



A REPORT  
TO THE  
**ARIZONA LEGISLATURE**

Financial Audit Division

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Single Audit

# **Pinal County**

Year Ended June 30, 2009

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**Debra K. Davenport**  
Auditor General

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Pinal County  
Single Audit Reporting Package  
Year Ended June 30, 2009

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**DEBRA K. DAVENPORT, CPA**  
AUDITOR GENERAL

**STATE OF ARIZONA**  
OFFICE OF THE  
**AUDITOR GENERAL**

**WILLIAM THOMSON**  
DEPUTY AUDITOR GENERAL

**Independent Auditors' Report on Compliance with Requirements  
Applicable to 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  
Pinal County, Arizona

**Compliance**

We have audited the compliance of Pinal County with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009, except for that portion of the federal programs administered by the Housing Department of Pinal County (Housing Department). The Housing Department was audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the compliance of the Department with the types of compliance requirements described in *OMB Circular A-133 Compliance Supplement*, is based solely on the report of the other auditors. 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 and the report of the other auditors.

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 and the report of the other auditors provide a reasonable basis for our opinion. Our audit does not provide a legal determination of the County's compliance with those requirements.

As described in item 09-109 in the accompanying Schedule of Findings and Questioned Costs, the County did not comply with requirements regarding activities allowed or unallowed and allowable costs/cost principles that are applicable to its Public and Indian Housing program. Compliance with such requirements is necessary, in our opinion, for the County to comply with the requirements applicable to that program.

In our opinion, based on our audit and the report of the other auditors, except for the noncompliance described in the preceding paragraph, Pinal County complied, in all material respects, with the requirements referred to above that are applicable to each of its major programs for the year ended June 30, 2009. The results of our auditing procedures and the report of the other auditors also disclosed other instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and are described in the accompanying Schedule of Findings and Questioned Costs as items 09-101 through 09-108 and 09-110.

### **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 in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the County's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we and the report of the other auditors identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies and others that we consider to be material weaknesses.

A control deficiency in the County's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the County's internal control. We consider items 09-101 through 09-109 described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over compliance.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the County's internal control. Of the significant deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs, we consider items 09-101, 09-105, 09-107, and 09-109 to be material weaknesses.

### **Schedule of Expenditures of Federal Awards**

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and aggregate remaining fund information of Pinal County as of and for the year ended June 30, 2009, and have issued our report thereon dated January 28, 2010. 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 by us and the other auditor in the audit of the basic financial statements and, in our opinion, based on our audit and the report of the other auditors, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Pinal County's responses to the findings identified in our audit are presented on pages 28 through 30. 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, 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

May 27, 2010, except for the  
Schedule of Expenditures of Federal  
Awards, for which the date is January 28, 2010

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Pinal County  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2009

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number (Note 2)	Pass-Through Grantor's Number	Expenditures
<b>U.S. Office of National Drug Control Policy</b>			
High Intensity Drug Trafficking Areas, passed through Arizona Criminal Justice Commission	07.I7PSAP501Z	HT17-07-1815	\$ 46,147
High Intensity Drug Trafficking Areas, passed through Arizona Criminal Justice Commission	07.I8PSAP501Z	HT18-08-1815	59,930
Total U.S. Office of National Drug Control Policy			<u>106,077</u>
<b>U.S. Department of Agriculture</b>			
Child Nutrition Cluster:			
School Breakfast Program, passed through the Arizona Department of Education	10.553	ED09-0001	24,528
National School Lunch Program, passed through the Arizona Department of Education	10.555	ED09-0001	55,453
Total Child Nutrition Cluster			<u>79,981</u>
Special Supplemental Nutrition Program for Women, Infants, and Children, passed through the Arizona Department of Health Services	10.557	HG861086	1,310,147
Commodity Supplemental Food Program, passed through the Arizona Department of Health Services	10.565	HG861138	19,549
Schools and Roads—Grants to States	10.665		429,210
WIC Farmers' Market Nutrition Program (FMNP), passed through the Arizona Department of Health Services	10.572	HG861328	1,076
Senior Farmers Market Nutrition Program, passed through the Arizona Department of Health Services	10.576	HG861328	1,951
Rural Business Enterprise Grants	10.769		114,900
Law Enforcement Agreement—Tonto National Forest	10.06-LE-11031200-005		6,069
Total U.S. Department of Agriculture			<u>1,962,883</u>
<b>U.S. Department of Housing and Urban Development</b>			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii, passed through the Arizona Department of Housing	14.228	124-09, 125-08, 135-07	52,223
Supportive Housing Program, passed through the Community Action Human Resources Agency	14.235	269-00, 549-03	106,938
Housing Opportunities for Persons with AIDS (HOPWA), passed through the City of Phoenix	14.241	72838-006	32,849
Public and Indian Housing	14.850		487,957
Section 8 Housing Choice Vouchers	14.871		3,130,137
Public Housing Capital Fund	14.872		216,764
Total U.S. Department of Housing and Urban Development			<u>4,026,868</u>

(Continued)

See accompanying notes to schedule.



Pinal County  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2009  
(Continued)

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number (Note 2)	Pass-Through Grantor's Number	Expenditures
<b>U.S. Department of the Interior</b>			
Payments in Lieu of Taxes	15.226		\$ 2,774,610
National Fire Plan—Wildland Urban Interface Community Fire Assistance	15.228		65,000
Total U.S. Department of the Interior			<u>2,839,610</u>
<b>U.S. Department of Justice</b>			
DEA—Domestic Cannabis Eradication and Suppression Program	16.unknown		1,818
DEA Task Force Agreement	16.unknown		7,880
Juvenile Justice and Delinquency Prevention—Allocation to States, passed through Phoenix Police Department Arizona ICAC Task Force	16.540	2005-MC-CX-K009	2,185
National Criminal History Improvement Program (NCHIP), passed through the Arizona Criminal Justice Commission	16.554	NCP06-07-113, NCP07-08-116	304,944
Crime Victim Compensation, passed through the Arizona Criminal Justice Commission	16.576	VC-09-060	43,039
Crime Victim Assistance/Discretionary Grants, passed through National Association of VOCA Assistance Administrators	16.582	09-04-105	3,906
Drug Court Discretionary Grant Program	16.585		156,611
Violence Against Women Formula Grants, passed through the Arizona Governor's Office for Children, Youth and Families	16.588	ST-WSG-07-7365-11Y2, ST-WSG-09-9365-18, ST-WSG-07-7365-22Y2, ST-WSG-09-9365-10	151,701
Grants to Encourage Arrest Policies and Enforcement of Protection Orders	16.590		7,701
State Criminal Alien Assistance Program	16.606		187,753
Bulletproof Vest Partnership Program	16.607		1,647
Public Safety Partnership and Community Policing Grants	16.710		9,766
Edward Byrne Memorial Justice Assistance Grant Program	16.738		19,384
Edward Byrne Memorial Justice Assistance Grant Program, passed through the Arizona Criminal Justice Commission	16.738	DC-09-016, DC-09-033	79,862
Edward Byrne Memorial Justice Assistance Grant Program, passed through the Arizona Supreme Court	16.738	Cycle 22	16,921
Total Edward Byrne Memorial Justice Assistance Grant Program			<u>116,617</u>
Total U.S. Department of Justice			<u>995,118</u>

(Continued)

See accompanying notes to schedule.

Pinal County  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2009  
(Continued)

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number (Note 2)	Pass-Through Grantor's Number	Expenditures
<b>U.S. Department of Transportation</b>			
National Motor Carrier Safety, passed through the Arizona Department of Public Safety	20.218	2005-213A1, 2005-213A2	\$ 582,637
Highway Safety Cluster:			
State and Community Highway Safety, passed through the Governor's Office of Highway Safety	20.600	2009-PT-013	15,505
Alcohol Impaired Driving Countermeasures Incentive Grants I, passed through the Governor's Office of Highway Safety	20.601	2008-410-003	64,957
Total Highway Safety Cluster			<u>80,462</u>
Total U.S. Department of Transportation			<u>663,099</u>
<b>Institute of Museum and Library Services</b>			
Grants to States, passed through Arizona State Library, Archives, and Public Records	45.310	271-6-1-(08)	<u>1,923</u>
<b>Environmental Protection Agency</b>			
Air Pollution Control Program Support, passed through the Arizona Department of Environmental Quality	66.001	EV05-0016	<u>51,000</u>
<b>U.S. Department of Education</b>			
Title I Grants to Local Educational Agencies, passed through the Arizona Department of Education	84.010	08FAATTI-860979-08A, 09FAASYO-960979-09A, 09FAATTI-960979-05A	122,525
Title I Grants to Local Educational Agencies, passed through Arizona Supreme Court	84.010	None	<u>60,281</u>
Total Title I Grants to Local Educational Agencies			<u>182,806</u>
Special Education—Grants to States, passed through the Arizona Department of Education	84.027	09FESCBG-960979-08A 09FESSCG-970734-02A	39,686
Special Education—Grants to States, passed through Arizona Supreme Court	84.027	None	<u>40,924</u>
Total Special Education—Grants to States			<u>80,610</u>
Federal Work Study Program, passed through the University of Arizona	84.033	None	1,525
Safe and Drug-Free Schools and Communities— State Grants, passed through the Arizona Department of Education	84.186	09FSDIVB-970733-04A	78,381

(Continued)

See accompanying notes to schedule.

Pinal County  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2009  
(Continued)

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number (Note 2)	Pass-Through Grantor's Number	Expenditures
Safe and Drug-Free Schools and Communities— State Grants, passed through Arizona Supreme Court	84.186	None	\$ <u>322</u>
Total Safe and Drug-Free Schools and Communities—State Grants			<u>78,703</u>
Tech-Prep Education, passed through the Arizona Department of Education	84.243	09FCTDTP-970734-01A, 08FCTDTP-870734-01A	112,765
State Grants for Innovative Programs, passed through Arizona Supreme Court	84.298	None	115
Reading First State Grants, passed through the Arizona Department of Education	84.357	09FSERFP-960979-01A, 09FSERN3-960979-04A	1,202,263
English Language Acquisition Grants, passed through the Arizona Department of Education	84.365	09FACENG-970733-06A	73,588
Mathematics and Science Partnerships, passed through the Arizona Department of Education	84.366	08FSDMPC-870733-02A	19,585
Improving Teacher Quality State Grants, passed through the Arizona Department of Education	84.367	09-FAAAZE-970733-02A, 09FAATII-960979-06A	150,846
Improving Teacher Quality State Grants, passed through the Arizona Supreme Court	84.367	None	<u>20,695</u>
Total Improving Teacher Quality State Grants			<u>171,541</u>
Total U.S. Department of Education			<u>1,923,501</u>
<b>Election Assistance Committee</b>			
Help America Vote Act Requirements Payments, passed through the Arizona Secretary of State	90.401	None	<u>80,368</u>
<b>U.S. Department of Health and Human Services</b>			
Public Health Emergency Preparedness, passed through the Arizona Department of Health Services	93.069	HG754203	638,684
Family Planning—Services, passed through the Arizona Family Planning Council	93.217	None	257,699
Immunization Grants, passed through the Arizona Department of Health Services	93.268	HG854292	78,713
Child Support Enforcement, passed through the Arizona Department of Economic Security	93.563	G-04-04-AZ-4004	2,093,117
Community-Based Child Abuse Prevention Grants, passed through the Arizona Department of Economic Security	93.590	E4374138	74,465
Grants to States for Access and Visitation Programs, passed through the Arizona Department of Economic Security	93.597	DES060680-1	5,277

(Continued)

See accompanying notes to schedule.

Pinal County  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2009  
(Continued)

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number (Note 2)	Pass-Through Grantor's Number	Expenditures
Voting Access for Individuals with Disabilities—Grants to States, passed through Arizona Secretary of State	93.617	HHS-2006-ACF-ADD-VOTE-0135	\$ 6,390
Children's Justice—Grants to State, passed through Arizona Governor's Office for Children, Youth and Families	93.643	CJ-CSG-08-8244-04, CJ-CSG-09-9273-06	16,126
Social Services Block Grant, passed through the Pinal/Gila Council for Senior Citizens	93.667	0006-00556	163,408
HIV Emergency Relief Project Grants, passed through the Area Agency on Aging, Region One	93.914	A2009-11-PIN	14,546
HIV Emergency Relief Project Grants, passed through Maricopa County General Government	93.914	2008-MCM-PLTG-001	149,278
Total HIV Emergency Relief Project Grants			<u>163,824</u>
Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs, passed through the Arizona Department of Health Services	93.919	HG761268	111,525
HIV Prevention Activities—Health Department Based, passed through the Arizona Department of Health Services	93.940	HG852273	24,509
Preventive Health Services—Sexually Transmitted Diseases Control Grants, passed through the Arizona Family Planning Council	93.977	None	917
Preventive Health Services—Sexually Transmitted Diseases Control Grants, passed through the Arizona Department of Health Services	93.977	HG854501	5,362
Total Preventive Health Services—Sexually Transmitted Diseases Control Grants			<u>6,279</u>
Preventive Health and Health Services Block Grant, passed through the Arizona Department of Health Services	93.991	HG854375	68,751
Maternal and Child Health Services Block Grant to the States, passed through the Arizona Department of Health Services	93.994	HP461413-013	1,250
Total U.S. Department of Health and Human Services			<u>3,710,017</u>
<b>U.S. Department of Homeland Security</b>			
Disaster Grants—Public Assistance (Presidentially Declared Disasters), passed through the Arizona Department of Emergency and Military Affairs	97.036	ADEM/FEMA-1586-DR-AZ-021-99021-00, ADEM/FEMA-1160-DR-AZ-021-99021-00	1,119,653

(Continued)

See accompanying notes to schedule.

Pinal County  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2009  
(Continued)

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number (Note 2)	Pass-Through Grantor's Number	Expenditures
Emergency Management Performance Grants, passed through the Arizona Department of Emergency and Military Affairs	97.042	None	\$ 174,777
Homeland Security Cluster: Homeland Security Grant Program, passed through the Arizona Department of Homeland Security	97.067	222306-01 333301-01 333301-03 444303-02 08-AZDOHS-OSGP-444316-01 08-AZDOHS-OSGP-444316-02	380,866
Homeland Security Grant Program, passed through the Eloy Police Department	97.067	444305-01	65,728
Total Homeland Security Cluster			<u>446,594</u>
Total U.S. Department of Homeland Security			<u>1,741,024</u>
Total Expenditures of Federal Awards			<u>\$ 18,101,488</u>

See accompanying notes to schedule.

Pinal County  
Notes to Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2009

Note 1 - Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Pinal 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 Number

The program titles and CFDA numbers were obtained from the federal or pass-through grantor or the 2009 *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 Title	CFDA Number	Amount
Tech-Prep Education	84.243	\$ 53,093
Reading First State Grants	84.357	858,607

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Pinal County  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2009

**Summary of Auditors' Results**

***Financial Statements***

Type of auditors' report issued:	Unqualified	
	<b>Yes</b>	<b>No</b>
Internal control over financial reporting:		
Material weaknesses identified in internal control over financial reporting?	<u>  X  </u>	<u>    </u>
Significant deficiencies identified not considered to be material weaknesses?	<u>  X  </u>	<u>    </u>
Noncompliance material to the financial statements noted?	<u>    </u>	<u>  X  </u>

***Federal Awards***

Internal control over major programs:		
Material weaknesses identified?	<u>  X  </u>	<u>    </u>
Significant deficiencies identified that are not considered to be material weaknesses?	<u>  X  </u>	<u>    </u>
Type of auditors' report issued on compliance for major programs:		
Unqualified for all major programs except for the Public and Indian Housing program, which was qualified.		
Any audit findings disclosed that are required to be reported in accordance with Circular A-133 (section .510[a])?	<u>  X  </u>	<u>    </u>

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
14.850	Public and Indian Housing
14.871	Section 8 Housing Choice Vouchers
15.226	Payments in Lieu of Taxes
16.738	Edward Byrne Memorial Justice Assistance Grant Program
93.069	Public Health Emergency Preparedness
93.563	Child Support Enforcement
97.036	Disaster Grants—Public Assistance (Presidentially Declared Disasters)
97.042	Emergency Management Performance Grant
97.067	Homeland Security Grant Program



Pinal County  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2009

Dollar threshold used to distinguish between Type A and Type B programs: \$543,045

	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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Pinal County  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2009

## 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 Performed in Accordance with *Government Auditing Standards*.

## Federal Award Findings and Questioned Costs

09-101

CFDA No.: 16.738 **Edward Byrne Memorial Justice Assistance Grant Program**

**U.S. Department of Justice**

Direct funding and passed through the Arizona Criminal Justice Commission and Arizona Supreme Court

Award Period: October 1, 2004 through September 30, 2008

October 1, 2006 through September 30, 2010

July 1, 2008 through June 30, 2009

Award Numbers: 2005-DJ-BX-1286, 2007-DJ-BX-1261, DC-09-016, DC-09-033, and Cycle 22,  
Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Procurement and Suspension and  
Debarment

Questioned Cost: Unknown

**Criteria:** In accordance with 28 Code of Federal Regulations (CFR) §66.36(b), the County should follow its procurement policies and procedures when procuring goods and services. Article 10 of the County's procurement code requires the County to have a formal agreement that is approved by the Board of Supervisors when obtaining services that will be provided by another governmental entity. In addition, the County should verify that contracts and subawards over \$25,000 are not provided to an entity that has been suspended or debarred from doing business with the federal government.

**Condition and context:** The County paid a local government \$65,076 from federal, state, and local monies to provide a full-time investigator for the federal program. The County has paid the local government for these services since fiscal year 2001; however, the County did not have an agreement with the local government that specified the services to be performed, the period of time services are to be provided, amounts to be paid, and compliance requirements that may apply if the services are paid with federal monies. In addition, the County did not verify that the local government had not been suspended or debarred from doing business with the federal government.

**Effect:** As a result of not requiring the local government to submit claims for reimbursement within 90 days of the award period end date, the County paid \$34,495 from local monies during fiscal year 2009 for services provided for the program in fiscal years 2006 and 2007. Further, without an agreement, the County risks paying for services that may not be in accordance with the program's activities allowed or unallowed and allowable costs requirements, and also risks paying federal monies to an entity that has been suspended or debarred from doing business with the federal government. It was not practical to extend our auditing procedures sufficiently to determine the amount of questioned costs, if any, that may have resulted from this finding. This finding is a material weakness in internal control over compliance with the program's requirements for activities allowed or unallowed, allowable costs/cost principles, and procurement and suspension and debarment. This finding is also noncompliance with the program's procurement and suspension and debarment requirements.

Pinal County  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2009

**Cause:** The County had never prepared a written agreement with the local government and had chosen to continue paying for services without an agreement. In addition, the County did not have policies and procedures for ensuring that all services the local government provided were received and paid for in the time period required by the program and verifying whether the entity had been suspended or debarred from doing business with the federal government.

**Recommendation:** The County should prepare a written agreement with the local government signed by both parties that describes the services to be performed, the period of time services are to be provided, frequency of billings, and any other information that may affect the County's ability to comply with federal requirements. Further, the County should establish policies and procedures for ensuring that other governments and vendors it pays with federal monies have not been suspended or debarred from doing business with the federal government.

09-102

CFDA No.: 16.738 **Edward Byrne Memorial Justice Assistance Grant Program**

**U.S. Department of Justice**

Direct funding and passed through the Arizona Criminal Justice Commission and Arizona Supreme Court

Award Period: October 1, 2004 through September 30, 2008

October 1, 2006 through September 30, 2010

July 1, 2008 through June 30, 2009

Award Numbers: 2005-DJ-BX-1286, 2007-DJ-BX-1261, DC-09-016, DC-09-033, and Cycle 22,

Cash Management, Matching, and Reporting

Questioned Cost: \$1,846

**Criteria:** According to the grant agreement with one of the pass-through grantors, the County is required to meet certain matching requirements and return any unused federal monies. Additionally, to comply with 28 CFR §§66.21, 66.24, and 66.41, the County should ensure that financial reports agree to the accounting records and are checked for accuracy before submitting them to grantors because the reports show whether the County properly matched federal expenditures and returned unspent federal monies.

**Condition and context:** The County did not have adequate procedures to ensure that financial reports, which are used to request and monitor program funding levels, were independently reviewed for accuracy and approved prior to submitting them to grantors. Also, for these grants, the County did not monitor the program's expenditures to ensure they were properly matched with local monies. As a result, the County submitted an incorrect report to one of its pass-through grantors. Auditors tested the report and determined that the report overstated the federal and local matching expenditures for the entire grant period and, therefore, incorrectly reported that the County had spent all federal monies and met the matching requirement when it had not.

**Effect:** The County did not meet its matching requirement by \$1,131 and did not revert \$715 of unspent federal monies to the pass-through grantor for award number Cycle 22, for a total questioned cost of \$1,846. This finding is a significant deficiency in internal control over compliance and noncompliance with the program's cash management, matching, and reporting requirements.

Pinal County  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2009

Cause: The County did not have policies and procedures for requiring a second employee to review the federal reports for accuracy and approve them before submitting them to grantors. In addition, the County did not record all of the local monies used to match federal expenditures in the same account in which the federal revenues and expenditures were recorded.

Recommendation: To help ensure that the County complies with the requirements of its grant agreements, the County should establish policies and procedures that require a second employee to review federal reports for accuracy and approve them before submitting them to grantors. The County should also assign an employee to carefully monitor its federal programs to ensure that the proper amount of local monies is used to match program expenditures and that any unspent federal monies are promptly returned to the grantor.

09-103

CFDA No.: 93.563 **Child Support Enforcement**

**U.S. Department of Health and Human Services**

Passed through the Arizona Department of Economic Security

Award Period: October 1, 2005 through September 30, 2010

Award Number: G-04-04-AZ-4004

CFDA No.: 97.042 **Emergency Management Performance Grant**

**U.S. Department of Homeland Security**

Passed through the Arizona Department of Emergency and Military Affairs

Award Period: October 1, 2007 through September 30, 2009

October 1, 2008 through September 30, 2010

Award Number: None

Allowable Costs/Cost Principles

Questioned Cost: None

Criteria: To comply with its grant agreements and the allowable costs/cost principles requirements set forth in 2 CFR Part 225, the County should submit its cost allocation plan annually to its pass-through grantors, or at least each time the plan has been modified, and prior to requesting reimbursement of indirect costs.

Condition and context: The County did not submit its most recent cost allocation plan as required by its grant agreements with the pass-through agencies for approval prior to requesting reimbursement for indirect costs incurred for the period of July 1, 2008 through June 30, 2009, as required by grant agreements.

Effect: Auditors tested the cost allocation plan and determined that the cost allocation rates appeared reasonable and that the costs allocated were allowable in accordance with 2 CFR Part 225. This finding is a significant deficiency in internal control over compliance and noncompliance with the programs' allowable costs/cost principles and the pass-through grantor's contract requirements.

Pinal County  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2009

Cause: The County was not aware of the requirements to submit the cost allocation plan to grantors.

Recommendation: To help ensure that it complies with grant agreements and allowable costs/cost principles requirements, the County should annually submit its cost allocation plan to each federal or pass-through grantor that requires the plan to be approved prior to requesting reimbursement for indirect costs.

09-104

CFDA No.: 97.067 **Homeland Security Grant Program**

**U.S. Department of Homeland Security**

Passed through the Arizona Department of Homeland Security

Award Period: April 1, 2007 through October 31, 2009

July 1, 2007 through July 31, 2009

October 1, 2008 through September 30, 2009

November 1, 2008 through April 30, 2010

Award Numbers: 222306-01, 333301-01, 333301-03, 444303-02, 08-AZDOHS-OSGP-444316-01, and  
08-AZDOHS-OSGP-444316-02

Passed through the City of Eloy Police Department

Award Period: October 1, 2008 through September 30, 2009

Award Number: 444305-01

Equipment and Real Property Management

Questioned Cost: \$6,018

Criteria: In accordance with 44 CFR §13.32(d), the County must maintain an effective control system to adequately safeguard capital assets acquired with federal monies against loss, damage, or theft.

Condition and context: The County was unable to locate 2 of 13 capital assets tested for the Homeland Security Grant Program. The capital assets were computers and radios installed in sheriff deputies' vehicles by the County's information technology department.

Effect: By not maintaining adequate internal controls over equipment purchased with federal monies, the County is exposed to the risk of loss, damage, or theft of these assets. This finding is a significant deficiency in internal control over compliance and noncompliance with the program's equipment and real property management requirement.

Cause: The County's capital assets listing and the information technology department's installation records were not sufficiently detailed to identify and locate the capital assets that had been installed into the vehicles. Further, the County used multiple capital asset tags and identifying numbers, which also made it difficult to track assets' physical locations.

Recommendation: The County should maintain inventory records that are sufficiently detailed to identify and locate capital assets acquired with federal monies. Alternatively, this information should be maintained at the department level if it is not included in the County's capital assets listing. In addition, capital assets should have only one type of identifying tag attached to them.

Pinal County  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2009

09-105

CFDA No.: 16.738 **Edward Byrne Memorial Justice Assistance Grant Program**

**U.S. Department of Justice**

Direct funding and passed through the Arizona Criminal Justice Commission and Arizona Supreme Court

Award Period: October 1, 2004 through September 30, 2008

October 1, 2006 through September 30, 2010

July 1, 2008 through June 30, 2009

Award Numbers: 2005-DJ-BX-1286, 2007-DJ-BX-1261, DC-09-016, DC-09-033, and Cycle 22

CFDA No.: 93.069 **Public Health Emergency Preparedness Grant**

**U.S. Department of Health and Human Services**

Passed through the Arizona Department of Health Services

Award Period: November 16, 2007 through November 15, 2008

October 1, 2008 through August 9, 2009

Award Number: HG754203

CFDA No.: 97.036 **Disaster Grants—Public Assistance (Presidentially Declared Disasters)**

**U.S. Department of Homeland Security**

Passed through the Arizona Department of Emergency and Military Affairs

Award Period: February 10, 2005 through December 31, 2009

July 25, 2006 through May 31, 2008

Award Number: ADEM/FEMA-1586-DR-AZ-021-99021-00

ADEM/FEMA-1160-DR-AZ-021-99021-00

CFDA No.: 97.042 **Emergency Management Performance Grant**

**U.S. Department of Homeland Security**

Passed through the Arizona Department of Emergency and Military Affairs

Award Period: October 1, 2007 through September 30, 2009

October 1, 2008 through September 30, 2010

Award Number: None

Questioned Cost: N/A

Criteria: OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, §.320, requires the County to submit its single audit report to the federal clearinghouse no later than 9 months after fiscal year-end, unless the County's federal oversight agency approves an extension of this deadline. Therefore, the County's single audit report was due by March 31, 2010. OMB Circular A-133, §.310, also requires that the County's Schedule of Expenditures of Federal Awards (SEFA) present the total federal awards expended for the fiscal year for each federal program. In addition, 2 CFR, Appendix A to Part 225, requires costs to be determined in accordance with generally accepted accounting principles (GAAP).

Pinal County  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2009

Condition and context: The County issued its Single Audit Reporting Package in May 2010, rather than by the federal reporting deadline of March 31, 2010. The deadline was not met because of various errors on the County's SEFA that resulted in omitted or incorrectly reported major programs that were required to be audited. As a result, auditors had to audit two additional programs late during the audit. The County did not identify one of the major programs until April 2010. The County incorrectly reported the other major program as two separate federal programs, and auditors noted this error while auditing the program. In addition, federal award expenditures for two other major programs were incorrectly reported on the SEFA. The County adjusted its SEFA for these errors.

Effect: The County did not have adequate policies and procedures for correctly reporting federal award expenditures on its SEFA. As a result, the County understated federal award expenditures by approximately \$1.1 million, \$203,342, and \$63,137 for the Disaster Grants—Public Assistance (Presidentially Declared Disasters) program, Public Health Emergency Preparedness Grant, and Emergency Management Performance Grant, respectively, and overstated federal award expenditures by \$45,963 for the Edward Byrne Memorial Justice Assistance Grant Program. This finding is a material weakness in internal control over compliance and noncompliance with the requirements of OMB Circular A-133, §§.310 and .320 and 2 CFR, Appendix A to Part 225.

Cause: The County omitted the federal award expenditures for the Disaster Grants—Public Assistance (Presidentially Declared Disasters) program because it was not aware that this program was required to be reported on the SEFA. The County also misstated the Public Health Emergency Preparedness Grant because it was not aware that the federal program number and title had changed since it did not receive notification from the pass-through grantor. Federal award expenditures were misstated for the other two major programs because county departments did not properly reconcile federal, state, and local monies and did not follow GAAP when recording the costs, or did not provide sufficient detail to the Finance Department to correctly record the expenditures on the SEFA.

Recommendation: To help ensure that the County meets the federal reporting deadline and prepares its SEFA in compliance with OMB Circular A-133, the County should improve its financial reporting process to correctly report federal award expenditures. In addition, the County's Finance Department should ensure that departments reconcile federal award expenditures on the general ledger system to the accounting records and provide sufficient detail to accurately report this information on the SEFA.

This finding was similar to a prior-year finding.

Pinal County  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2009

09-106

CFDA No.: 97.036 **Disaster Grants—Public Assistance (Presidentially Declared Disasters)**

**U.S. Department of Homeland Security**

Passed through the Arizona Department of Emergency and Military Affairs

Award Period: April 14, 2005 through December 31, 2009

September 7, 2006 through May 31, 2008

Award Numbers: ADEM/FEMA-1586-DR-AZ-021-99021-00 and ADEM/FEMA-1660-DR-AZ-021-99021-00

Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Cash Management, and Special Tests and Provisions

Questioned Cost: \$45,727

Criteria: In accordance with 44 CFR §206.203, reimbursements for large projects should equal the eligible costs documented by the recipient. Additionally, to comply with 44 CFR §205, the County is required to report to the pass-through grantor the eligible costs for each approved large project. The report serves as certification that reported costs were incurred when performing eligible work, the work was completed, the project was in compliance with the provisions of the grant contract, and that payments for that project were made in accordance with 44 CFR §13.21.

Condition and context: The County's Public Works Department requested and received federal reimbursement for expenditures totaling \$45,727 for one of its large projects related to grant award number ADEM/FEMA-1586-DR-AZ-021-99021-00. However, the Department could not specifically identify which expenditures comprised this amount and did not have documentation supporting the charges. As a result, auditors were unable to determine whether these expenditures were proper charges for the program.

Effect: The County did not have documentation supporting that it had spent \$45,727 of expenditures in accordance with the program's requirements. This finding is a significant deficiency in internal control over compliance and noncompliance with the program's requirements for activities allowed or unallowed, allowable costs/cost principles, cash management, and special tests and provisions.

Cause: The County did not retain supporting documentation for a large project's expenditures which were reimbursed by the grantor agency.

Recommendation: To help ensure it complies with the program's federal requirements, the County should maintain adequate documentation supporting federal expenditures and reimbursement requests and should properly account for all eligible program costs for each disaster classified as a large project. Records supporting costs should be retained for a period of at least five years after the program's ending date.



Pinal County  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2009

09-107

CFDA No.: 97.036 **Disaster Grants—Public Assistance (Presidentially Declared Disasters)**

**U.S. Department of Homeland Security**

Passed through the Arizona Department of Emergency and Military Affairs

Award Period: April 14, 2005 through December 31, 2009

September 7, 2006 through May 31, 2008

Award Numbers: ADEM/FEMA-1586-DR-AZ-021-99021-00 and ADEM/FEMA-1660-DR-AZ-021-99021-00

Suspension and Debarment

Questioned Cost: None

**Criteria:** In accordance with 44 CFR §13.35, the County should verify that vendors being paid over \$25,000 are not suspended or debarred from doing business with the federal government before it enters into contracts with them.

**Condition and context:** For three of eight vendors tested, the County's Public Works Department did not verify that each contractor receiving over \$25,000 from the County had not been suspended or debarred from doing business with the federal government.

**Effect:** Payments could be made to suspended or debarred vendors. Auditors performed additional audit procedures and noted no instances of payments that were made to suspended or debarred vendors. This finding is a material weakness in internal control over compliance and noncompliance with the program's suspension and debarment requirements.

**Cause:** The County used a purchasing cooperative to contract for goods and services and, therefore, did not perform a separate verification of suspension and debarment.

**Recommendation:** The County should verify and document its determination that vendors being paid over \$25,000 in federal monies have not been suspended or debarred from doing business with governmental entities. This verification may be accomplished by checking the Excluded Parties List System maintained by the U.S. General Services Administration, obtaining a certification from the vendor, or adding a clause or condition to the vendor's contract.

Pinal County  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2009

09-108

CFDA No.: 97.036 **Disaster Grants—Public Assistance (Presidentially Declared Disasters)**

**U.S. Department of Homeland Security**

Passed through the Arizona Department of Emergency and Military Affairs

Award Period: April 14, 2005 through December 31, 2009

September 7, 2006 through May 31, 2008

Award Numbers: ADEM/FEMA-1586-DR-AZ-021-99021-00 and ADEM/FEMA-1660-DR-AZ-021-99021-00

Activities Allowed or Unallowed and Allowable Costs/Cost Principles

Questioned Cost: \$769

Criteria: To comply with the 44 CFR §13.20, the County should maintain accurate accounting records and documentation supporting its expenditures. Expenditures submitted for federal reimbursement should be based on actual costs and not estimates to comply with 2 CFR Part 225.

Condition and context: The County's Public Works Department maintained the accounting records for all eligible payroll costs on the general ledger system, but maintained separate records for these costs on a spreadsheet to track each employee's pay rate and the number of hours worked on each project. This spreadsheet was used to request reimbursement for projects funded by grant award number ADEM/FEMA-1660-DR-AZ-021-99021-00, but was not compared for accuracy against county accounting records and approved by another employee. As a result, auditors noted that several pay rates used to request reimbursements were less than the actual employees' pay rates because the spreadsheet information was outdated. In addition, for one employee tested, the County requested reimbursement at a higher rate than the employee's actual salary. There is potential that other employees' pay rates were not accurate on the spreadsheet.

Effect: Auditors reviewed all payroll charged to the program for the one employee overpaid and determined that the error resulted in a questioned cost to the program of \$769. It was not practical to extend our auditing procedures sufficiently to determine whether any additional questioned costs resulted from this finding. This finding is a significant deficiency in internal control over compliance and noncompliance with the program's activities allowed or unallowed and allowable costs/cost principles requirements.

Cause: The County did not review the payroll data in the spreadsheet of program costs to ensure that accurate pay rates were used when requesting reimbursement.

Recommendation: To help ensure that it complies with federal requirements and requests federal reimbursements for actual costs incurred, the County should prepare reimbursement requests using the pay rates in effect at the time the eligible payroll costs were incurred and require a second employee to review the reimbursement requests for accuracy.

Pinal County  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2009

The other auditors who audited the Pinal County Housing Department reported the following material weakness and instance of noncompliance.

09-109

CFDA No.: 14.850 **Public and Indian Housing**

**U.S. Department of Housing and Urban Development**

Award Period: July 1, 2008 through June 30, 2009

Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Cash Management

Questioned Costs: Unknown

Criteria: The use of Public Housing program reserves for non-Public Housing program purposes was in violation of the Annual Contributions Contract (ACC) between HUD and the Department. Section 9-C of the ACC states:

“ ... The HA may withdraw funds from the General Fund only for: (1) the payment of the costs of development and operation of the projects under ACC with HUD; (2) the purchase of investment securities as approved by HUD; and (3) such other purposes as may be specifically approved by HUD. Program funds are not fungible; withdrawals shall not be made for a specific program in excess of the funds available on deposit for that program.”

Section 1 O-C states:

“The HA shall not withdraw from any of the funds or accounts authorized under this section amounts for the projects under the ACC, or for the other projects or enterprises, in excess of the amount then on deposit in respect thereto.”

Condition and Cause: HUD conducted an On-Site Limited Financial Review of the Department during the week of September 28, 2009. As a result of the Review, HUD issued the following finding:

The Department pays the expenditures for four other non-Public Housing programs from the Public Housing program bank account. Although the Department is allowed to pay expenditures for multiple programs from a “master account”, withdrawals for a specific program cannot be made in excess of the amount of funds available on deposit for that same program. A comparison of the accounts receivable balances applicable to each of the other programs on June 30, 2009 (totaling \$101,585 at fiscal year-end), with the bank accounts for each of the other programs (totaling \$18,491 the same date) indicates that the other programs' bank deposits did not support the amount of funds expended on behalf of each particular program. The Department failed to verify that the other programs had sufficient funds on deposit to pay back the amounts expended and failed to require that periodic payments be made to the Public Housing program account to clear the accounts receivable balance for each program. The Department was unaware of the rules regarding the fungibility of HUD program funds.

Recommendation & Corrective Action Plan: The Department is to deposit funds into the Public Housing bank account to clear the applicable receivables and provide supporting documentation of the reimbursements. The source of the funds is to be directly from the entities owing the monies, or from other non-HUD program sources. If the Department is going to continue the practice of using the Public Housing program bank account to pay expenditures of non-Public Housing programs, the Department is to develop and implement procedures to prevent the unauthorized use of HUD program funds.

Pinal County  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2009

Reply: Adeline Allen, Director of Operations, has assumed the responsibility of implementing the Corrective Action Plan by March 31, 2010.

09-110

CFDA No.: 14.850 **Public and Indian Housing**

**U.S. Department of Housing and Urban Development**

Award Period: July 1, 2008 through June 30, 2009

CFDA No.: 14.871 **Section 8 Housing Choice Voucher**

**U.S. Department of Housing and Urban Development**

Award Period: July 1, 2008 through June 30, 2009

Activities Allowed or Unallowed and Allowable Costs/Cost Principles

Questioned Costs: N/A

Criteria: Inter-program receivable and liability account balances should be cleared periodically and at the fiscal year-end.

Condition and Cause: HUD conducted an On-Site Limited Financial Review of the Department during the week of September 28, 2009. As a result of the Review, HUD issued the following observation:

As of June 30, 2009, the Public Housing program owed the Section 8 Housing Choice Voucher program \$128,465 reflected in an inter-program receivable balance recorded in the Section 8 Housing Choice Voucher program's general ledger.

Recommendation & Corrective Action Plan: The Department should make it a practice to clear inter-program receivable and liability balances periodically and at least at fiscal year-end.

Reply: Adeline Allen, Director of Operations, has assumed the responsibility of implementing the Corrective Action Plan by March 31, 2010.

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PINAL • COUNTY  
*wide open opportunity*

May 27, 2010

Debbie Davenport  
Auditor General  
2910 North 44<sup>th</sup> Street, Suite 410  
Phoenix, AZ 85018

Dear Ms. Davenport:

The accompanying responses to the financial statement findings and Corrective Action Plan have been prepared as required by U.S. Office of Management and Budget Circular A-133. Specifically, we are providing you with the names of the contact persons responsible for corrective action, the corrective action planned, and the anticipated completion date for each audit finding included in the current year's financial statement findings and Schedule of Findings and Questioned costs.

Sincerely,

Victoria L. Prins, MPA, CPA, CFE, CGFM  
Chief Financial Officer

Pinal County  
Corrective Action Plan  
Year Ended June 30, 2009

**Federal Award Findings and Questioned Costs**

**09-101**

CFDA No.: 16.738 Edward Byrne Memorial Justice Assistance Grant Program  
U.S. Department of Justice  
Contact persons: Tim Gaffney, Grant Administrator, Pinal County Sheriff's Office  
Anticipated completion date: 7/31/10

The Sheriff's Office will develop an "Intergovernmental Agreement" (IGA) with each local government that receives monies from any awards issued to Pinal County Sheriff's Office and will verify prior to entering any agreements that the local government agencies have not been disbarred or suspended from doing business with the federal government. This will be completed by July 31, 2010.

**09-102**

CFDA No.: 16.738 Edward Byrne Memorial Justice Assistance Grant Program  
U.S. Department of Justice  
Contact person: Mary O'Neal, Office Manager, Adult Probation  
Anticipated completion date: 6/30/10

Concur.

The County will revert the balance due of \$715.

Also, personnel processing the grant have acquired the necessary knowledge to correct the finding, and the responsibility for this grant has been assigned to a single department, Adult Probation. Reports will be reviewed for accuracy by the Adult Probation Chief prior to submission to the grantor.

**09-103**

CFDA No.: 93.563 Child Support Enforcement  
CFDA No.: 97.042 Emergency Management Performance Grant  
Contact person: Yiannis Kalaitzidis, Finance Deputy Director  
Anticipated completion date: Implemented

The Finance Department has implemented new procedures that ensure that all departments have access to the cost allocation plan. The plan is available on the County's Finance Intranet page and available to all County personnel. Also, the cost allocation has been communicated to all County personnel that administer grants and the latest cost allocation plans have been provided to the pass-through grantor.

Pinal County  
Corrective Action Plan  
Year Ended June 30, 2009

**09-104**

CFDA No.: 97.067 Homeland Security Grant Program

Contact person: Tim Gaffney, Grant Administrator, Pinal County Sheriff's Office

Anticipated completion date: 7/31/10

The Sheriff's Office will coordinate with other County Departments (IT, Communications and Fleet) to establish a procedure for tagging and tracking the locations of capital assets. This will be completed by July 31, 2010.

**09-105**

CFDA No.: 16.738 Edward Byrne Memorial Justice Assistance Grant Program

CFDA No.: 93.069 Public Health Emergency Preparedness Grant

CFDA NO.: 97.036 Disaster Grants – Public Assistance (Presidentially Declared Disasters)

CFDA No.: 97.042 Emergency Management Performance Grant

Contact person: Yiannis Kalaitzidis, Finance Deputy Director

Anticipated completion date: 6/30/10

Concur.

The County Finance Department will update and implement procedures to correct this finding and submit the Single Audit Reporting package within 9 months of the County's 2010 fiscal year-end, which was March 31, 2011. Existing procedures will be updated to include the review of revenues recorded in grant related codes in an effort to identify grants not disclosed to the Finance Department by other County departments. Also, we will prepare and provide a training to assist grant related personnel in the preparation of SEFA.

**09-106**

CFDA No.: 97.036 Disaster Grants – Public Assistance

Contact person: Gregory Stanley, Public Works Director

Anticipated completion date: 6/30/2010

Concur.

The Public Works Department will ensure adequate documentation is maintained and reconciled to stay in compliance with disaster recovery programs. Procedures will be updated to ensure that reconciliations are performed on a quarterly basis and to verify that all records are properly maintained.

**09-107**

CFDA No.: 97.036 Disaster Grants – Public Assistance

Contact person: Gregory Stanley, Public Works Director

Anticipated completion date: Implemented in Fiscal Year 2008-2009



Pinal County  
Corrective Action Plan  
Year Ended June 30, 2009

Concur

The Public Works Department has implemented a procedure which includes documenting the procurement process and due diligence to ensure vendors or subrecipients are not suspended or debarred before entering into cooperative agreements.

**09-108**

CFDA No.: 97.036 Disaster Grants – Public Assistance

Contact person: Gregory Stanley, Public Works Director

Anticipated completion date: 5/31/2010

Concur.

In order to ensure accuracy, the Public Works Department will implement a monthly supervisory review regarding requested reimbursement amounts to include verification of payroll rates.

**09-109**

CFDA No.: 14.850 Public and Indian Housing

Contact person: Adeline Allen, Housing Director

Anticipated completion date: 6/30/10

Separate bank accounts have been established for each program to prevent use of funds in violation of the Annual Contributions Contract (ACC) between HUD and the department.

A request for release of \$28,000 of reserve funds for Santa Cruz Village Apartments has been submitted for approval to HUD. A request for release of \$39,344 of reserve funds for Co-Op program has been submitted to USDA, Rural Development, for approval.

The Housing Department anticipates the funds will be available by June 30, 2010.

Research of cash accounts revealed tenant rents for Las Casas de Paz program were inaccurately credited to LIPH bank account. This program does not owe funds to LIPH.

**09-110**

CFDA No.: 14.850 Public and Indian Housing

CFDA No.: 14.871 Section 8 Housing Choice Voucher

Contact person: Adeline Allen, Housing Director

Anticipated completion date: 6/30/10

Three separate payments were made from the Public Housing to Housing Choice Voucher programs. We have implemented a process to ensure inter-program transfers are cleared out periodically throughout the year.



May 27, 2010

Debbie Davenport  
Auditor General  
2910 N. 44<sup>th</sup> Street, Suite 410  
Phoenix, AZ 85018

Dear Ms. Davenport:

The accompanying Summary Schedule of Prior Audit Findings has been prepared as required by U.S. Office of Management and Budget Circular A-133. Specifically, we are providing the status of audit findings included in the prior audit's Schedule of Findings and Questioned Costs related to federal awards. This schedule also includes audit findings reported in the prior audit's Summary Schedule of Prior Audit Findings that were not corrected.

Sincerely,

Victoria L. Prins, MPA, CPA, CFE, CGFM  
Chief Financial Officer

**Pinal County**  
**Summary Schedule of Prior Audit Findings**  
**Year Ended June 30, 2009**

**Status of Federal Award Findings and Questioned Costs**

CFDA No.: 15.226 Payments in Lieu of Taxes  
CFDA No.: 16.554 National Criminal History Improvement Program  
CFDA No.: 20.218 National Motor Carrier Safety  
CFDA No.: 84.010 Title I Grants to Local Educational Agencies  
CFDA No.: 90.401 Help America Vote Act Requirements Payments  
CFDA No.: 93.563 Child Support Enforcement  
Finding No.: 06-101  
Status: Not corrected

See response for finding 08-115 below.

CFDA No.: 93.563 Child Support Enforcement  
Finding No. 06-104  
Status: Fully corrected

CFDA No.: 16.554 National Criminal History Improvement Program  
CFDA No.: 20.218 National Motor Carrier Safety  
Finding No. 06-107  
Status: Fully corrected

CFDA No.: 14.850 Public and Indian Housing  
CFDA No.: 14.871 Section 8 Housing Choice Vouchers  
CFDA No.: 15.226 Payments in Lieu of Taxes  
CFDA No.: 20.218 National Motor Carrier Safety  
CFDA No.: 84.357 Reading First Grant  
CFDA No.: 93.283 Centers for Disease Control and Prevention – Investigations and Technical Assistance  
CFDA No.: 93.563 Child Support Enforcement  
Finding No. 07-101  
Status: Not corrected

See response for finding 08-115 below.

CFDA No.: 14.850 Public and Indian Housing  
CFDA No.: 14.871 Section 8 Housing Choice Vouchers  
Finding No. 07-103  
Status: Partially corrected

See response for finding 08-104 below.

CFDA No.: 14.850 Public and Indian Housing  
CFDA No.: 14.871 Section 8 Housing Choice Vouchers  
Finding No. 07-104  
Status: Fully corrected

**Pinal County**  
**Summary Schedule of Prior Audit Findings**  
**Year Ended June 30, 2009**

CFDA No.: 14.850 Public and Indian Housing  
Finding No. 07-105  
Status: Fully corrected

CFDA No.: 14.871 Section 8 Housing Choice Vouchers  
Finding No. 07-106  
Status: Fully corrected

CFDA No.: 14.871 Section 8 Housing Choice Vouchers  
Finding No. 07-107  
Status: Fully corrected

CFDA No.: 14.871 Section 8 Housing Choice Vouchers  
Finding No. 07-108  
Status: Fully corrected

CFDA No.: 93.283 Centers for Disease Control and Prevention – Investigations and Technical Assistance  
Finding No. 07-110  
Status: Fully corrected

CFDA No.: 93.283 Centers for Disease Control and Prevention – Investigations and Technical Assistance  
Finding No. 07-111  
Status: Fully corrected

CFDA No.: 93.563 Child Support Enforcement  
Finding No. 07-112  
Status: Fully corrected

CFDA No.: 93.563 Child Support Enforcement  
Finding No. 07-113  
Status: Fully corrected

CFDA No.: 14.228 Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii  
Finding: 08-101  
Status: Not corrected

Due to the late completion of the fiscal year 2008 report (i.e. report signed May 27, 2009) the County was not able to implement corrective procedures until after the auditors detected the issue. Corrective action was implemented as a second employee has been assigned to review reports for accuracy since 5/29/09. This finding has been fully corrected in fiscal year 2010, and will be noted as such in the responses of the next year audit.

**Pinal County**  
**Summary Schedule of Prior Audit Findings**  
**Year Ended June 30, 2009**

CFDA No.: 14.228 Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii

CFDA No.: 97.067 Homeland Security Grant Program

CFDA No.: 97.074 Law Enforcement Terrorism Prevention Program (LETPP)

Finding: 08-102

Status: Fully corrected

CFDA No.: 14.228 Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii

Finding: 08-103

Status: Not corrected

The County did not process any grant awards during fiscal year 2009 that were subject to the Davis-Bacon Act requirements. However, in response to the auditor's finding, internal procedures have been updated to ensure that these requirements are communicated to all employees of the Department and properly used on all applicable programs. These procedures were implemented in fiscal year 2010, while processing a grant subject to the Davis-Bacon Act requirements.

CFDA No.: 14.850 Public and Indian Housing

14.871 Section 8 Housing Choice Vouchers

Finding: 08-104

Status: Partially corrected

The Housing Department has made three separate payments from the Public Housing to Housing Choice Voucher programs to clear the inter-program receivables and payables. Also, the department has implemented a process to ensure inter-program transfers are cleared out periodically throughout the year and at fiscal year end. This process was implemented on 1/20/2010.

CFDA No.: 14.850 Public and Indian Housing

14.871 Section 8 Housing Choice Vouchers

Finding: 08-105

Status: Fully corrected

CFDA No.: 14.850 Public and Indian Housing

14.871 Section 8 Housing Choice Vouchers

Finding: 08-106

Status: Fully corrected

CFDA No.: 14.850 Public and Indian Housing

Finding: 08-107

Status: Fully corrected

CFDA No.: 14.850 Public and Indian Housing

Finding: 08-108

Status: Fully corrected

**Pinal County  
Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2009**

CFDA No.: 14.871 Section 8 Housing Choice Vouchers  
Finding: 08-109  
Status: Fully corrected

CFDA No.: 14.871 Section 8 Housing Choice Vouchers  
Finding: 08-110  
Status: Fully corrected

CFDA No.: 14.871 Section 8 Housing Choice Vouchers  
Finding 08-111  
Status: Fully corrected

CFDA No.: 93.283 Centers for Disease Control and Prevention – Investigations and  
Technical Assistance  
Finding 08-112  
Status: Fully corrected

CFDA No.: 93.563 Child Support Enforcement  
Finding: 08-113  
Status: Fully corrected

CFDA No.: 93.563 Child Support Enforcement  
Finding: 08-114  
Status: Fully corrected

CFDA No.: 14.850 Public and Indian Housing  
14.871 Section 8 Housing Choice Vouchers  
Finding: 08-115  
Status: Not corrected

The County Finance Department will update and implement procedures to correct this finding and submit the Single Audit Reporting package within 9 months of the County's 2010 fiscal year-end, which was March 31, 2011. Existing procedures will be updated to include the review of revenues recorded in grant related codes in an effort to identify grants not disclosed to the Finance Department by other County departments. Also, we will prepare and provide a training to assist grant related personnel in the preparation of SEFA.