



Pinal County

REPORT HIGHLIGHTS SINGLE AUDIT

Subject

The County is responsible for demonstrating accountability for its use of both federal and state monies, maintaining strong internal controls, and complying with federal program requirements. As the auditors, our job is to determine whether the County met its responsibilities.

Our Conclusion

The County maintained adequate internal controls and complied with federal compliance requirements for one of nine federal programs tested. However, auditors found internal control weaknesses and instances of noncompliance with program requirements for eight programs. For five federal programs tested, auditors found material internal control weaknesses, and for one federal program tested, auditors found material noncompliance with program requirements.



2009

Year Ended June 30, 2009

The County Did Not Meet Federal Audit and Reporting Requirements

The Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* (Circular), requires that the single audit report be submitted within 9 months after fiscal year-end. In addition, the Circular requires that the federal award expenditures be properly identified and reported on the Schedule of Expenditures of Federal Awards.

However, the County did not have adequate internal controls for identifying and reporting expenditures of its federal programs. As a result, auditors were required to audit additional federal programs that were identified late during the audit. These delays caused the County's single audit report to be submitted 2 months late.

The County Did Not Always Comply with Federal Program Requirements

Auditors tested nine federal programs under the guidelines established by the Single Audit Act. Audit tests included evaluating the County's compliance with each program's federal regulations generally related to expending, monitoring, and reporting federal awards. Auditors noted internal control weaknesses and instances of noncompliance with program requirements for eight of the programs tested. For one of these programs, the instances of noncompliance were

considered to be material and, as a result, a qualified opinion was expressed for the Public and Indian Housing program. The County's Housing Department did not always comply with the requirements relating to activities allowed or unallowed and allowable costs/cost principles, because the Department commingled federal and nonfederal monies and did not have adequate internal controls to ensure that it complied with these requirements.

Expenditures of Federal Monies Increased

TO OBTAIN MORE INFORMATION

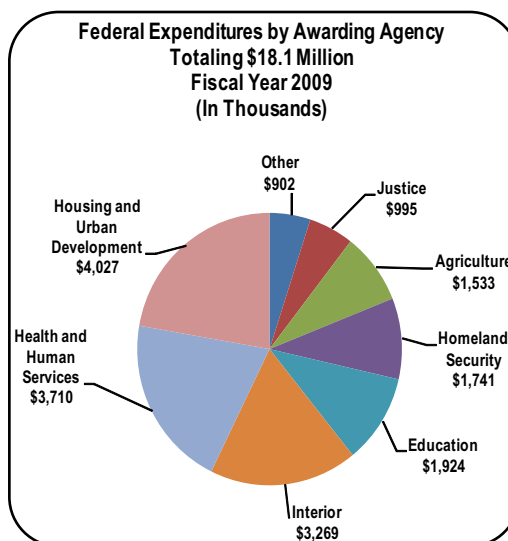
Overall, the County's expenditures of federal awards increased by over \$2.5 million. The net increase was primarily the result of the following:

- \$1.9 million increase in U.S. Department of the Interior's programs, mostly attributed to the additional funding received from Payments In Lieu of Taxes (PILT). The County received and spent an additional \$1 million in PILT, compared to the prior year. In addition, the County spent an additional \$852,000 in PILT that had been received in prior years.
- \$849,000 net increase in U.S. Department of Agriculture's programs, mostly attributed to \$369,000 increase funding for the Special Supplemental Nutrition Program for Women, Infants, and Children. In addition, the County also received \$429,000 for the Schools and Roads—Grants to State program.
- \$714,000 net increase in U.S. Department of Homeland Security's programs, mostly due to additional federal assistance received for presidentially declared disasters.
- \$823,000 net decrease in U.S. Department of Housing and Urban Development's programs, mostly attributable to decreased funding in the amount of \$436,000 for the Community Development Block Grants/State's Program. In addition, the County received approximately \$403,000 less for the HOME Investment Partnerships Program and Economic Development Initiative-Special Projects funding than the prior year.

A copy of the full report is available at:

www.azauditor.gov

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American Recovery and Reinvestment Act (ARRA)

Pinal County did not spend any federal monies that were funded from ARRA in fiscal year 2009. However, the County was awarded \$2,571,899 in ARRA monies for the Public Housing Capital Fund, Edward Byrne Memorial Justice Assistance Grant Program, and Energy Efficiency and Conservation Block Grant programs. The County anticipates spending the ARRA monies during the next 2 fiscal years.

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Year Ended June 30, 2009