

**REPORT HIGHLIGHTS**  
 SINGLE AUDIT

**Subject**

Pima County spent \$45 million of federal monies and additional required matching monies this past year for 107 programs. The largest federal grants were for job training, housing, drug trafficking, and health and human services. In return, the County must be accountable for its use of both federal and local monies, maintain strong internal controls, and comply with federal program requirements. As the auditors, our job is to determine whether the County has met its responsibilities.

**Our Conclusion**

The County maintained adequate internal controls over financial reporting. However, auditors found one weakness in those internal controls as summarized on page 2. Additionally, for two federal programs tested, auditors found that the County did not maintain adequate internal controls or comply with one or more of the compliance requirements applicable to these programs. See page 2 for further information.



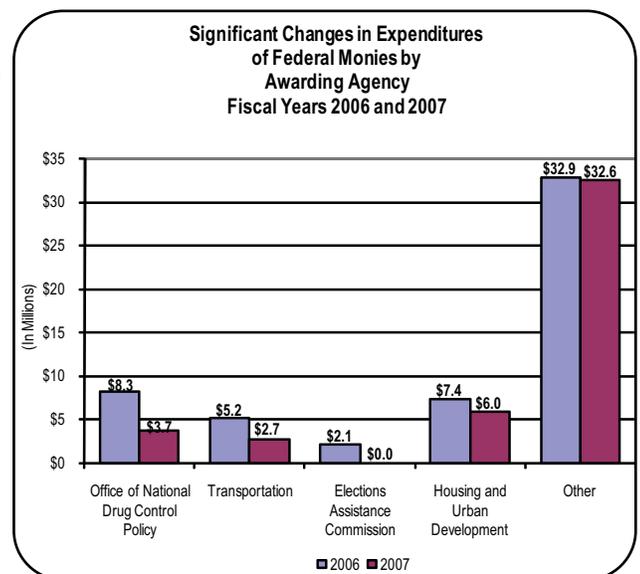
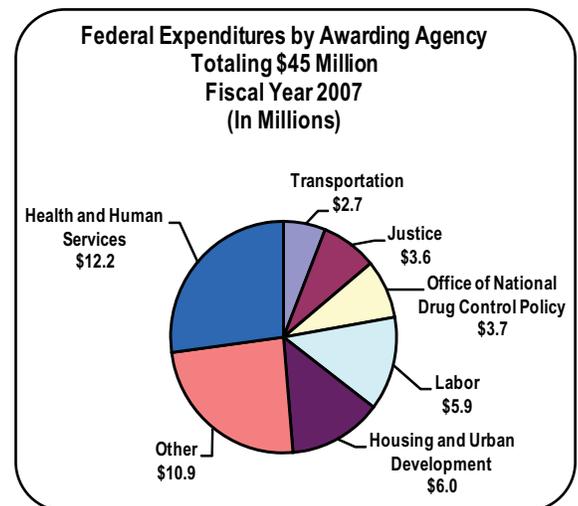
**2007**

Year Ended June 30, 2007

## The County Experienced an Overall Decrease in Expenditures of Federal Awards

Overall expenditures of federal awards decreased by approximately \$10.9 million. The decrease was the result of the following:

- \$4.6 million decrease in Office of National Drug Control Policy programs related to a reduction in High Intensity Drug Trafficking Areas monies that were passed through to other law enforcement agencies.
- \$2.5 million decrease in U.S. Department of Transportation programs related to a decrease in Highway Planning and Construction Program monies.
- \$2.1 million decrease in Election Assistance Commission funding related to Help America Vote Act Requirements Payments.
- \$1.4 million decrease in U.S. Department of Housing and Urban Development programs related primarily to a decrease in funds for the HOME Investment Partnerships Program and Community Development Block Grants.
- \$0.3 million net decrease in various other federal programs.



# The County Should Strengthen Controls over Investment Activities

A separately issued report on Internal Control and Compliance dated December 19, 2007, included one deficiency over financial reporting internal controls.

To fulfill the responsibility of managing more than \$775 million in public monies, the County Treasurer's Office should have strong internal controls to safeguard

public monies and ensure compliance with investment laws and regulations. However, at June 30, 2007, we noted that the County Treasurer's Office lacked adequate written investment policies and procedures. Also, the Treasurer's Office subjected some of the County's securities to custodial risk because those securities were not held by an independent trust in the County's name.

## TO OBTAIN MORE INFORMATION

A copy of the full report can be obtained by calling  
**(602) 553-0333**



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[www.azauditor.gov](http://www.azauditor.gov)

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# The County Did Not Always Comply with Federal Program Requirements

Auditors identified and tested seven federal programs (includes one program cluster) 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, matching, and reporting federal awards. Auditors found material weaknesses in internal controls and material instances of noncompliance in

the Highway Planning and Construction federal program relating to the allowability of the costs for which the County received federal reimbursement, accuracy of the financial information reported, and compliance with ensuring the County's project subcontractors paid the prevailing wage to workers. The table below identifies the audit findings reported by program and type of compliance requirement.

Program	Type of Compliance Requirement		
	Costs	Report	Davis-Bacon Act
Highway Planning and Construction	X	X	X
Homeland Security Grant Program Cluster	X		

Costs: Certain program expenses were unallowable based on federal requirements.  
 Report: Financial information reported to the federal grantor or pass-through agency was not accurate.  
 Davis-Bacon Act: Noncompliance with federal prevailing wage requirements.

## The Single Audit Fact Sheet

- One weakness in financial reporting internal controls reported in a separately issued Report on Internal Control and Compliance over financial reporting.
- Three weaknesses in federal compliance internal controls that resulted in material violations of federal compliance requirements for the Highway Planning and Construction Program.
- One weakness in federal compliance internal controls that resulted in immaterial violations of federal compliance requirements.
- Program costs totaling \$734,748 were questioned as a result of our audit.

## REPORT HIGHLIGHTS SINGLE AUDIT

Year Ended June 30, 2007