



A REPORT
TO THE
ARIZONA LEGISLATURE

Financial Audit Division

Single Audit

Pima County

Year Ended June 30, 2011



Debra K. Davenport
Auditor General

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Pima County
Single Audit Reporting Package
Year Ended June 30, 2011

Table of Contents	Page
Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133	1
Schedule of Expenditures of Federal Awards	5
Schedule of Findings and Questioned Costs	
Summary of Auditors' Results	13
Financial Statement Findings	15
Federal Award Findings and Questioned Costs	15
Corrective Action Plan	17
Summary Schedule of Prior Audit Findings	19

Reports Issued Separately

Comprehensive Annual Financial Report	
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 <i>Government Auditing Standards</i>	



DEBRA K. DAVENPORT, CPA
AUDITOR GENERAL

STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL

MELANIE M. CHESNEY
DEPUTY AUDITOR GENERAL

**Independent Auditors' Report on Compliance with Requirements
That Could Have a Direct and Material Effect on Each Major Program and on
Internal Control over Compliance in Accordance with OMB Circular A-133**

Members of the Arizona State Legislature

The Board of Supervisors of
Pima County, Arizona

Compliance

We have audited Pima County's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. The County's major federal programs are identified in the Summary of Auditors' Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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. Our audit does not provide a legal determination of the County's compliance with those requirements.

In our opinion, Pima County complied, in all material respects, with the 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, 2011. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133, and that are described in the accompanying Schedule of Findings and Questioned Costs as items 11-101 and 11-102.

Internal Control over Compliance

The County's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying Schedule of Findings and Questioned Costs as items 11-101 and 11-102. 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.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, business-type activities, aggregate discretely presented component units, each major fund, and aggregate remaining fund information of Pima County as of and for the year ended June 30, 2011, and have issued our report thereon dated December 19, 2011. Our report was modified to include a reference to our reliance on other auditors. Our audit was performed 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 OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Pima County's responses to the findings identified in our audit are presented on pages 17 through 18. We did not audit the County's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the members of the Arizona State Legislature, the Board of Supervisors, management, others within the County, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.

Jay Zsorey, CPA
Financial Audit Director

March 28, 2012, except for the
Schedule of Expenditures of Federal Awards,
for which the date is December 19, 2011.

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Pima County
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2011

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number (Note 2)	Pass-Through Grantor's Number	Expenditures
U.S. Office of National Drug Control Policy			
High Intensity Drug Trafficking Areas	07.G09SA0002A		\$ 342,528
High Intensity Drug Trafficking Areas	07.G10SA0002A		1,537,176
High Intensity Drug Trafficking Areas	07.G11SA0002A		89,476
Passed through the Arizona Criminal Justice Commission			
High Intensity Drug Trafficking Areas	07.17PSAP549Z	HT-07-1411	3,952
High Intensity Drug Trafficking Areas	08.18PSAP549Z	HT18-08-0211, HT18-08-1411, HT18-08-2011, HT18-08-0110, HT18-08-2710, HT18-08-0310	104,737
High Intensity Drug Trafficking Areas	07.G09SA0002A	HT19-08-0713	5,300
Total U.S. Office of National Drug Control Policy			<u>2,083,169</u>
U.S. Department of Agriculture			
U.S. Forest Service—Law Enforcement	10.unknown		36,449
Child Nutrition Cluster:			
Passed through the Arizona Department of Education			
School Breakfast Program	10.553	ED09-0001	61,784
National School Lunch Program	10.555	ED09-0001	115,069
Total Child Nutrition Cluster			<u>176,853</u>
Passed through the Arizona Department of Health Services			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	HG861087, HG50005	2,085,309
Commodity Supplemental Food Program	10.565	HG861194	117,719
WIC Farmers' Market Nutrition Program (FMNP)	10.572	HG861329, HG050272	3,815
Passed through the Arizona State Treasurer			
Schools and Roads—Grants to States	10.665	NFF	363,343
Total U.S. Department of Agriculture			<u>2,783,488</u>
U.S. Department of Commerce			
Passed through the Arizona Department of Homeland Security			
Public Safety Interoperable Communications Grant Program	11.555	07-AZDOHS-PSIC-333420-03	<u>3,323,658</u>
U.S. Department of Housing and Urban Development			
Community Development Block Grants/Entitlement Grants	14.218		3,956,795
Emergency Shelter Grants Program	14.231		121,266
Supportive Housing Program	14.235		1,087,316
Passed through the City of Tucson			
HOME Investment Partnerships Program	14.239	16910	130,683
Housing Opportunities for Persons with AIDS	14.241		449,382
ARRA—Neighborhood Stabilization Program (Recovery Act Funded)	14.256		8,422,729
ARRA—Homeless Prevention and Rapid Re-Housing Program (HPRP) (Recovery Act Funded)	14.257		568,390
Total U.S. Department of Housing and Urban Development			<u>14,736,561</u>
U.S. Department of the Interior			
Bureau of Land Management—Law Enforcement	15.DAU		15,000
Sonoran Desert Conservation Plan	15.FFB		12,160
Payments in Lieu of Taxes	15.226		2,926,771
Passed through the Arizona State Treasurer			
Distribution of Receipts to State and Local Governments	15.227	TAYLO	6,844
Passed through the Arizona Fish and Game Commission			
ARRA—Fish, Wildlife and Plant Conservation Resource Management	15.231	201819G570, 201819G569	10,466

(Continued)

See accompanying notes to schedule.

Pima County
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2011
(Continued)

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number (Note 2)	Pass-Through Grantor's Number	Expenditures
Cooperative Endangered Species Conservation Fund	15.615	P0012008005134	\$ 8,625
Total U.S. Department of the Interior			<u>2,979,866</u>
U.S. Department of Justice			
Federal Equitable Sharing Program	16.unknown		200,027
ARRA—Antiterrorism Emergency Reserve	16.321		22,568
Passed through the Arizona Governor's Office for Children, Youth and Families, Division for Community and Youth Development Juvenile Accountability Block Grants	16.523	JB-CSG-10-1273, JB-CSG-11-1273-14	82,025
Passed through the Arizona Governor's Office for Children, Youth and Families, Division for Children Juvenile Justice and Delinquency Prevention Allocation to States	16.540	J5-CSG-08-8335-00Y2, J5-CSG-08-8335-00Y3, J2-CSG-07-8182-10Y3, J2-CSG-10-181-07, J2-CSG- 181-08, J2-CSG-10-0181-06	190,154
National Institute of Justice Research, Evaluation, and Development Project Grants	16.560		29,691
Passed through the Arizona Criminal Justice Commission National Institute of Justice Research, Evaluation, and Development Project Grants	16.560	IDM-10-002	<u>250,000</u>
Total National Institute of Justice Research, Evaluation, and Development Project Grants			<u>279,691</u>
Passed through the Arizona Department of Public Safety Crime Victim Assistance	16.575	2010-088	119,156
Passed through the Arizona Criminal Justice Commission Crime Victim Compensation	16.576	VC-10-059	204,319
Passed through the City of Tucson Edward Byrne Memorial Formula Grant Program	16.579	0277-05	244,495
Drug Court Discretionary Grant Program	16.585		31,406
Passed through the Arizona Governor's Office for Children, Youth and Families, Division for Women Violence Against Women Formula Grants	16.588	ST-WSG-07-7365-20, ST-WSG-09-9365-17, ST-WSG-09-9365-09, ST-WSG-09-7365-16 & 17, ST-WSG-09-9365-16Y2, ST-WSG-09-9365-16Y3	334,117
Rural Domestic Violence, Dating Violence, Sexual Assault, and Stalking Assistance Program	16.589		183,014
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16.590		705,000
State Criminal Alien Assistance Program	16.606		709,628
Bulletproof Vest Partnership Program	16.607		15,778
Public Safety Partnership and Community Policing Grants	16.710		341
Passed through the Arizona Governor's Office of Highway Safety Enforcing Underage Drinking Laws Program	16.727	2010-OJJDP-012(2009)	15,050
Justice Assistance Grant Program Cluster: Passed through the Arizona Criminal Justice Commission Edward Byrne Memorial Justice Assistance Grant Program	16.738	DC-10-028, DC-10-010, DC-11-108, DC-11-101	269,583

(Continued)

See accompanying notes to schedule.

Pima County
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2011
(Continued)

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number (Note 2)	Pass-Through Grantor's Number	Expenditures
Passed through the City of Tucson			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	16634, 16641	\$ 174,518
Total Edward Byrne Memorial Justice Assistance Grant Program			<u>444,101</u>
Passed through the Arizona Criminal Justice Commission			
ARRA—Recovery Act—Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories	16.803	DC-10-048	601,772
Passed through the City of Tucson			
ARRA—Recovery Act—Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government	16.804	16636, 16634, 16064	466,608
Total Justice Assistance Grant Program Cluster			<u>1,512,481</u>
Forensic DNA Backlog Reduction Program	16.741		3,834
Paul Coverdell Forensic Sciences Improvement Program	16.742		105,275
Criminal and Juvenile Justice and Mental Health Collaboration Program	16.745		79,269
Passed through the Arizona Department of Public Safety			
ARRA—Recovery Act—State Victim Assistance Formula Grant Program	16.801	2009-SG-B9-0090, 2009-SG-B9-0090	39,109
ARRA—Recovery Act—State and Local Law Enforcement Assistance Program: Combating Criminal Narcotics Activity Stemming From the Southern Border of the United States Competitive Grant Program	16.809		<u>959,520</u>
Total U.S. Department of Justice			<u>6,036,257</u>
U.S. Department of Labor			
WIA Cluster:			
Workforce Investment Act (WIA) National Emergency Grants	17.277		272,414
Passed through the Arizona Department of Economic Security			
WIA Adult Program	17.258	DE101050001, DE111012001	1,680,944
ARRA—WIA Adult Program	17.258	DE91209001	285,628
Total WIA Adult Program			<u>1,966,572</u>
WIA Youth Activities	17.259	DE081301001, DE101050001, DE111012001	1,973,004
ARRA—WIA Youth Activities	17.259	DE91209001	115,241
Total WIA Youth Activities			<u>2,088,245</u>
WIA Dislocated Workers	17.260	DE101050001	77,290
ARRA—WIA Dislocated Workers	17.260	DE91209001	307,266
Total WIA Dislocated Workers			<u>384,556</u>
WIA Dislocated Worker Formula Grants	17.278	DE111012001	<u>2,220,830</u>
Total WIA Cluster			<u>6,932,617</u>
WIA Pilots, Demonstrations, and Research Projects	17.261		182,694
Community Based Job Training Grants	17.269		990,897
Passed through the Arizona Department of Economic Security			
ARRA—Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors	17.275	DE101184001	212,652
Veterans' Employment Program	17.802		476,247
Homeless Veterans Reintegration Project	17.805		214,539
Total U.S. Department of Labor			<u>9,009,646</u>

(Continued)

See accompanying notes to schedule.

Pima County
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2011
(Continued)

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number (Note 2)	Pass-Through Grantor's Number	Expenditures
U.S. Department of Transportation			
Highway Planning and Construction Cluster:			
Passed through the Arizona Department of Transportation			
Highway Planning and Construction	20.205	SL541-01X, SS713 01C, JPA 10-003T, JPA SL600-01C, JPA SL-626-01C, JPA 09-188-I, SL659 02D	\$ 1,323,671
ARRA—Highway Planning and Construction	20.205	JPA 10-123-I, JPA 09-064-I, JPA 09-063-I, JPA 09-0570-I, JPA 09-036-I, JPA 10-140-I	4,025,060
Total Highway Planning and Construction Cluster			<u>5,348,731</u>
Highway Safety Cluster:			
Passed through the Arizona Governor's Office of Highway Safety			
State and Community Highway Safety	20.600	2011-OP-020, 2011-AL-008, 2001-AL-061, 2011-PS-004, 2011-OP-014	85,379
Alcohol Impaired Driving Countermeasures Incentive Grant	20.601	2010-410-HVE-002, 2211-410-012	12,121
Total Highway Safety Cluster			<u>97,500</u>
National Highway Traffic Highway Safety Administration (NHTSA) Discretionary Safety Grant	20.614	2010-NG-025	10,908
Passed through the Arizona Emergency Response Commission			
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	None	19,641
Total U.S. Department of Transportation			<u>5,476,780</u>
U.S. Department of Treasury			
Federal Equitable Sharing Program	21.unknown		33,933
State and Local Overtime and Authorized Expense Program	21.unknown		33,167
Total U.S. Department of Treasury			<u>67,100</u>
U.S. Institute of Museum and Library Services			
Passed through the Arizona State Library, Archives and Public Records			
Grants to States	45.310	2009-32101-07, 2009-32501-03, 2010-30058-09, 2010-30032-05, 2010-39046-11, 2010-39046-21	95,260
U.S. Environmental Protection Agency			
Air Pollution Control Program Support	66.001		454,235
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	66.034		105,038
Brownfields Training, Research, and Technical Assistance Grants and Cooperative Agreements	66.814		184,946
ARRA—Brownfields Assessment and Cleanup Cooperative Agreements	66.818		33,766
Total U.S. Environmental Protection Agency			<u>777,985</u>
U.S. Department of Energy			
Passed through the Arizona Department of Commerce			
ARRA—Weatherization Assistance for Low-Income Persons	81.042	C037-09-07	778,500
Passed through the City of Tucson			
ARRA—Energy Efficiency and Renewable Energy Information Dissemination, Outreach Training and Technical Assistance Analysis/Assistance	81.117	16770	164,793

(Continued)

See accompanying notes to schedule.

Pima County
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2011
(Continued)

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number (Note 2)	Pass-Through Grantor's Number	Expenditures
ARRA—Energy Efficiency and Conservation Block Grant Program	81.128		\$ 1,010,782
Total U.S. Department of Energy			<u>1,954,075</u>
U.S. Department of Education			
Passed through the Arizona Department of Education			
Adult Education—Basic Grants to States	84.002	V002A0900003, V002A000003	116,852
Title I, Part A Cluster:			
Passed through the Arizona Department of Education			
Title I Grants to Local Educational Agencies	84.010	S010A090003	39,316
Passed through the Arizona Supreme Court			
Title I Grants to Local Educational Agencies	84.010	None	<u>95,781</u>
Total Title I Grants to Local Educational Agencies			<u>135,097</u>
Passed through the Arizona Department of Education			
ARRA—Title I Grants to Local Educational Agencies, Recovery Act	84.389	S389A0900003	<u>7,300</u>
Total Title I, Part A Cluster			<u>142,397</u>
Special Education Cluster (IDEA):			
Passed through the Arizona Department of Education			
Special Education—Grants to States	84.027	H027A0090007, H027A100007	61,105
ARRA—Special Education Grants to States, Recovery Act	84.391	H391A0900007	<u>412</u>
Total Special Education Cluster (IDEA)			<u>61,517</u>
Fund for the Improvement of Education	84.215		<u>383,637</u>
Passed through the Arizona Department of Education			
Tech-Prep Education	84.243	V243A090003	88,247
Twenty-First Century Learning Centers	84.287	S287C090003, S287C1000004A	58,462
Education Technology State Grants	84.318	S318X090005	1,261,673
Reading First State Grants	84.357	S357A0900003	93,773
English Language Acquisition Grants	84.365	T365A100003	45,736
Mathematics and Science Partnerships	84.366	S366B090003	92,985
Improving Teacher Quality State Grants	84.367	S281A090003, S367A00049	151,248
Passed through the Arizona Supreme Court			
Improving Teacher Quality State Grants	84.367	None	<u>30,186</u>
Total Improving Teacher Quality State Grants			<u>181,434</u>
State Fiscal Stabilization Fund Cluster:			
Passed through the Arizona Department of Education			
ARRA—State Fiscal Stabilization Fund (SFSF)—Education State Grants, Recovery Act	84.394	HR1, GOER-FY2010-506-E	14,968
Passed through the Governor's Office of Economic Recovery			
ARRA—State Fiscal Stabilization Fund (SFSF)—Government Services Recovery Act	84.397	OER-11IGA-GS-162, OER-11-IGA-GS-13	<u>1,332,273</u>
Total SFSF Cluster			<u>1,347,241</u>
Passed through the Arizona Department of Education			
ARRA—Education Jobs Fund	84.410	ISA OER-11-ISA-EJ-001	<u>24,850</u>
Total U.S. Department of Education			<u>3,898,804</u>
Elections Assistance Commission (EAC)			
Passed through the Arizona Secretary of State			
Help America Vote Act Requirements Payments	90.401	None	<u>23,060</u>

(Continued)

See accompanying notes to schedule.

Pima County
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2011
(Continued)

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number (Note 2)	Pass-Through Grantor's Number	Expenditures
U.S. Department of Health and Human Services			
Passed through the Pima Council on Aging			
Special Programs for the Aging—Title III, Part D—Disease Prevention and Health Promotion Services	93.043	14097-00	\$ 22,693
Special Programs for the Aging—Title III, Part B—Grants for Supportive Services and Senior Centers	93.044	07-15-P-141041-0708	1,152,316
National Family Caregiver Support, Title III, Part E	93.052	07-15-P-141041-0708	185,255
Passed through the Arizona Department of Health Services			
Public Health Emergency Preparedness	93.069	HG754202	951,310
Passed through Pima Community College			
Affordable Care Act (ACA) Personal Responsibility Education Program	93.092	HPOG-IGA	272,602
Passed through the Arizona Department of Health Services			
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	HG852307	114,393
Passed through the Arizona Family Planning Council			
Family Planning—Services	93.217	02-01-A-142703-0110, 02-01-143713-0111	852,190
Passed through the Arizona Department of Education			
Affordable Care Act (ACA) Abstinence Education Program	93.235	HP061205-010	155,028
Grants to States to Support Oral Health Workforce Activities	93.236	HG061186	24,450
Substance Abuse and Mental Health Services—Projects of Regional and National Significance	93.243		273,125
Passed through the University of Arizona			
Substance Abuse and Mental Health Services—Projects of Regional and National Significance	93.243	Y453010, Y480590	83,269
Passed through Southern Arizona AIDS Foundation			
Substance Abuse and Mental Health Services—Projects of Regional and National Significance	93.243	V910-380-101	3,696
Total Substance Abuse and Mental Health Services— Projects of Regional and National Significance			<u>360,090</u>
Immunization Cluster:			
Passed through the Arizona Department of Health Services			
Immunization Grants	93.268	HG854291	266,100
ARRA—Immunization	93.712	854291	55,663
Total Immunization Cluster			<u>321,763</u>
Passed through the Arizona Department of Health Services			
Centers for Disease Control and Prevention—Investigation and Technical Assistance	93.283	HG761267	411,355
Passed through the Arizona Department of Economic Security			
Temporary Assistance for Needy Families	93.558	E6306007	496,558
Child Support Enforcement	93.563	DE111163001, 060756-1, 866 004791 A9	734,796
Low-Income Home Energy Assistance	93.568	E6306007	1,393,539
Passed through the Governor's Office of Energy Policy			
Low-Income Home Energy Assistance	93.568	G043-10-7	169,556
Total Low-Income Home Energy Assistance			<u>1,563,095</u>
CSBG Cluster:			
Passed through the Arizona Department of Economic Security			
Community Services Block Grant	93.569	E6306007	952,981

(Continued)

See accompanying notes to schedule.

Pima County
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2011
(Continued)

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number (Note 2)	Pass-Through Grantor's Number	Expenditures
ARRA—Community Services Block Grant	93.710	E6306007	\$ 375,381
Total CSBG Cluster			<u>1,328,362</u>
Passed through the Arizona Department of Economic Security			
Grants to States for Access and Visitation Programs	93.597	1-866-004791-E8	22,530
Social Services Block Grant	93.667	E6206009, E6306007	1,554,999
ARRA—Prevention and Wellness—Communities Putting Prevention to Work Funding Opportunities Announcement (FOA)	93.724		2,300,438
Passed through the Arizona Department of Health Services			
HIV Prevention Activities—Health Department Based	93.940	HG52199	77,683
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	93.944	HG652199	142,935
Preventive Health Services—Sexually Transmitted Diseases Control Grants	93.977	HG854318	152,177
Preventive Health and Health Services Block Grant	93.991	HG354374	70,284
Maternal and Child Health Services Block Grant to the States	93.994	HG861299	<u>28,609</u>
Total U.S. Department of Health and Human Services			<u>13,295,911</u>
U.S. Department of Homeland Security			
Passed through the United Way			
Emergency Food and Shelter National Board Program	97.024	Phase 28-027200-015	189,293
Passed through the Arizona Department of Emergency and Military Affairs			
Disaster Grants—Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-1660	263,007
Emergency Management Performance Grants	97.042	None	369,918
Homeland Security Cluster:			
Passed through Arizona Department of Homeland Security			
Homeland Security Grant Program	97.067	333406-01, 333406-04, 333904-01, 444401-02, 444905-01, 444904-03, 444401-01, 444908-01, 555401-02, 555401-03, 555401-04, 555401-05, 333420-06, 777401-02, 777904-03, 777904-02, 777904-01, 444905-04, 555903-02, 555401-01, 333903-01, 444906-02, 444408-02, 444408-04, 444906-03, 555408-02, 555904-03, 555904-04, 555408-04, 555408-06, 555408-03, 555408-01, 444408-05, 444408-01, 555408-05, 555408-07, 444408-06, 777411-01, 444408-07, 333420-04, 444906-04, 333903-02, 777411-02, 777905-01, 777905-03, 777905-04, 777411-05, 777411-04	<u>3,812,927</u>
Total Homeland Security Cluster			<u>4,635,145</u>
Total U.S. Department of Homeland Security			
Total Expenditures of Federal Awards			<u>\$ 71,176,765</u>

See accompanying notes to schedule.

Pima County
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2011

Note 1 - Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Pima County and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Note 2 - Catalog of Federal Domestic Assistance (CFDA) Number

The program titles and CFDA numbers were obtained from the federal or pass-through grantor or the 2011 Catalog of Federal Domestic Assistance. When no CFDA number had been assigned to a program, the two-digit federal agency identifier, a period, and the federal contract number were used. When there was no federal contract number, the two-digit federal agency identifier, a period, and the word "unknown" were used.

Note 3 - Subrecipients

From the federal expenditures presented in the schedule, the County awarded the following to subrecipients:

Program or Cluster Title	CFDA Number	Amount
Community Development Block Grants/ Entitlement Grants	14.218	\$ 588,077
Housing Opportunities for Persons with AIDS	14.241	418,715
ARRA—Neighborhood Stabilization Program (Recovery Act Funded)	14.256	7,872,657
WIA Adult Program	17.258	105,619
Community Based Job Training Grants	17.269	566,547
ARRA—Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors	17.275	105,706
Veterans' Employment Program	17.802	51,318
Centers for Disease Control and Prevention— Investigation and Technical Assistance	93.283	167,805
ARRA—Prevention and Wellness—Putting Communities Prevention to Work Funding Opportunities Announcement (FOA)	93.724	1,392,585
Homeland Security Cluster	97.067	755,853

Pima County
Schedule of Findings and Questioned Costs
Year Ended June 30, 2011

Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unqualified	
Internal control over financial reporting:	Yes	No
Material weakness identified?	_____	_X_
Significant deficiency identified?	_X_	_____
Noncompliance material to the financial statements noted?	_____	_X_

Federal Awards

Internal control over major programs:		
Material weaknesses identified?	_____	_X_
Significant deficiencies identified?	_X_	_____
Type of auditors' report issued on compliance for major programs:	Unqualified	
Any audit findings disclosed that are required to be reported in accordance with Circular A-133 (section .510[a])?	_X_	_____
Identification of major programs:		

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
11.555	Public Safety Interoperable Communications Grant Program
14.218	Community Development Block Grants/Entitlement Grants
14.256	ARRA—Neighborhood Stabilization Program (Recovery Act Funded)
15.226	Payments in Lieu of Taxes
16.738, 16.803, 16.804	Justice Assistance Grant Program Cluster
17.277, 17.258,	
17.259, 17.260, 17.278	WIA Cluster
20.205	Highway Planning and Construction Cluster
81.128	ARRA—Energy Efficiency and Conservation Block Grant Program
84.394, 84.397	State Fiscal Stabilization Fund Cluster
93.724	ARRA—Prevention and Wellness—Communities Putting Prevention to Work Funding Opportunities Announcement (FOA)

Pima County
Schedule of Findings and Questioned Costs
Year Ended June 30, 2011

Dollar threshold used to distinguish between Type A and Type B programs: \$2,135,303

	Yes	No
Auditee qualified as low-risk auditee?	<u> </u>	<u> X </u>

Other Matters

Auditee's Summary Schedule of Prior Audit Findings required to be reported in accordance with Circular A-133 (section .315[b])?	<u> X </u>	<u> </u>
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Pima County
Schedule of Findings and Questioned Costs
Year Ended June 30, 2011

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

11-101

CFDA No.: 14.256 **ARRA—Neighborhood Stabilization Program (Recovery Act Funded)**

U.S. Department of Housing and Urban Development

Award Year: February 11, 2009 through February 11, 2013

Award Number: B-09-CN-AZ-0051

Reporting

Questioned Cost: None

Criteria: According to the grant agreement and the Notice of Fund Availability for the Neighborhood Stabilization Program 2 under the American Recovery and Reinvestment Act, the County is required to prepare and submit quarterly progress reports.

Condition and context: Auditors tested two of the required quarterly progress reports and noted that the County incorrectly included expenditures totaling \$442,985. These expenditures were for estimated future program costs, but the County reported them within total amounts expended. In addition, within the accomplishment of performance measures report section, the County included inaccurate project progress information, such as inaccurately identifying certain projects as completed. Lastly, the County failed to provide evidence indicating the reports were appropriately approved prior to submission.

Effect: The County submitted inaccurate reports to the federal awarding agency. This finding is a significant deficiency in internal control over compliance and noncompliance with reporting requirements.

Cause: The County did not have adequate policies and review-and-approval control procedures in place to ensure that it accurately entered financial data and project progress information into the required electronically submitted quarterly progress reports.

Recommendation: To help ensure that the County accurately prepares its required quarterly progress reports, it should implement policies and procedures requiring an independent review of all information included on each progress report before electronically submitting the reports.

Pima County
Schedule of Findings and Questioned Costs
Year Ended June 30, 2011

11-102

CFDA No.: 81.128 **ARRA—Energy Efficiency and Conservation Block Grant Program**
U.S. Department of Energy

Award Year: August 17, 2009 through August 16, 2012

Award Number: DE-EE0000852/002

Allowable Costs/Cost Principles

Questioned Cost: \$9,315

Criteria: According to the County's grant agreement for the ARRA—Energy Efficiency and Conservation Block Grant Program, the budget does not allow the County to be reimbursed for fringe benefits paid to its employees working on the program.

Condition and context: The County requested and received reimbursement for \$9,315 in fringe benefits for all of the 11 county employees who worked on the program.

Effect: The County incorrectly requested and received \$9,315 that was for unallowable fringe benefit expenditures. This finding is a significant deficiency in internal control over compliance and noncompliance with the program's allowable costs/cost principles requirements.

Cause: The County was not aware that fringe benefits expenditures were not allowable.

Recommendation: The County should establish policies and procedures that help ensure employees responsible for requesting reimbursement and reviewing those reimbursement requests are aware of allowable uses of the program's monies.



**PIMA COUNTY
DEPARTMENT OF FINANCE AND RISK MANAGEMENT**

Thomas E. Burke, Director

March 15, 2012

Debra Davenport
Auditor General
2910 North 44th Street, Suite 410
Phoenix, Arizona 85018

Dear Ms. Davenport,

The following corrective action plan has been prepared as required by the U.S. Office of Management and Budget Circular A-133. Specifically, we are providing you with the name of the contact person responsible for corrective action, the corrective action planned, and the anticipated completion date for each audit finding included in the current year's schedule of findings and questions costs.

Very truly yours,

Thomas E. Burke, Director
Finance & Risk Management Department

PIMA COUNTY
Corrective Action Plan
Year Ended June 30, 2011

11-101

CFDA No: 14.256 ARRA—Neighborhood Stabilization Program (Recovery Act Funded)

U.S. Department of Housing and Urban Development

Award Year: February 11, 2009 through February 11, 2013

Award Number: B-09-CN-AZ-0051

Reporting

Questioned Cost: None

Contact Person: Gary Bachman, Community Development and Neighborhood Conservation

Anticipated Completion Date: Implemented April 2012

Response: Pima County agrees with the finding. Grant Management staff became aware of this situation during preparation of the Quarterly Progress Report for June 30, 2011. A procedure was implemented to have Finance staff input expenditure amounts after reconciling with the County's General Ledger. The Department will implement a procedure whereby the Department Director will review the Report before it is submitted to HUD.

11-102

CFDA No: 81.128 ARRA—Energy Efficiency and Conservation Block Grant Program

U.S. Department of Energy

Award Year: August 17, 2009, through August 16, 2012

Award Number: DE-EE0000852/002

Allowable Costs/Cost Principles

Questioned Cost \$9,315

Contact Person: Marc Lynn, Pima County Facilities Management Department

Anticipated Completion Date: Implemented March 2012

Response: Pima County agrees with the finding. A subsequent draw was completed on March 13th which included a deduction for the erroneously drawn funds. The prepared draws will, in the future, omit fringe benefits from the requests for reimbursement. The County will implement a procedure whereby reports will be reviewed for determination of allowable cost categories prior to submission.



**PIMA COUNTY
DEPARTMENT OF FINANCE AND RISK MANAGEMENT**

Thomas E. Burke, Director

March 20, 2012

Ms. Debra Davenport
Auditor General
2910 North 44th Street, Suite 410
Phoenix, AZ 85018

Dear Ms. Davenport,

The following summary schedule of prior audit findings has been prepared as required by the U.S. Office of Management and Budget Circular A-133. Specifically, we are reporting the status of audit findings included in the prior audit's schedule of findings and questioned costs related to federal awards.

Sincerely,

Thomas E. Burke
Finance & Risk Management Director

PIMA COUNTY
Schedule of Prior Year Audit Findings
Year Ended June 30, 2010

10-101

CFDA No.: 16.803 Recovery Act—Edward Byrne Memorial Justice Assistance Grant (JAG)
Program/Grants to States and Territories
U.S. Department of Justice, Passed through Arizona Criminal Justice Commission
Status – **Partially Corrected**

The department has recently hired an employee whose responsibilities will include administration of Time & Effort Certifications. The procedure is currently being developed.

10-102

CFDA No.: 20.205 Highway Planning and Construction
U.S. Department of Transportation
Status – **Fully Corrected**

The department has revised and implemented the use of Job Order Requests to include the type of funding (Federal vs Non-Federal). This is used to determine Davis-Bacon applicability.

10-103

CFDA No.: 66.458 Capitalization Grants for Clean Water State Revolving Funds
U.S. Environmental Protection Agency, Passed through Water Infrastructure Financing Authority of Arizona
Status – **Fully Corrected**

The project has been completed. The U.S. EPA has done a site visit/audit and specifically checked compliance with Davis-Bacon. The County was found to be fully compliant.

10-104

CFDA No.: 84.394 State Fiscal Stabilization Fund (SFSF)—Education State Grants, Recovery Act
U.S. Department of Education, Passed through the Arizona Department of Education
Status – **Fully Corrected**

The department has provided examples of their revised computer worksheets to the Office of the Auditor General. They were deemed acceptable and compliant.

10-105

CFDA No: 81.128 ARRA—Energy Efficiency and Conservation Block Grant
U.S. Department of Energy
Status – **Partially Corrected**

The Program Manager will begin having the Deputy Director review the programmatic information before submission. The financial information is currently input by the accountant and reviewed by the supervisor before submission.