231,207	201,267
93 917	HIV Care Formula Grants		Arizona Department of Health Services	ADHS13-040489	66,674	
93 940	HIV Prevention Activities—Health Department Based		Arizona Department of Health Services	ADHS16-102722:4	291,629	87,426
93 944	Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance		Arizona Department of Health Services	ADHS12-016586	42,290	

Pima County
Schedule of expenditures of federal awards
Year ended June 30, 2017

Federal agency/CFDA number	Federal program name	Cluster title	Pass-through grantor	Pass-through grantor's numbers	Program expenditures	Amount provided to subrecipients
93 945	Assistance Programs for Chronic Disease Prevention and Control		Arizona Department of Health Services	ADHS16-114530	890	
93 959	Block Grants For Prevention and Treatment of Substance Abuse		Arizona Governor's Office of Youth, Faith and Family	None	64,196	
93 977	Sexually Transmitted Diseases (STD) Prevention and Control Grants		Arizona Department of Health Services	ADHS14-071222	74,331	
93 991	Preventive Health and Health Services Block Grant		Arizona Department of Health Services	ADHS16-102323	158,832	
93 994	Maternal and Child Health Services Block Grant to the States		Arizona Department of Health Services	ADHS15-095351, ADHS 16-102323	483,673	
Total Department of Health and Human Services					<u>8,771,316</u>	<u>1,204,235</u>
Office of National Drug Control Policy						
95 001	High Intensity Drug Trafficking Areas Program				<u>1,127,443</u>	
Social Security Administration						
96 Unknown	Funds Received from the Social Security Administration				<u>110,000</u>	
Department of Homeland Security						
97 024	Emergency Food and Shelter National Board Program		United Way	33-0272-00 015 E1	151,267	
97 042	Emergency Management Performance Grants		Arizona Department of Emergency and Military Affairs	EMF-2016-EP-00009-S01	504,424	
97 045	Cooperating Technical Partners				108,720	
97 047	Pre-Disaster Mitigation		Arizona Department of Emergency and Military Affairs	EMF-2012-PC-0001	391,695	345,794
97 067	Homeland Security Grant Program		Arizona Department of Homeland Security	10-AZDOHS-HSGP-150404-01/02/03; 10-AZDOHS-HSGP-160404-01/02/03/04; 10-AZDOHS-HSGP-777411-02; 150403-01/160403-01	<u>1,936,806</u>	
Total Department of Homeland Security					<u>3,092,912</u>	<u>345,794</u>
Total expenditures of federal awards					<u>\$ 40,956,040</u>	<u>\$ 9,364,516</u>

Pima County
Notes to schedule of expenditures of federal awards
Year ended June 30, 2017

Note 1 - Basis of presentation

The accompanying schedule of expenditures of federal awards includes Pima County's federal grant activity for the year ended June 30, 2017. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*.

Note 2 - Summary of significant accounting policies

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Note 3 - Catalog of Federal Domestic Assistance (CFDA) numbers

The program titles and CFDA numbers were obtained from the federal or pass-through grantor or the 2017 *Catalog of Federal Domestic Assistance*. When no CFDA Number had been assigned to a program, the two-digit federal agency identifier and the federal contract number were used. When there was no federal contract number, the two-digit federal agency identifier and the word "unknown" were used.

Note 4 - Indirect cost rate

The County did not elect to use the 10 percent de minimis indirect cost rate as covered in 2 CFR §200.414.

This page is intentionally left blank.

COUNTY RESPONSE



March 23, 2018

Ms. Debbie Davenport
Arizona Auditor General
2910 N. 44th St., Suite 410
Phoenix, AZ 85018

Dear Ms. Davenport

We have prepared the accompanying corrective action plan as required by the standards applicable to financial audits contained in Government Auditing Standards and by the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Specifically, for each finding we are providing you with our responsible officials' views, the names of the contact people responsible for corrective action, the corrective action planned, and the anticipated completion date.

Sincerely,

Keith Dommer, Director
Finance and Risk Management

Keith Dommer, Director

130 W. Congress, 6th Fl. Tucson, Arizona 85701-1317 • Phone: 520-724-8496 • Fax: 520-770-4173

Pima County, Arizona
Corrective Action Plan
Year Ended June 30, 2017

2017-101

Cluster Name	CDBG – Entitlement Grant Cluster
CFDA No. and Name:	14.218 Community Development Block Grants/ Entitlement Grants
Award Numbers and Years:	B-16-UC-04-0502 7/1/2016-9/1/2023; B-14-UC-04-7/1/2014-9/1/2021; B-15-UC-04-0502 7/1/2015-9, B-16-UC-04-0502 7/1/2016-9/1/2023
Federal Agency:	Department of Housing and Urban Development (HUD)
Compliance Requirement:	Allowable Costs/Cost Principles
Questioned Costs:	None

Contact Person: Marilyn Hutzler, Grants Manager, Finance and Risk Management

Anticipated completion date: June 2018

Response: Pima County agrees with the finding. The Finance Department is adjusting and implementing procedures to fully correct payroll errors. A comprehensive review and reconciliation of previously reported payroll issues has been finalized and adjustments have been implemented. Supporting documentation will be included and maintained.

2017-102

CFDA No. and Name:	93.563 Child Support Enforcement
Award Numbers and Years:	DI16-002162, October 1, 2015 through September 30, 2020; DI16-002133, October 1, 2015 through September 30, 2020
Federal Agency:	Department of Health and Human Services
Pass Through Grantor	Arizona Department of Economic Security
Compliance Requirement:	Allowable costs/cost principles
Questioned Costs:	\$16,020

Contact Person: Marilyn Hutzler, Grants Manager, Finance and Risk Management, and Patricia Miller, Finance Director, Pima County Superior Court

Anticipated completion date: June 2018

Response: Pima County agrees with the finding. As a result, procedures for internal controls will be developed to ensure payroll records are maintained in sufficient detail to support the distribution of salaries and wages.

2017-103

CFDA No. and Name: 93.243 Substance Abuse and Mental Health Services Projects of Regional and National Significance

Award Numbers and Years: TI026065-01, TI026065-02, TI024987-02, TI024987-03, SM061683-02, SM061683-03; September 30, 2015 through September 29, 2017

Federal Agency: Department of Health and Human Services

Compliance Requirement: Level of Effort

Questioned Costs: None

Contact Person: Johanna Bliss, Deputy Finance Director, Pima County Juvenile Court

Anticipated completion date: June 2018

Response: Pima County agrees with the finding. As a result, procedures will be developed to ensure that the level of effort documentation supporting the required percentage of contributed effort will be recorded. Supporting documentation will be included and maintained.

2017-104

CFDA No. and Name: 93.243 Substance Abuse and Mental Health Services Projects of Regional and National Significance

Award Numbers and Years: TI026065-01, TI026065-02, TI024987-02, TI024987 SM061683-03, September 30, 2015 through September 29, 2017; PO363753, September 30, 2016 through September 29, 2017

Federal Agency: Department of Health and Human Services

Pass-through grantor: Arizona Board of Regents, University of Arizona

Compliance Requirements: Procurement and suspension and debarment

Questioned Costs: None

Contact Person: David Smutzer, Legal Administrator, Pima County Attorney's Office

Anticipated completion date: June 2018

Response: Pima County agrees with the finding. As a result, procedures will be developed to ensure that details and records of all procurements made with federal program monies will be maintained in the grant file and that all vendors selected will be verified as not suspended, debarred or otherwise excluded from participating in federal awards.



March 13, 2018

Debbie Davenport
Auditor General
2910 N. 44th St., Ste. 410
Phoenix, AZ 85018

Dear Ms. Davenport:

We have prepared the accompanying summary schedule of prior audit findings as required by the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Specifically, we are reporting the status of audit findings included in the prior audit's schedule of findings and questioned costs. This schedule also includes the status of audit findings reported in the prior audit's summary schedule of prior audit findings that were not corrected.

Sincerely,

Keith Dommer, Director
Finance and Risk Management

Keith Dommer, Director

130 W. Congress, 6th Fl. Tucson, Arizona 85701-1317 • Phone: 520-724-8496 • Fax: 520-770-4173

Pima County

Summary schedule of prior audit findings

Year ended June 30, 2017

Status of financial statement findings

The County should improve its risk-assessment process to include information technology security

Finding number: 2015-01, 2016-01

Status: Not corrected.

The County will perform an IT security risk assessment as part of the overall County risk assessment process.

The County should improve security over its information technology resources

Finding number: 2015-01, 2016-02

Status: Partially corrected.

The County's IT Department corrected one of the recommendations by implementing new IT standards in fiscal year 2017. In addition, IT has since performed the following:

- Developed an Incident Management procedure, which was signed in May 2017. Since that time, an incident response plan has been developed and is still evolving through testing and training practices.
- Provided training on IT security risks through new employee orientation, sent periodic emails to all County personnel, provided training through IT help desk interaction, etc.
- Employed the use of Windows Software Update Services (WSUS) and has now migrated to using the Windows System Center Configuration Manager to address future updates.
- Implemented tools to address a continuous vulnerability assessment of the network with a centralized reporting strategy.
- Maintained a software repository and its back up on the network storage.
- Worked with Procurement to ensure that specifications are maintained and included in all future vendor contract amendments.

The County should improve access controls over its information technology resources

Finding number: 2015-01, 2015-02, 2016-03

Status: Partially corrected.

The County's IT Department corrected several of the recommendations by performing a review of all employee accounts, removing terminated employees, and reviewing contractor and other non-entity accounts. In addition, IT continues to improve its processes over reviewing and managing shared accounts, network password policies, reviewing the key activity of users, and employee and entity owned electronic devices.

The County should improve its configuration management processes over its information technology resources

Finding number: 2015-01, 2015-03, 2016-04

Status: Partially corrected.

The County's IT Department corrected several of the recommendations through the improvements made to its change management processes that include emergency changes, security impact analysis and associated document testing.

Pima County
Summary schedule of prior audit findings
Year ended June 30, 2017

The County should improve its contingency planning procedures over its information technology resources
Finding number: 2015-04, 2016-05
Status: Not corrected.

The County's IT Department has created a draft disaster recovery plan to address part of the overall County contingency plan. Once finalized, the County will test the plan accordingly.

Planned Corrective Action

Please see the related Corrective Action Plan included in Pima County's Report on Internal Control and Compliance for the year ended June 30, 2017.

Status of federal award findings and questioned costs

CFDA number and program name: Not applicable

Finding number: 2016-101

Status: Fully corrected

