



Single Audit Report Year Ended June 30, 2025

Pima County



Lindsey A. Perry
Auditor General

Arizona Auditor General's mission

The Arizona Auditor General's mission is to provide independent and impartial information, impactful recommendations, and stakeholder education to improve Arizona government for its citizens. To this end, the Office conducts financial statement audits and provides certain accounting services to the State and political subdivisions, investigates possible criminal violations involving public officials and public monies, and conducts performance audits and special reviews of school districts, State agencies, and the programs they administer.

The Joint Legislative Audit Committee

The Joint Legislative Audit Committee consists of 5 Senate members appointed by the Senate President and 5 House members appointed by the House Speaker. The Committee is responsible for overseeing the Office, including (1) overseeing all audit functions of the Legislature and State agencies, including sunset, performance, special, and financial audits; special research requests; and the preparation and introduction of legislation resulting from audit report findings; (2) requiring State agencies to comply with audit findings and recommendations; (3) receiving status reports regarding the progress of school districts to implement recommendations; and (4) scheduling hearings to review the status of State agencies and school districts.

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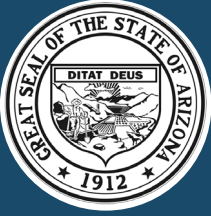
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Annual Comprehensive Financial Report



**ARIZONA
AUDITOR
GENERAL**

Lindsey A. Perry, Auditor General

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

Members of the Arizona State Legislature

The Board of Supervisors of
Pima County, Arizona

We have audited, in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the U.S. Comptroller General, the financial statements of the governmental activities, business-type activities, discretely presented component unit, each major fund, and aggregate remaining fund information of Pima County as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated February 27, 2026. Our report includes a reference to other auditors who audited the financial statements of the Stadium District, School Reserve, Wireless Integrated Network, Self-Insurance Trust, Health Benefits Trust, Regional Wastewater Reclamation Department, Development Services, and Southwestern Fair Commission, as described in our report on the County's financial statements. This report includes our consideration of the results of the other auditors' testing of internal control over financial reporting and compliance and other matters that are reported on separately by those other auditors. However, this report, insofar as it relates to the results of the other auditors, is based solely on the reports of the other auditors.

Report on internal control over financial reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A deficiency in internal control 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 and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the County's basic financial statements will not be

prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we and the other auditors did not identify any deficiencies in internal control that we consider to be material weaknesses. We and the other auditors identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2025-01 and 2025-02, that we consider to be significant deficiencies.

Report on compliance and other matters

As part of obtaining reasonable assurance about whether the County's basic financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests and those of the other auditors disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

County response to findings

Government Auditing Standards requires the auditor to perform limited procedures on the County's responses to the findings identified in our audit that are presented in its corrective action plan at the end of this report. The County is responsible for preparing a corrective action plan to address each finding. The County's responses and corrective action plan were not subjected to the other auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

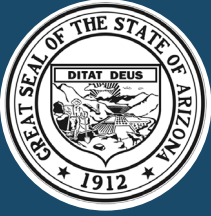
Purpose of this report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Lindsey A. Perry

Lindsey A. Perry, CPA, CFE
Auditor General

February 27, 2026



ARIZONA AUDITOR GENERAL

Lindsey A. Perry, Auditor General

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

Members of the Arizona State Legislature

The Board of Supervisors of
Pima County, Arizona

Report on compliance for each major federal program

Qualified and unmodified opinions

We have audited Pima County's compliance with the types of compliance requirements identified as subject to audit in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Qualified opinion on Coronavirus State and Local Fiscal Recovery Funds and Immunization Cooperative Agreements

In our opinion, except for the noncompliance described in the basis for qualified and unmodified opinions section of our report, the County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Coronavirus State and Local Fiscal Recovery Funds (Assistance Listings number 21.027) and Immunization Cooperative Agreements (Assistance Listings number 93.268) for the year ended June 30, 2025.

Unmodified opinion on each of the other major federal programs

In our opinion, the 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 other major federal programs identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2025.

Basis for qualified and unmodified opinions

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 U.S. Comptroller General, and the audit requirements of Title 2 U.S.

Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the auditors' responsibilities for the audit of compliance section of our report.

We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified and unmodified opinions on compliance for each major federal program. Our audit does not provide a legal determination of the County's compliance with the compliance requirements referred to above.

Matters giving rise to qualified opinions on the Coronavirus State and Local Fiscal Recovery Funds and Immunization Cooperative Agreements

As described in the accompanying schedule of findings and questioned costs, the County did not comply with requirements regarding reporting for the Coronavirus State and Local Fiscal Recovery Funds (Assistance Listings number 21.027) and Immunization Cooperative Agreements (Assistance Listings number 93.268), as described in finding 2025-102. Compliance with such requirements is necessary, in our opinion, for the County to comply with the requirements applicable to these programs.

Management's responsibilities for compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the County's federal programs.

Auditors' responsibilities for the audit of compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with U.S. generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the County's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with U.S. generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- ▶ Exercise professional judgment and maintain professional skepticism throughout the audit.
- ▶ Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- ▶ Obtain an understanding of the County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over compliance. Accordingly, we express no such opinion.

We are required to communicate with those charged with governance regarding, among other matters, the audit's planned scope and timing and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other matters

The results of our auditing procedures disclosed an other instance of noncompliance that is required to be reported in accordance with the Uniform Guidance and that is described in the accompanying schedule of findings and questioned costs as item 2025-101. Our opinion on each major federal program is not modified with respect to this matter.

Report on internal control over compliance

Our consideration of internal control over compliance was for the limited purpose described in the auditors' responsibilities for the audit of compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance, and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2025-102 to be a material weakness.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2025-101 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

County response to findings

Government Auditing Standards requires the auditor to perform limited procedures on the County's responses to the noncompliance and internal control over compliance findings that are presented in its corrective action plan at the end of this report. The County is responsible for preparing a corrective action plan to address each finding. The County's responses and corrective action plan were not subjected to the other auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on them.

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

We have audited the financial statements of the County's governmental activities, business-type activities, discretely presented component unit, each major fund, and aggregate remaining fund information as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated February 27, 2026, that contained unmodified opinions on those financial statements. Our report also included 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 the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of the County's management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Lindsey A. Perry

Lindsey A. Perry, CPA, CFE
Auditor General

March 26, 2026

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Summary of auditors' results

Financial statements

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with U.S. generally accepted accounting principles Unmodified

Is a going concern emphasis-of-matter paragraph included in the auditors' report? No

Internal control over financial reporting

Material weaknesses identified? No

Significant deficiencies identified? Yes

Noncompliance material to the financial statements noted? No

Federal awards

Internal control over major federal program(s)

Material weaknesses identified? Yes



Significant deficiencies identified? Yes

Any audit findings disclosed that are required to be reported in accordance with 2 CFR §200.516(a)? Yes

Identification of major federal program(s) and types of auditors' reports issued on compliance

Assistance Listings number(s)	Name of federal program or cluster	Auditors' report type
16.753	Congressionally Recommended Awards	 Unmodified
17.258, 17.259, 17.278	Workforce Innovation and Opportunity Act (WIOA) Cluster	 Unmodified
21.027	Coronavirus State and Local Fiscal Recovery Funds	 Qualified

Identification of major federal program(s) and types of auditors' reports issued on compliance (continued)

Assistance Listings number(s)	Name of federal program or cluster	Auditors' report type
93.268	Immunization Cooperative Agreements	 Qualified
97.141	Shelter and Services Program	 Unmodified

Dollar threshold used to distinguish between Type A and Type B programs \$3,000,000
 Auditee qualified as low-risk auditee? No

The County's control procedures over IT systems and data were not sufficient, which increases the risk that the County may not adequately protect those systems and data

Condition

The County's control procedures were not sufficiently developed, documented, and implemented to respond to risks associated with its information technology (IT) systems and data.

The County lacked sufficient procedures over the following:

▶ **Restricting access**

Procedures did not consistently help prevent or detect unauthorized or inappropriate access to its IT systems and data.

▶ **Securing systems and data**

IT security policies and procedures lacked controls to prevent unauthorized or inappropriate access or use, manipulation, damage, or loss.

Effect

There is an increased risk that the County may not adequately protect its IT systems and data, which could result in unauthorized or inappropriate access and/or the loss of confidentiality or integrity of systems and data.

Cause

The County's IT management reported that it did not have sufficient time to fully implement procedures for restricting access because of competing staff resource demands while implementing a new enterprise resource planning system. The County Treasurer's Office IT management reported that they did not have sufficient time to fully implement procedures for restricting access because of competing staff resource demands.

In addition, the County's IT management reported that they have procedures in place for providing security awareness training to new employees; however, documentation of completed trainings was not retained. Further, the County's IT management reported that they are in the process of developing an ongoing security awareness training program for all employees.

Criteria

Implementing effective internal controls that follow a credible industry source, such as the National Institute of Standards and Technology, help the County to protect its IT systems and ensure the integrity and accuracy of the data it maintains as it seeks to achieve its financial reporting, compliance, and operational objectives. Effective internal controls include the following:

▶ **Restrict access through logical controls**

Help to ensure systems and data are accessed by users who have a need, systems and data access granted is appropriate, and key systems and data access is monitored and reviewed.

▶ **Secure systems and data through IT security internal control policies and procedures**

Help prevent, detect, and respond to instances of unauthorized or inappropriate access or use, manipulation, damage, or loss to its IT systems and data.

Recommendations to the County

1. Make it a priority to develop and document comprehensive IT policies and procedures, and develop a process to ensure the procedures are consistently followed.

Restrict access

To restrict access to its IT systems and data, develop, document, and implement processes to:

2. Assign and periodically review employee user access ensuring appropriateness and compatibility with job responsibilities.
3. Review all other account access to ensure it remains appropriate and necessary.
4. Enhance authentication requirements for IT systems.

Secure systems and data

To secure IT systems and data, develop, document, and implement processes to:

5. Provide all employees ongoing training on IT security risks and their responsibilities to ensure systems and data are protected.

This finding is similar to prior-year finding 2024-02 and was initially reported in fiscal year 2024.

Views of responsible officials

County management concurs with this finding. The County's corrective action plan at the end of this report includes the views and planned corrective action of its responsible officials regarding these recommendations. We are not required to audit and have not audited these responses and planned corrective actions and therefore provide no assurances as to their accuracy.

Other auditors' financial statement finding

The other auditors who audited the Pima County School Reserve Fund reported this finding.

The County's School Superintendent's Office did not reconcile its School Reserve Fund's cash balances to the County Treasurer's balances in a timely manner

Condition

The preparation of the monthly cash reconciliations between the Pima County School Reserve (School Reserve) Fund's cash balances and the County Treasurer's balances were not completed in a timely manner. Additionally, reconciling items identified were not fully researched or resolved after the completion of each month's reconciliation.

Six of the monthly reconciliations prepared by the Pima County School Superintendent's Office (CSS Office) were completed between 4 and 9 months after the close of the respective months. Additionally, while reconciling items were identified each month, adjustments were not posted to the financial records to correctly state cash balances and related activity. The year-end reconciliation the CSS Office performed also identified a number of reconciling items that remained unresolved. Adjustments of \$28,362 were necessary to correct cash balance differences between the School Reserve and the CSS Office. Additionally, adjustments of \$22,558 were necessary to recognize revenues receipted by the County Treasurer but not recorded by either the Pima Accommodation School District or the CSS Office.

The sample was not intended to be, and was not, a statistically valid sample.

Effect

The School Reserve may not be able to effectively manage its finances and is at risk of undetected errors in the financial statements. Adjustments were necessary to correct cash and revenue balances.

Cause

The School Reserve relied on the CSS Office to reconcile cash balances to the County Treasurer. While cash reconciliation controls at the CSS Office were designed and in place, they did not operate effectively for the period. CSS staff's immediate focus were delayed reconciliations from prior years and reduced resources available to address reconciliations for the current fiscal year.

Criteria

School Reserve management is responsible for establishing and maintaining internal controls in accordance with an established framework, including reconciliation controls for cash on deposit with the County Treasurer. The controls' purpose is to ensure cash balances are accurately recorded in the general ledger. Differences identified during the reconciliation process must be investigated and promptly resolved.

Recommendation to the CSS Office

1. Ensure that cash reconciliations are performed in a timely manner and identified differences are promptly researched and resolved. When necessary, post adjustments to the School Reserve records and/or the County Treasurer records in a timely fashion.

This finding is similar to prior-year finding 2024-001 and was initially reported in fiscal year 2022.

Views of responsible officials

County management concurs with this finding. The County's corrective action plan at the end of this report includes the views and planned corrective action of its responsible officials regarding this recommendation. We are not required to audit and have not audited these responses and planned corrective actions and therefore provide no assurances as to their accuracy.

The County's initial schedule of expenditures of federal awards (SEFA) contained misstatements, increasing risk of misinforming those who rely on the SEFA

Assistance Listings number(s) and name(s): Not applicable

Questioned costs: Not applicable

Condition

Contrary to federal regulations, the County did not accurately compile its SEFA. As a result, the County's initial SEFA submitted to auditors contained errors we identified and recommended the County correct so that the County's SEFA would contain accurate information.

Specifically, the County:

- ▶ Understated total expenditures by nearly \$3.9 million.
- ▶ Overstated total expenditures passed through to subrecipients by \$694,446.
- ▶ Excluded 2 pass-through entities, totaling \$310,236.

The County subsequently corrected these errors from the original draft.

Effect

The County risks potentially misinforming those who rely on its reported federal award expenditures and potentially wasting public monies because misstated amounts could result in auditors unnecessarily auditing the wrong federal programs or programs that were not federally funded.

Cause

The County did not follow its written policies and procedures to accurately prepare and review its SEFA prior to submitting it for audit, and the County's management reported it did not properly train staff on how to prepare its SEFA because of staff turnover and limited available staff. Further, the County lacked a comprehensive listing of federal funds recorded in its accounting system.

Criteria

Federal regulations require the County to maintain effective internal controls so that it can prepare an accurate and complete SEFA that reports all its federal award expenditures (2 CFR §§200.302 and .510[b]). Also, the County's policies and procedures include detailed SEFA preparation steps and require the Grants Management and Innovation Department director and deputy director to review the SEFA for accuracy.¹

Further, federal regulation requires establishing and maintaining effective internal control over federal awards that provides reasonable assurance that the federal program is being managed in compliance with all applicable laws, regulations, and award terms (2 CFR §200.303).

Recommendations to the County

1. Accurately prepare the SEFA by providing training on existing policies and procedures to perform detailed SEFA preparation steps and review the SEFA for accuracy prior to submitting for an audit.
2. Create and maintain a comprehensive listing of federal funds recorded in its accounting system.

This finding is similar to prior-year finding 2024-101 and was initially reported in fiscal year 2024.

Views of responsible officials

County management concurs with this finding. The County's corrective action plan at the end of this report includes the views and planned corrective action of its responsible officials regarding these recommendations. We are not required to audit and have not audited these responses and planned corrective actions and therefore provide no assurances as to their accuracy.

¹ Pima County. (2018). Grants Management & Innovation Policy number GMI-08: Single Audit.

The County did not develop internal control procedures over program reporting and cash management requirements, increasing risk of report errors to awarding agencies and wrongly receiving monies

Cluster name: Workforce Innovation and Opportunity Act (WIOA) Cluster

Assistance Listings number(s) and name(s):

17.258 WIOA Adult Program

17.259 WIOA Youth Activities

17.278 WIOA Dislocated Worker Formula Grants

Award number(s) and year(s):

IGA DI23-002389 July 1, 2023 through June 28, 2028

IGA DI21-002286 July 1, 2024 through June 30, 2025

Federal agency: U.S. Department of Labor

Pass-through grantor(s): Arizona Department of Economic Security

Compliance requirement(s): Reporting

Questioned costs: Not applicable

Assistance Listings number(s) and name(s):

21.027 COVID-19—Coronavirus State and Local Fiscal Recovery Funds

Award number(s) and year(s):

1505-0271 March 3, 2021 through December 31, 2024

CT-FM-22-149 October 1, 2024 through September 30, 2025

SLFRFP1962 January 5, 2023 through December 31, 2026

CTR069300 January 1, 2024 through December 30, 2026

GTAW-FM-23*123 October 3, 2022 through July 3, 2026

ACJC-VC-25-001A July 1, 2024 through December 31, 2024

Federal agency: U.S. Department of the Treasury

Pass-through grantor(s): Stratford Art Works; Arizona Supreme Court; Arizona Housing Coalition, Inc.; Arizona Criminal Justice Commission

Compliance requirement(s): Reporting

Questioned costs: Not applicable

Assistance Listings number(s) and name(s):

93.268 Immunization Cooperative Agreements

Award number(s) and year(s):

CTR062571 July 1, 2022 through June 30, 2025

CTR059891 July 1, 2022 through June 30, 2027

Federal agency: U.S. Department of Health & Human Services

Pass-through grantor(s): Arizona Department of Health Services

Compliance requirement(s): Cash management and reporting

Questioned costs: Not applicable

Condition

Contrary to federal regulation, the County’s Grants Management and Innovation Department (Department) did not develop, document, or implement internal control procedures to monitor compliance with the programs’ reporting and/or cash management requirements for the Workforce Innovation and Opportunity Act (WIOA) Cluster, Coronavirus State and Local Fiscal Recovery Funds (SLFRF) program, and Immunization Cooperative Agreements (ICA) programs.

Specifically, for 13 of 17 reports we tested, we found the Department did not perform an independent review and approval of reports prior to submitting them to the federal agency or pass-through grantor to ensure the reported expenditures were accurate, agreed to the County’s records, and contained only allowable expenditures for:

- ▶ 9 of 9 WIOA monthly reconciliation reports we tested.
- ▶ 3 of 4 SLFRF quarterly project and expenditure reports we tested.
- ▶ 1 of 4 ICA quarterly contract expenditure reports (CER) we tested. These reports are also used to request reimbursement from the federal agency.

For the same 3 SLFRF reports identified above and submitted during fiscal year 2025, we found the Department did not retain documentation, such as system reports, screenshots, or queries, to support the information it reported.¹ Despite lacking internal control procedures, we did not identify inaccurate program information for WIOA and ICA reported to the federal agency or pass-through grantor, and we did not identify any ICA costs incurred prior to requesting reimbursement.

In addition, the Department did not prepare and submit timely ICA program information to the federal agency for monitoring. Specifically, for award CTR062571—the Immunization Bridge Access program, the Department failed to submit 3 quarterly CERs by their required due dates in fiscal year 2025 and instead, on August 2, 2025, submitted 1 report that contained information covering all quarterly information for fiscal year 2025.

¹ The Department did not maintain documentation for the following SLFRF quarterly project and expenditure reports: April 1, 2024 through June, 30, 2024; July 1, 2024 through September 30, 2024; and October 1, 2024 through December 31, 2024.

Effect

Without effective internal control procedures in place, there is an increased risk that the Department may not prevent or detect and correct errors on reports it submits to federal agency and pass-through agencies, which rely on them to effectively monitor the program administration, including its compliance with program requirements, ability to prevent and detect fraud, and to evaluate the programs' success. There is also an increased risk that the Department could receive federal monies to which it is not entitled. Further, the Department is at risk that this finding applies to other federal programs it administers.

Cause

The Department's management reported that it had sometimes performed independent reviews and approvals of reports but did not maintain documentation of these independent reviews because the Department did not have a formal policy requiring a documented review and approval of its reports. In addition, the Department's management reported that policies and procedures were not followed to retain documentation for the SLFRF reports. Further, the Department's management reported it did not have a process to track when each ICA report was required to be completed and did not verify that reports were submitted by the designated due dates.

Criteria

Federal regulation requires establishing and maintaining effective internal control over federal awards that provides reasonable assurance that federal programs are being managed in compliance with all applicable laws, regulations, and award terms (2 CFR §200.303). This would include developing, documenting, and implementing internal control procedures to monitor compliance with federal agency guidelines requiring the Department to report accurate and complete information for the WIOA monthly reconciliation reports, SLFRF quarterly financial reports, and ICA quarterly contract expenditure reports.

Also, federal regulation and Department retention policies require the Department to retain all records relating to a federal award for a period of 3 years from the date of its submission of the final expenditure report (2 CFR §200.334).²

Further, federal regulation requires the Department to submit financial reports as required by the federal award. Reports submitted quarterly are due no later than 30 calendar days after the reporting period (2 CFR §200.328).

Recommendations to the Department

1. Perform and document an independent review and approval of federal program reports before submitting the reports to the federal agency to ensure the reported expenditures were accurate, agreed to the County's records, and contained only allowable expenditures.

² Pima County's record retention schedule requires federal grant records to be retained after quarterly, annual, or final expenditure reports are submitted and approved or after funding agency requirements are met, whichever is longer (Pima County. [2023]. Pima County Record Retention Schedule).

2. Retain detailed documentation, such as system reports, screenshots, or queries related to submitted reports to ensure accurate and complete program information is reported to the federal agency or pass-through grantor for each federal program.
3. Submit ICA reports by their quarterly due dates.
4. Follow its retention policies and procedures and federal regulation requirements to retain all records relating to a federal award for a period of 3 years from the date of its submission of the reports.

Develop, document, and implement policies and procedures to monitor compliance with the programs' reporting requirements to:

5. Perform and document an independent review and approval of federal program reports before submitting the reports to the federal agency or pass-through grantor to ensure reports are accurate, agree to County records, and contain only allowable expenditures for the applicable fiscal year.
6. Create a tracking mechanism to ensure reports are completed and submitted by their due dates.

This finding is similar to prior-year finding 2024-104 that was initially reported in fiscal year 2024.

Views of responsible officials

County management concurs with this finding. The County's corrective action plan at the end of this report includes the views and planned corrective action of its responsible officials regarding these recommendations. We are not required to audit and have not audited these responses and planned corrective actions and therefore provide no assurances as to their accuracy.

The County prepared the subsequent pages of this document.

Schedule of expenditures of federal awards and related notes

This schedule includes the County's federal grant activity for the fiscal year and the related notes, which are an integral part of the schedule and describe the significant accounting policies used in preparing the schedule and other disclosures as required by 2 Code of Federal Regulations (CFR) §200.510(b).

The results of our auditing procedures on this schedule are described in the independent auditors' report on compliance for each major federal program; report on internal control over compliance; and report on schedule of expenditures of federal awards required by the Uniform Guidance.

County response and corrective action plan

The County response and corrective action plan includes the County's response to each finding identified in our audit, including the County's corrective action plan and anticipated completion date to implement our audit finding recommendations, as required by 2 CFR §200.511(c).

We are not required to audit and have not audited these responses and planned corrective actions and therefore provide no assurances as to their accuracy.

Summary schedule of prior audit findings

The summary schedule of prior audit findings includes the County's status of implementing audit finding recommendations from the prior year's audit in addition to the status of any older audit findings that were not reported as fully corrected in the prior year's summary schedule of prior audit findings as required by 2 CFR §200.511(b).

We performed auditing procedures to follow up on prior audit findings, including assessing the reasonableness of the summary schedule of prior audit findings as required by 2 CFR §200.514(e).

PIMA COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Fiscal Period 7/1/2024 - 6/30/2025

Federal Awarding Agency/Program Title	Assistance Listings Number	Additional Award Identification (Optional)	Name of Grantor Pass-Through Entity	Identifying Number Assigned By Grantor Pass-Through Entity	Total Amount Provided to Sub-Recipients	Federal Expenditures	Federal Program Total	Cluster Name	Cluster Total
DEPARTMENT OF AGRICULTURE									
RURAL HOUSING PRESERVATION GRANTS	10.433					\$54,421	\$54,421	N/A	\$0
WIC SPECIAL SUPPLEMENTAL NUTRITION PROGRAM FOR WOMEN, INFANTS, AND CHILDREN	10.557		Arizona Department of Health Services	CTR067929		\$2,921,449	\$2,921,449	N/A	\$0
STATE & PRIVATE FORESTRY HAZARDOUS FUEL REDUCTION PROGRAM	10.697		Arizona Department of Forestry & Fire Management	NFHF 22-205		\$112,586	\$112,586	N/A	\$0
LAW ENFORCEMENT AGREEMENTS	10.704					\$23,503	\$23,503	N/A	\$0
WATERSHED PROTECTION AND FLOOD PREVENTION	10.904					\$151,741	\$151,741	N/A	\$0
TOTAL DEPARTMENT OF AGRICULTURE						\$3,263,700			
DEPARTMENT OF COMMERCE									
MIDDLE MILE (BROADBAND) GRANT PROGRAM	11.033					\$1,549,583	\$1,549,583	N/A	\$0
TOTAL DEPARTMENT OF COMMERCE						\$1,549,583	\$1,549,583		
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT									
COMMUNITY DEVELOPMENT BLOCK GRANTS/ENTITLEMENT GRANTS	14.218	COVID-19			\$1,446,089	\$2,072,038	\$2,072,038	CDBG - ENTITLEMENT GRANTS CLUSTER	\$2,072,028
EMERGENCY SOLUTIONS GRANT PROGRAM	14.231	COVID-19			\$167,532	\$416,188	\$416,188	N/A	\$0
HOME INVESTMENT PARTNERSHIPS PROGRAM	14.239					\$112,312	\$112,312	N/A	\$0
HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS	14.241	COVID-19			\$533,006	\$554,967	\$554,967	N/A	\$0
CONTINUUM OF CARE PROGRAM	14.267		City of Tucson	19598		\$1,970,436	\$1,970,436	N/A	\$0
TOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					\$3,020,281	\$5,125,931			
DEPARTMENT OF THE INTERIOR									
HISTORIC PRESERVATION FUND GRANTS-IN-AID	15.904				\$85,863	\$85,863	\$85,863	N/A	\$0
TOTAL DEPARTMENT OF THE INTERIOR					\$85,863	\$85,863			
DEPARTMENT OF JUSTICE									
JUVENILE JUSTICE AND DELINQUENCY PREVENTION	16.540		Governor's Office of Youth, Faith and Family	GR-JJ-21-1001-08		\$122,851	\$122,851	N/A	\$0
CRIME VICTIM ASSISTANCE	16.575		AZ Department of Public Safety	2024-235, 2024-130, 2024-207		\$691,323	\$691,323	N/A	\$0
VIOLENCE AGAINST WOMEN FORMULA GRANTS	16.588		Governor's Office of Youth, Faith and Family	RFGA-STOPGOYFF-010125-00		\$49,826	\$49,826	N/A	\$0
PUBLIC SAFETY PARTNERSHIP AND COMMUNITY POLICING GRANTS	16.710					\$567,770	\$567,770	N/A	\$0
EDWARD BYRNE MEMORIAL JUSTICE ASSISTANCE GRANT PROGRAM	16.738		City of Tucson	19391, 19118		\$321,831	\$321,831	N/A	\$0
CRIMINAL AND JUVENILE JUSTICE AND MENTAL HEALTH COLLABORATION PROGRAM	16.745					\$63,405	\$63,405	N/A	\$0
CAPITAL CASE LITIGATION INITIATIVE	16.746		Arizona Board of Regents	787429		\$952	\$952	N/A	\$0
CONGRESSIONALLY RECOMMENDED AWARDS	16.753					\$3,519,994	\$3,519,994	N/A	\$0
SECOND CHANCE ACT REENTRY INITIATIVE	16.812				\$260,309	\$512,905	\$512,905	N/A	\$0
INDIGENT DEFENSE	16.836					\$206,306	\$206,306	N/A	\$0
TOTAL DEPARTMENT OF JUSTICE					\$260,309	\$6,057,163			
DEPARTMENT OF LABOR									
WIOA ADULT PROGRAM	17.258		Arizona Department of Economic Security	D123-002389 D121-002286A2 D121-002286A3	\$42,616	\$2,978,224	\$2,978,224	WIOA CLUSTER	\$8,277,527
WIOA YOUTH ACTIVITIES	17.259		Arizona Department of Economic Security	D123-002389 D121-002286A2 D121-002286A3	\$302,899	\$2,176,949	\$2,176,949	WIOA CLUSTER	\$8,277,527
H-1B JOB TRAINING GRANTS	17.268				\$41,770	\$975,899	\$975,899	N/A	\$0
WIOA NATIONAL DISLOCATED WORKER GRANTS / WIA NATIONAL EMERGENCY GRANTS	17.277		Arizona Department of Economic Security	DW39215LCO D123-002389 D121-002286A2 D121-002286A3		\$311,175	\$311,175	N/A	\$0
WIOA DISLOCATED WORKER FORMULA GRANTS	17.278		Arizona Department of Economic Security		\$8,715	\$3,122,354	\$3,122,354	WIOA CLUSTER	\$8,277,527
TOTAL DEPARTMENT OF LABOR					\$396,000	\$9,564,601			
DEPARTMENT OF TRANSPORTATION									
HIGHWAY PLANNING AND CONSTRUCTION	20.205		Arizona Department of Transportation	T0358 01X/03D, T0282 01C, T00495, T040501C, T040501D, T040503D, T054001D, T054003D, T0698, T054101 D/03D, T0576 01D/03D, T033901 D/03D		\$1,825,080	\$1,825,080	N/A	\$0
STATE AND COMMUNITY HIGHWAY SAFETY	20.600		Governors Office of Highway Safety	2025-AI-013, 2025-OP-018, 2025-PTS-046		\$35,677	\$35,677	HIGHWAY SAFETY CLUSTER	\$49,229
NATIONAL PRIORITY SAFETY PROGRAMS	20.616		Governors Office of Highway Safety	2025-4054-032		\$13,552	\$13,552	HIGHWAY SAFETY CLUSTER	\$49,229
SAFE STREETS AND ROADS FOR ALL	20.939					\$422,030	\$422,030		
TOTAL DEPARTMENT OF TRANSPORTATION						\$2,296,339			
DEPARTMENT OF THE TREASURY									
EMERGENCY RENTAL ASSISTANCE PROGRAM	21.023	COVID-19				\$59,388	\$59,388	N/A	\$0
CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027	COVID-19	Stratford Art Works	CT-FM-22-149, GTAW-FM-23*123		\$215,764	\$49,297,792	N/A	\$0
CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027	COVID-19	Arizona Supreme Court	SEFP1982		\$261,003	\$49,297,792	N/A	\$0
CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027	COVID-19	Arizona Housing Coalition, Inc	CTR069300		\$62,912	\$49,297,792	N/A	\$0
CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027	COVID-19	Arizona Criminal Justice Commission	ACJC-VC-25-011A		\$310,236	\$49,297,792	N/A	\$0
CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027	COVID-19			\$12,291,076	\$48,447,877	\$49,297,792	N/A	\$0
TOTAL DEPARTMENT OF THE TREASURY					\$12,291,076	\$49,357,180			
INSTITUTE OF MUSEUM AND LIBRARY SERVICES									
GRANTS TO STATES	45.310		Arizona State Library, State of Arizona	2024-0170-02, 2024-0260-WIR-04, 2024-0010-03		\$58,410	\$92,527	N/A	\$0
TOTAL INSTITUTE OF MUSEUM AND LIBRARY SERVICES						\$58,410	\$92,527		
ENVIRONMENTAL PROTECTION AGENCY									
AIR POLLUTION CONTROL PROGRAM SUPPORT	66.001					\$339,141	\$339,141	N/A	\$0
SURVEYS, STUDIES, RESEARCH, INVESTIGATIONS, DEMONSTRATIONS, AND SPECIAL PURPOSE ACTIVITIES RELATING TO THE CLEAN AIR ACT	66.034				\$100,832	\$218,102	\$218,102	N/A	\$0
CLIMATE POLLUTION REDUCTION GRANTS	66.046					\$78,528	\$78,528	N/A	\$0
BROWNFIELDS MULTIPURPOSE, ASSESSMENT, REVOLVING LOAN FUND, AND CLEANUP COOPERATIVE AGREEMENTS	66.818					\$2,132	\$2,132	N/A	\$0
TOTAL ENVIRONMENTAL PROTECTION AGENCY					\$100,832	\$637,903			
DEPARTMENT OF ENERGY									
WEATHERIZATION ASSISTANCE FOR LOW-INCOME PERSONS	81.042		ARIZONA DEPARTMENT OF HOUSING	228-23, 229-24		\$32,021	\$32,021	N/A	\$0
TOTAL DEPARTMENT OF ENERGY						\$32,021			
CONSUMER PRODUCT SAFETY COMMISSION									
VIRGINIA GRAEME BAKER POOL AND SPA SAFETY	87.002					\$55,625	\$55,625	N/A	\$0
TOTAL CONSUMER PRODUCT SAFETY COMMISSION						\$55,625			

ELECTION ASSISTANCE COMMISSION PROGRAM									
HAVA ELECTION SECURITY GRANTS	90.404	ARIZONA SECRETARY OF STATE	EAC-ELSECL8AZ		\$180,722	\$180,722	N/A	\$0	
TOTAL ELECTION ASSISTANCE COMMISSION PROGRAM					<u>\$180,722</u>				
DEPARTMENT OF HEALTH AND HUMAN SERVICES									
MEDICAL RESERVE CORPS SMALL GRANT PROGRAM	93.008	Arizona Department of Health Services	CTR068541-A1		\$364	\$364	N/A	\$0	
PUBLIC HEALTH EMERGENCY PREPAREDNESS	93.069	Arizona Department of Health Services	CTR055217		\$1,124,482	\$1,124,482	N/A	\$0	
ENVIRONMENTAL PUBLIC HEALTH AND EMERGENCY RESPONSE PROJECT GRANTS AND COOPERATIVE AGREEMENTS FOR TUBERCULOSIS CONTROL PROGRAMS	93.070	Arizona Department of Health Services	CTR057822		\$22,152	\$22,152	N/A	\$0	
INJURY PREVENTION AND CONTROL RESEARCH AND STATE AND COMMUNITY BASED PROGRAMS	93.116	Arizona Department of Health Services	CTR064394		\$242,958	\$242,958	N/A	\$0	
FAMILY PLANNING SERVICES	93.136			\$109,987	\$1,714,237	\$1,714,237	N/A	\$0	
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES PROJECTS OF REGIONAL AND NATIONAL SIGNIFICANCE	93.217				\$1,101,878	\$1,101,878	N/A	\$0	
IMMUNIZATION COOPERATIVE AGREEMENTS	93.243	Arizona Department of Health Services			\$259,406	\$259,406	N/A	\$0	
RACIAL AND ETHNIC APPROACHES TO COMMUNITY HEALTH ACTIVITIES TO SUPPORT STATE, TRIBAL, LOCAL AND TERRITORIAL (STLT) HEALTH DEPARTMENT RESPONSE TO PUBLIC HEALTH OR HEALTHCARE CRISES	93.268	COVID-19	CTR062571, CTR059891		\$4,117,516	\$4,117,516	N/A	\$0	
STRENGTHENING PUBLIC HEALTH SYSTEMS AND SERVICES THROUGH NATIONAL PARTNERSHIPS TO IMPROVE AND PROTECT THE NATIONS HEALTH	93.304	COVID-19			\$673,041	\$673,041	N/A	\$0	
TEMPORARY ASSISTANCE FOR NEEDY FAMILIES	93.391	COVID-19			\$639,395	\$639,395	N/A	\$0	
LOW-INCOME HOME ENERGY ASSISTANCE	93.421	COVID-19	National Association of County and City Health Officials Arizona Department of Economic Security	2023-073103, 2023-040702 DI20-002265	\$89,588	\$89,588	N/A	\$0	
COMMUNITY SERVICES BLOCK GRANT	93.558	COVID-19	Arizona Department of Economic Security	DI20-002265, 229-24	\$139,301	\$692,898	\$692,898	N/A	\$0
FOSTER CARE TITLE IV-E	93.568	COVID-19	Arizona Department of Economic Security	DI20-002265	\$396,617	\$1,184,630	\$1,184,630	N/A	\$0
SOCIAL SERVICES BLOCK GRANT	93.658		Arizona Department of Child Safety	2502AZFOST	\$1,729,387	\$1,729,387	N/A	\$0	
FAMILY VIOLENCE PREVENTION AND SERVICES/DOMESTIC VIOLENCE SHELTER AND SUPPORTIVE SERVICES	93.667		Arizona Department of Economic Security	DI23-002346	\$28,755	\$28,755	N/A	\$0	
OPIOID STR	93.671		Arizona Department of Health Services	CTR073653	\$1,375,876	\$1,377,626	\$1,377,626	N/A	\$0
MATERNAL, INFANT AND EARLY CHILDHOOD HOME VISITING GRANT	93.788		Arizona Department of Health Services	CTR063749	\$294,901	\$294,901	N/A	\$0	
CANCER PREVENTION AND CONTROL PROGRAMS FOR STATE, TERRITORIAL AND TRIBAL ORGANIZATIONS	93.870	COVID-19	Arizona Department of Health Services	RFGA2022-003-008	\$532,816	\$532,816	N/A	\$0	
HIV CARE FORMULA GRANTS	93.898		Arizona Department of Health Services	CTR070063	\$263,340	\$263,340	N/A	\$0	
HIV PREVENTION ACTIVITIES HEALTH DEPARTMENT BASED BLOCK GRANTS FOR PREVENTION AND TREATMENT OF SUBSTANCE ABUSE	93.917		Arizona Department of Health Services	CTR068203	\$211,130	\$211,130	N/A	\$0	
CENTERS FOR DISEASE CONTROL AND PREVENTION COLLABORATION WITH ACADEMIA TO STRENGTHEN PUBLIC HEALTH SEXUALLY TRANSMITTED DISEASES (STD) PREVENTION AND CONTROL GRANTS	93.940		Governor's Office of Youth, Faith and Family	CTR059758, CTR066159 GR-SUBG-GOYFF-100123-16Y2, GR-SABG-GOYFF-100123-16	\$5,569	\$151,605	\$151,605	N/A	\$0
PREVENTIVE HEALTH AND HEALTH SERVICES BLOCK GRANT	93.959		Arizona Department of Health Services	CTR068852	\$334,816	\$334,816	N/A	\$0	
MATERNAL AND CHILD HEALTH SERVICES BLOCK GRANT TO THE STATES	93.967		Arizona Department of Health Services	CTR060592	\$107,045	\$107,045	N/A	\$0	
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES	93.977		Arizona Department of Health Services	CTR068229, CTR055267	\$450,161	\$450,161	N/A	\$0	
					<u>\$2,452,109</u>	<u>\$20,225,980</u>			
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE									
AMERICORPS STATE AND NATIONAL	94.006	Governor's Office of Youth, Faith and Family	ISA-COM-ASC-090123-01		\$45,090	\$45,090	N/A	\$0	
TOTAL CORPORATION FOR NATIONAL AND COMMUNITY SERVICE					<u>\$45,090</u>				
EXECUTIVE OFFICE OF THE PRESIDENT									
HIGH INTENSITY DRUG TRAFFICKING AREAS PROGRAM	95.001				\$573,680	\$573,680	N/A	\$0	
TOTAL EXECUTIVE OFFICE OF THE PRESIDENT					<u>\$573,680</u>				
DEPARTMENT OF HOMELAND SECURITY									
EMERGENCY FOOD AND SHELTER NATIONAL BOARD PROGRAM	97.024	COVID-19	United Way	027200-048	\$15,909	\$15,909	N/A	\$0	
EMERGENCY MANAGEMENT PERFORMANCE GRANTS	97.042		Arizona Department of Emergency & Military Affairs	EMF-2024-EP-05013	\$479,634	\$479,634	N/A	\$0	
HOMELAND SECURITY GRANT PROGRAM	97.067		Arizona Department of Homeland Security	22-AZDOHS-HSGP-220402-03, 21-AZDOHS-HSGP-210403-03, 22-AZDOHS-HSGP-220402-02, 24-AZDOHS-HSGP-240402-02, 240403-02, 230402-02	\$98,194	\$98,194	N/A	\$0	
SHELTER AND SERVICES PROGRAM	97.141		FEMA	EMW-2024-SP-05022, EMW-2023-SP-05067	\$891,316	\$4,806,471	\$4,806,471	N/A	\$0
TOTAL DEPARTMENT OF HOMELAND SECURITY					<u>\$891,316</u>	<u>\$5,400,208</u>			
TOTAL EXPENDITURES OF FEDERAL AWARDS					<u>\$19,556,196</u>	<u>\$104,544,116</u>			

Please Note:
Italicized award lines indicate pass-through funding.

The accompanying Notes to the Schedule of Expenditures of Federal Awards are an integral part of the schedule.

PIMA COUNTY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Fiscal Period 7/1/2024 - 6/30/2025

Significant Accounting Policies Used in Preparing the SEFA

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

De Minimis Cost Rate

The County did not elect to use the 15 percent de minimis indirect cost rate as covered in 2 CFR §200.414.

Basis of presentation

The accompanying schedule of expenditures of federal awards (schedule) includes Pima County's federal grant activity for the year ended June 30, 2025. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

Federal Assistance Listings number

The program titles and Federal Assistance Listings numbers were obtained from the federal or pass-through grantor or the 2025 *Federal Assistance Listings*.

Coronavirus State & Local Fiscal Recovery Funds (SLFRF - Assistance Listings number 21.027) Revenue Loss

The County elected to claim the \$10 million revenue loss standard allowance rather than using the calculated revenue loss option. The expenditure amount reported on this schedule is the aggregate expenditure amount for all four eligible use categories and not the result of the revenue loss calculation or standard allowance.



March 19, 2026

Lindsey A. Perry
Arizona Auditor General
2910 N. 44th St., Ste. 410
Phoenix, AZ 85018

Dear Ms. Perry:

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

Sincerely,

A handwritten signature in blue ink, appearing to read "Art Cuaron". The signature is stylized and fluid.

Art Cuaron, Director
Finance and Risk Management

Art Cuaron, Director

Financial statement findings

2025-01

The County's control procedures over IT systems and data were not sufficient, which increases the risk that the County may not adequately protect those systems and data

Name of contact person: Javier Baca, Director of Information Technology

Anticipated completion date: December 31, 2026

Management concurs with the finding and commits to implementing the corrective actions to ensure proper safeguarding of systems and data. The IT Department and the Treasurer's Office will develop, document, and implement policies and procedures to strengthen access controls, enhance data security, and implement training and monitoring processes.

The following specific corrective actions will be taken:

Corrective Actions -- Restrict Access

1. Complete implementation of authentication requirements for IT systems.
2. Oversee quarterly review of user access settings for appropriateness and compatibility with job responsibilities.
3. Complete documentation of implemented systems, policies and procedures.

Corrective Actions -- Secure Systems and Data

1. Complete implementation of recurring IT security awareness program.
2. Establish monitoring and compliance processes and documentation.

Timeline:

Implementation of the corrective actions outlined above is in progress and will require governance measures, County leadership involvement, and cross-functional collaboration among departments. All measures will be fully incorporated by the end of fiscal year 2026-27.

2025-02

The other auditors who audited the Pima County School Reserve reported the following finding.

The County's School Superintendent's Office did not reconcile its School Reserve Fund's cash balances to the County Treasurer's balances in a timely manner

Name of contact person: Peter Laing, Chief Deputy Superintendent – Finance & Operations

Anticipated completion date: Completed.

Cash reconciliations have been completed for fiscal year 2024-25 with the Treasurer's Office. However, these reconciliations were not fully completed, with identified reconciling items resolved through processing required adjustments, until December 2025. The delay was principally due to the County's School Superintendent's (CCS) Office engaging in significant efforts to resolve items that showed as not fully reconciled for districts dating back, in many cases, over 5 years – and in some cases over 10 years.

The Office's capacity to complete regular reconciliations was increased through hiring and training a new staff member in April 2025 to facilitate this process, with additional review and oversight from the CCS Director of Finance. Additionally, school district staff in Pima County have been trained on the County's reconciliation file and reconciliation process – including data sources (such as how districts could access their financial data directly through the Pima County Treasurer's Data Warehouse) and analysis methods. The office's new processes and procedures for cash reconciliation were highlighted by HeinfeldMeech, along with Pinal County and Maricopa County, through participating in an invited panel presentation at the 2025 Arizona Association of School Business Officials (AASBO) Annual Conference (July 17, 2025). Moving forward, the Office is actively working to implement a new Tyler County ERP financial system. This system will replace the Office's legacy School Fund Accounting System (SFAS) applications, which have been the primary software supporting the Office's financial operations since the early 1990s. This implementation will serve to greatly modernize our office's financial processes, including reconciliation processes with the Treasurer's Office, given the limitations of the current legacy system, and into future fiscal years. This implementation is projected to be completed within the next 30-60 days. Office staff have prepared updated processes and procedures to complete monthly reconciliations once the new financial system is implemented, as the data sources will change. These changes will ultimately serve to further modernize and stabilize these processes, moving forward.

Federal award findings and questioned costs 2025-101

The County's initial schedule of expenditures of federal awards (SEFA) contained misstatements, increasing risk of misinforming those who rely on the SEFA

Assistance Listings number and program name: Not applicable

Name of contact person: Art Cuaron, Director, Finance and Risk Management

Anticipated completion date: June 30, 2027

The County agrees with the identified SEFA preparation errors and has corrected the misstatements before final submission. To prevent recurrence, the Finance and Risk Management (F&RM) Department will implement the following actions:

1. Develop and follow formal SEFA preparation policies and procedures. Staff involved in SEFA preparation will receive training that covers federal expenditure compilation, pass through entity identification, and reporting of subrecipient expenditures in accordance with 2 CFR Part 200.
2. Strengthen SEFA review processes to verify total federal expenditures, confirm pass-through reporting, and reconcile SEFA data to the County's financial system.

3. **Create and maintain a comprehensive list of all federal funding sources in the County's accounting system. This list will serve as a central reference for identifying required SEFA programs and expenditures and will be updated throughout the year.**
4. **Document SEFA preparation procedures and cross-train staff to address staffing gaps, preserve institutional knowledge, and improve internal controls.**

2025-102

The County did not develop internal control procedures over program reporting and cash management requirements, increasing risk of report errors to awarding agencies and wrongly receiving monies

Cluster Name: Workforce Innovation and Opportunity Act (WIOA) Cluster

Assistance Listings numbers and program names:

17.258	WIOA Adult Program
17.259	WIOA Youth Activities
17.278	WIOA Dislocated Worker Formula Grants

Award Numbers and years:

IGA DI21-002286	July 1, 2024 through June 30, 2025
IGA DI23-002389	July 1, 2023 through June 28, 2028

Assistance Listings numbers and program name:

21.027	COVID-19—Coronavirus State and Local Fiscal Recovery Funds
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Award Numbers and years:

1505-0271	March 3, 2021 through December 31, 2024
CT-FM-22-149	October 1, 2024 through September 30, 2025
SLFRFP1962	January 5, 2023 through December 31, 2026
CTR069300	January 1, 2024 through December 30, 2026
GTAW-FM-23*123	October 3, 2022 through July 3, 2026
ACJC-VC-25-001A	July 1, 2024 through December 31, 2024

Assistance Listings numbers and program name:

93.268	Immunization Cooperative Agreements
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Award numbers and years:

CTR062571	July 1, 2022 through June 30, 2025
CTR059891	July 1, 2022 through June 30, 2027

Pima County
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Name of contact person: Art Cuaron, Director, Finance and Risk Management
Anticipated completion date: June 30, 2027

The County recognizes the need to strengthen internal controls over federal reporting and cash management requirements. F&RM will complete the following actions to ensure compliance with 2 CFR Part 200:

1. Establish written internal control policies and procedures for federal program reporting. All federal financial reports will undergo an independently documented review before submission to ensure accuracy, allowability, and proper reporting periods.
2. Implement documentation standards requiring staff to retain supporting materials such as system reports, financial queries, screenshots, and reconciliations, in accordance with federal and County retention requirements.
3. Pima County has been working with each of its grant implementing entities to use Euna Grants calendaring and reminders to prompt the entities' timely reporting activities. Grants Management and Innovation (GMI) Department sets the reminders schedule at the onset of the performance period. The reminders are then automatically emailed to the grants manager and the assigned accountant for each grant on a set schedule throughout the course of the grant. GMI and Finance – Grants will continue to work with grant implementing entities to use these reminders to trigger the necessary actions in a timely manner. Pima County was still in the process of institutionalizing this system during FY25.
4. Provide training for staff who prepare and review federal reports, focusing on reporting requirements, documentation standards, internal controls, and record retention.
5. Conduct periodic management oversight reviews to confirm that internal controls are followed and that reports are complete, accurate, and submitted on time.

The County is also planning to implement the Workday Grants Module with an anticipated go-live of July 1, 2027. This solution will enhance our ability to manage the full fiscal lifecycle of grant awards and ensure compliance with federal reporting requirements.

The Workday Grants Module is a native Workday solution, purpose-built to support the full fiscal grant lifecycle. The module supports the following financial grant objectives:

- Grant setup and award and fiscal tracking
- Cost allocation and allocability controls
- Real-time grant financial reporting
- Compliance with federal Uniform Guidance (2 CFR 200)

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- **Integration with Workday Financial Management, Procurement and Human Capital Management (HCM)**

In addition, F&RM has submitted FY 2026/27 budget requests to fund three additional Accountant III positions in our Finance – Grants Division. These positions will expand our capacity to manage our grant portfolio and strengthen our reconciliation, billing and SEFA preparation processes.

The contract for the Workday Grants Module is scheduled to go before the Board of Supervisors for approval in April. These new positions will be included in the County Administrator’s Recommended Budget and will be considered by the Board as part of the full budget adoption process in June.



March 4, 2026

Lindsey A. Perry
Arizona Auditor General
2910 N. 44th St., Ste. 410
Phoenix, AZ 85018

Dear Ms. Perry:

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

Sincerely,

A handwritten signature in blue ink, appearing to read "Art Cuaron". The signature is stylized and cursive.

Art Cuaron, Director
Finance and Risk Management

Art Cuaron, Director

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Status of financial statement findings

The County's deficiencies in its process for managing and documenting its risks may put its operations and IT systems and data at unintended and unnecessary risk of potential harm

Finding number: 2024-01

This finding initially occurred in fiscal year 2024.

Status: Fully corrected.

The County Treasurer's Office control procedures over IT systems and data were not sufficient, which increases the risk that the County Treasurer's Office may not adequately protect those systems and data

Finding number: 2024-02

This finding initially occurred in fiscal year 2024.

Status: Partially corrected.

The Pima County Treasurer's Office completed the revised password policy in March 2025 and resolved any remaining issues in July 2025.

Status of federal award findings and questioned costs

Assistance Listings number and program name:

97.024 Emergency Food and Shelter National Board Program

Finding number: 2022-101

This finding initially occurred in fiscal year 2022.

Status: Fully corrected.

Assistance Listings number and program name: Not applicable

Finding number: 2024-101

This finding initially occurred in fiscal year 2024.

Status: Partially corrected.

The FY 2024 audit found that the County did not accurately prepare its SEFA, which resulted in understated expenditures, incorrect program and pass-through reporting, missing or inaccurate assistance listing numbers, as well as the report being late. These issues were

Pima County
Summary schedule of prior audit findings
Year ended June 30, 2025

attributed to incomplete adherence to established SEFA preparation and review procedures, the lack of a comprehensive federal funds listing, and staffing and training challenges. Although the most significant errors were corrected during the audit process, the deficiencies posed risks related to inaccurate reporting and delayed submission of the SEFA.

In response, the County has partially implemented corrective actions to address these issues. Steps have been taken to strengthen SEFA preparation and review processes and to provide additional staff training; however, these efforts remain ongoing. The County is also working to develop and maintain a comprehensive listing of federal funds, implement a new native fiscal management module within the ERP financial system, and enhance internal timelines and monitoring controls to ensure future Single Audit Reports are submitted within federally required deadlines.

Assistance Listings number and program name:

Workforce Innovation and Opportunity Act (WIOA) Cluster
17.258 WIOA Adult Program
17.259 WIOA Youth Activities
17.278 WIOA Dislocated Worker Formula Grants
21.027 COVID-19 - Coronavirus State and Local Fiscal Recovery Funds
97.024 COVID-19 - Emergency Food and Shelter National Board Program
97.141 Shelter and Services Program

Finding number: 2024-102

This finding initially occurred in fiscal year 2022.

Status: Partially corrected.

The Grants Management and Innovation (GMI) department has partially implemented corrective actions, including a reorganization that established the Monitoring, Analysis, and Performance (MAP) division to lead subrecipient monitoring. MAP has begun strengthening monitoring practices by enhancing document reviews, aligning compliance protocols with award terms and federal regulations, and standardizing written communications such as entrance letters and corrective action notices. In Fiscal Year 2026, a revised core document risk assessment methodology was implemented, along with a corresponding procedure for full-scope monitoring, and a revised risk assessment methodology is being piloted, and a standardized framework for applying special terms and conditions to noncompliant subrecipients is under development. In Fiscal Year 2026, Pima County is using a risk-based approach to determine which subrecipients participate in a full-scope monitoring: all entities scoring as high risk for audit findings, at least 60% of entities scoring moderate risk, and at least 20% of entities scoring low risk will participate in a full-scope monitoring.

GMI is also working to integrate monitoring activities into Euna Grants (formerly known as AmpliFund) within its ERP system, Workday, and has provided training to subrecipients

Pima County
Summary schedule of prior audit findings
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following the July 2024 ERP go-live. Full system functionality and process enhancements remain in progress and are expected to improve efficiency, oversight, and real-time visibility once completed.

Assistance Listings number and program name:

21.032 COVID-19 - Local and Tribal Consistency Fund
97.141 Shelter and Services Program

Finding number: 2024-103

This finding initially occurred in fiscal year 2024.

Status: Partially corrected.

GMI and Finance and Risk Management (F&RM) have partially implemented corrective actions to this deficiency by developing and piloting a standardized form to document the review and approval of programmatic and financial reports prior to submission to federal grantors. GMI and F&RM are currently developing the written procedure. The procedure will be required of all grant implementing county entities.

Assistance Listings number and program name:

21.023 COVID-19 - Emergency Rental Assistance Program
21.027 COVID-19 - Coronavirus State and Local Fiscal Recovery Funds

Finding number: 2024-104

This finding initially occurred in fiscal year 2024.

Status: Partially corrected.

GMI and F&RM have partially implemented corrective actions to address this deficiency. GMI recently revised the scope of one of its divisions, now named Monitoring, Analysis, and Performance (MAP), to strengthen oversight of grant reporting requirements and ensure that required documentation is properly collected, retained, and aligned with current policies and procedures. As part of these efforts, the F&RM team has enhanced staff training and development initiatives to build capacity, promote consistent application of policies, and strengthen expertise in fiscal grant management. The County remains committed to strengthening internal controls and improving accountability and audit readiness across its federal programs.