

Pima County

Single Audit Report

Year Ended June 30, 2018



A Report to the Arizona Legislature

Lindsey A. Perry
Auditor General





The Arizona Office of the Auditor General's mission is to provide independent and impartial information and specific recommendations to improve the operations of State and local government entities. To this end, the Office provides financial audits and accounting services to the State and political subdivisions, investigates possible misuse of public monies, and conducts performance audits and special reviews of school districts, State agencies, and the programs they administer.

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Comprehensive Annual Financial Report

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*



MELANIE M. CHESNEY
DEPUTY AUDITOR GENERAL

ARIZONA AUDITOR GENERAL
LINDSEY A. PERRY

JOSEPH D. MOORE
DEPUTY 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

We have audited Pima County's compliance with the types of compliance requirements described 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, 2018. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. 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 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on each major federal program

In our opinion, Pima County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Other matters

The results of our auditing procedures disclosed an 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 2018-101. Our opinion on each major federal program is not modified with respect to this matter.

Report on internal control over compliance

The County's management is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. 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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2018-101, that we consider to be a significant deficiency.

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.

Pima County response to findings

Pima County's response to the finding identified in our audit is presented in its corrective action plan at the end of this report. The County's response was not subjected to the auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on it.

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

We have audited 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, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated December 19, 2018, that contained unmodified opinions on those financial statements. Our report also included a reference to our reliance on other auditors. Our audit was conducted 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 Perry, CPA, CFE
Auditor General

March 25, 2019





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 generally accepted accounting principles	Unmodified
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 programs	
Material weaknesses identified?	No
Significant deficiency identified?	Yes
Type of auditors' report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR §200.516(a)?	Yes

Identification of major programs

CFDA number	Name of federal program or cluster
10.557	WIC Special Supplemental Nutrition Program for Women, Infants, and Children
17.258, 17.259, 17.278	WIOA Cluster
20.205	Highway Planning and Construction Cluster
93.069	Public Health Emergency Preparedness
93.217	Family Planning—Services
93.568	Low-Income Home Energy Assistance

Dollar threshold used to distinguish between Type A and Type B programs \$1,104,064

Auditee qualified as low-risk auditee? No

Other matters

Auditee’s summary schedule of prior audit findings required to be reported in accordance with 2 CFR §200.511 (b)? Yes

Financial statement findings

Financial statement findings were reported in the separately issued report on internal control over financial reporting and on compliance and other matters based on an audit of basic financial statements performed in accordance with *Government Auditing Standards*.

Federal award findings and questioned costs

2018-101

CFDA number and name: Not applicable

Questioned costs: N/A

Condition and context—The County did not prepare an accurate and complete schedule of expenditures of federal awards (SEFA). Specifically, the County misclassified 8 federal programs' expenditures and amounts provided to subrecipients totaling \$1,753,209. In addition, the County understated and overstated expenditures for 2 major federal programs by \$459,234 and \$19,174, respectively, and omitted the pass-through entity identifying information for 1 program. The County adjusted its SEFA for these errors.

Criteria—In accordance with 2 Code of Federal Regulations (CFR) §200.510(b), the County must prepare a SEFA for the period covered by the financial statements. At a minimum, the SEFA must:

- List individual federal programs by federal agency. For a cluster of programs, the SEFA must also provide the cluster name, list individual federal programs within the cluster of programs, and provide the applicable federal agency name.
- For federal awards a subrecipient receives, include the name of the pass-through entity and identifying number the pass-through entity assigns.
- Provide total federal awards expended for each individual federal program.
- Include the total amount provided to subrecipients from each federal program.

Effect—The County is at risk of not reporting accurate and complete information on its SEFA. This could lead to audit programs not being identified for audit as required by the Uniform Guidance and for readers to be misled by the information. This finding was not a result of internal control deficiencies of individual federal programs and, accordingly, did not have a direct and material effect on the reporting requirements over the County's major federal programs.

Cause—The County did not have effective internal control procedures in place to ensure that all federal monies, including monies passed through to subrecipients, were properly classified and reported on the SEFA.

Recommendation—To help ensure that the County prepares its SEFA in compliance with Uniform Guidance, the County should develop and implement an effective review process to ensure accurate and complete information is reported on the SEFA.

The County's responsible officials' views and planned corrective action are in its corrective action plan at the end of this report.

COUNTY SECTION

Pima County
Schedule of expenditures of federal awards
Year ended June 30, 2018

Federal agency/CFDA number	Federal program name	Cluster title	Pass-through grantor	Pass-through grantor's numbers	Program expenditures	Amount provided to subrecipients
Department of Agriculture						
10 553	School Breakfast Program	Child Nutrition Cluster	Arizona Department of Education	ED09-0001	\$ 49,054	
10 555	National School Lunch Program	Child Nutrition Cluster	Arizona Department of Education	ED09-0001	94,394	
	<i>Total Child Nutrition Cluster</i>				<u>143,448</u>	
10 557	WIC Special Supplemental Nutrition Program for Women, Infants, and Children		Arizona Department of Health Services	ADHS14-053080	1,472,471	
10 561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	SNAP Cluster	Arizona Board of Regents, University of Arizona	322467	17,742	
10 565	Commodity Supplemental Food Program	Food Distribution Cluster	Arizona Department of Health Services	ADHS17-132853	33,392	
10 572	WIC Farmers' Market Nutrition Program (FMNP)		Arizona Department of Health Services	ADHS14-053080	2,174	
10 576	Senior Farmers Market Nutrition Program		Arizona Department of Health Services	ADHS17-132853	1,277	
10 665	Schools and Roads—Grants to States	Forest Service Schools and Roads Cluster			4,878	
10 703	Cooperative Fire Protection Agreement				59,280	
10 704	Law Enforcement Agreements				53,476	
	Total Department of Agriculture				<u>1,788,138</u>	
Department of Housing and Urban Development						
14 218	Community Development Block Grants/Entitlement Grants	CDBG - Entitlement Grants Cluster			2,777,331	\$ 1,383,253
14 231	Emergency Solutions Grants Program				221,714	181,932
14 231	Emergency Solutions Grants Program		City of Tucson	18293; 18490	72,690	67,208
	<i>Total 14.231</i>				<u>294,404</u>	<u>249,140</u>
14 239	Home Investment Partnerships Program		City of Tucson	18314	1,092,234	
14 241	Housing Opportunities for Persons with AIDS				439,558	427,448
14 256	ARRA Neighborhood Stabilization Program (Recovery Act Funded)				235,375	
14 267	Continuum of Care Program				1,651,437	1,080,877
14 273	Pay for Success Permanent Supportive Housing Demonstration		University of Utah	10041590	34,828	
14 900	Lead-Based Paint Hazard Control in Privately-Owned Housing				62,471	
	Total Department of Housing and Urban Development				<u>6,587,638</u>	<u>3,140,718</u>
Department of the Interior						
15 227	Distribution of Receipts to State and Local Governments				8,067	
15 631	Partners for Fish and Wildlife				16,960	
15 904	Historic Preservation Fund Grants-In-Aid		Arizona State Parks Board	441716	20,000	
	Total Department of the Interior				<u>45,027</u>	
Department of Justice						
16 unknown	Federal Equitable Sharing Program				234,504	
16 540	Juvenile Justice and Delinquency Prevention		Arizona Governor's Office of Youth, Faith and Family	J2-CSG-15-100115-08Y2, J2-CSG-14-4181-08Y3, J2-CSG-15-100115-07Y2, J2-CSG-15-100115-07Y3	153,107	

See accompanying notes to schedule.

Pima County
Schedule of expenditures of federal awards
Year ended June 30, 2018

Federal agency/CFDA number	Federal program name	Cluster title	Pass-through grantor	Pass-through grantor's numbers	Program expenditures	Amount provided to subrecipients
16 554	National Criminal History Improvement Program (NCHIP)		Arizona Criminal Justice	NCP 17-18-005	6,720	
16 575	Crime Victim Assistance		Arizona Department of Public Safety	2015-322; 2018-234; 2018-318; 2018-438; 2018-0046; 2018-319; 2018-437; 2015-439; 2018-320; 2015-334	969,794	
16 576	Crime Victim Compensation		Arizona Criminal Justice	VC-18-059	455,092	
16 588	Violence Against Women Formula Grants		Arizona Governor's Office of Youth, Faith and Family	ST-WSG-15-010115-15Y3, ST-WSG-15-010115-05Y3	150,610	
16 590	Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program				163,480	
16 734	Special Data Collections and Statistical Studies				184,722	
16 738	Edward Byrne Memorial Justice Assistance Grant Program		City of Tucson	18057, 18241, 18396	120,512	
16 738	Edward Byrne Memorial Justice Assistance Grant Program		Arizona Criminal Justice	DC-18-030	222,281	
	<i>Total 16.738</i>				342,793	
	Total Department of Justice				<u>2,660,822</u>	
Department of Labor						
17 235	Senior Community Service Employment Program		Arizona Department of Economic Security	ADES14-064665	70,819	69,894
17 258	WIOA Adult Program	WIOA Cluster	Arizona Department of Economic Security	Di16-002120	2,214,022	1,531,214
17 259	WIOA Youth Activities	WIOA Cluster	Arizona Department of Economic Security	Di16-002120	2,107,268	1,223,503
17 278	WIOA Dislocated Worker Formula Grants	WIOA Cluster	Arizona Department of Economic Security	Di16-002120	3,443,138	829,803
	<i>Total WIOA Cluster</i>				<u>7,764,428</u>	<u>3,584,520</u>
17 268	H-1B Job Training Grants				1,330,187	1,193,620
17 270	Reentry Employment Opportunities				169,191	106,616
17 270	Reentry Employment Opportunities		Pima Prevention Partnership	16/17-PC-77046	178,900	
	<i>Total 17.270</i>				348,091	106,616
17 282	Trade Adjustment Assistance Community College and Career Training (TAACCCT) Grants		Pima County Community College District	None	40,090	
17 805	Homeless Veterans' Reintegration Program				122,406	27,405
	Total Department of Labor				<u>9,676,021</u>	<u>4,982,055</u>

Pima County
Schedule of expenditures of federal awards
Year ended June 30, 2018

Federal agency/CFDA number	Federal program name	Cluster title	Pass-through grantor	Pass-through grantor's numbers	Program expenditures	Amount provided to subrecipients
Department of Transportation						
20 205	Highway Planning and Construction	Highway Planning and Construction Cluster	Arizona Department of Transportation	SL701-01C, SZ089-01X, SF013-02D/01C, SF024-01D/02D/01C, SF036-01X, SF034-02D/01C, SF040-01X, SB462-01D/01C, SB463-01D/03D, SL737-03D, SH640-03D, SF048-01X, SH638-01D, SH652-01D/03D, HSIP-PPM-(260)D, HSIP-PPM-0(264), TOA140-03D, T0085-01X	1,126,585	
20 205	Highway Planning and Construction	Highway Planning and Construction Cluster	Arizona Governor's Office of Highway Safety	2018-405h-014, 2018-PTS-048	<u>37,722</u>	
	<i>Total Highway Planning and Construction Cluster</i>				<u>1,164,307</u>	
20 600	State and Community Highway Safety	Highway Safety Cluster	Arizona Governor's Office of Highway Safety	2017-AL-036, 2017-PT-040, 2017-SD-003, 2017-PT-041, 2018-PTS-049, 2018-PTS-050	86,468	
20 616	National Priority Safety Programs	Highway Safety Cluster	Arizona Governor's Office of Highway Safety	2017-405b-004, 2018-405d-037, 2018-405b-006	<u>89,946</u>	
	<i>Total Highway Safety Cluster</i>				<u>176,414</u>	
20 703	Interagency Hazardous Materials Public Sector Training and Planning Grants		Arizona Department of Environmental Quality	HMEP2017-19	<u>36,278</u>	
	Total Department of Transportation				<u>1,376,999</u>	
Department of Treasury						
21 unknown	Federal Equitable Sharing Program				32,101	
21 unknown	State and Local Overtime and Authorized Expense Program				<u>16,657</u>	
	Total Department of Treasury				<u>48,758</u>	
Institute of Museum and Library Services						
45 310	Grants to States		Arizona State Library, Archives and Public Records	2017-0180-01, 2017-0320-03, 2017-0260-08	<u>25,623</u>	
Environmental Protection Agency						
66 001	Air Pollution Control Program Support				567,207	
66 034	Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act				96,263	
66 818	Brownfields Assessment and Cleanup Cooperative Agreements				<u>94,460</u>	<u>74,784</u>
	Total Environmental Protection Agency				<u>757,930</u>	<u>74,784</u>

Pima County
Schedule of expenditures of federal awards
Year ended June 30, 2018

Federal agency/CFDA number	Federal program name	Cluster title	Pass-through grantor	Pass-through grantor's numbers	Program expenditures	Amount provided to subrecipients
Department of Energy						
81 042	Weatherization Assistance for Low-Income Persons		Arizona Department of Housing	203-17, 207-16, 225-18	40,508	
Department of Education						
84 002	Adult Education—Basic Grants to States		Arizona Department of Education	18FAEABE-813309-01A; 18FAEAPL-813309-01A	141,628	
84 010	Title I Grants to Local Educational Agencies		Arizona Department of Education	18FT1TTI-810266-01A; 18FECSIM-810266-01A	225,070	
84 027	Special Education—Grants to States	Special Education Cluster (IDEA)	Arizona Department of Education	18FESCBG-810266-09A	133,145	
84 365	English Language Acquisition State Grants		Arizona Department of Education	None	14,342	
84 367	Supporting Effective Instruction State Grant (formerly Improving Teacher Quality State Grants)		Arizona Department of Education	18FT1TII-810266-03A	1,057	
84 367	Supporting Effective Instruction State Grant (formerly Improving Teacher Quality State Grants)		Arizona Department of Education	None	11,047	
	<i>Total 84.367</i>				<u>12,104</u>	
84 419	Preschool Development Grants		First Things First	GRA-STATE-16-778-01-Y3, GRA-STATE-16-079-01-Y3	16,810	
84 424	Student Support and Academic Enrichment Program		Arizona Department of Education	18FT4TIV-810266-01A	11,341	
	Total Department of Education				<u>554,440</u>	
Election Assistance Commission						
90 401	Help America Vote Act Requirements Payments		Arizona Secretary of State	None	96,628	
Department of Health and Human Services						
93 044	Special Programs for the Aging—Title III, Part B—Grants for Supportive Services and Senior Centers	Aging Cluster	Pima Council on Aging	None	17,163	
93 069	Public Health Emergency Preparedness		Arizona Department of Health Services	ADHS17-133197	812,765	
93 093	Affordable Care Act (ACA) Health Profession Opportunity Grants		Pima County Community College District	None	648,029	233,022
93 103	Food and Drug Administration—Research				57,599	
93 116	Project Grants and Cooperative Agreements for Tuberculosis Control Programs		Arizona Department of Health Services	ADHS16-102509; ADHS18-188129	91,147	
93 136	Injury Prevention and Control Research and State and Community Based Programs		Arizona Department of Health Services	ADHS16-110837	85,890	
93 217	Family Planning—Services		Arizona Family Health Partnership	6 FPHPA096240-01, 6 FPHPA096240-02-02	846,771	
93 236	Grants to States to Support Oral Health Workforce Activities		Arizona Department of Health Services	ADHS15-095351	7,663	
93 243	Substance Abuse and Mental Health Services—Projects of Regional and National Significance				834,790	
93 243	Substance Abuse and Mental Health Services—Projects of Regional and National Significance		Arizona Board of Regents, University of Arizona	PO # 363753	89,194	
	<i>Total 93.243</i>				<u>923,984</u>	

Pima County
Schedule of expenditures of federal awards
Year ended June 30, 2018

Federal agency/CFDA number	Federal program name	Cluster title	Pass-through grantor	Pass-through grantor's numbers	Program expenditures	Amount provided to subrecipients
93 268	Immunization Cooperative Agreements		Arizona Department of Health Services	ADHS13-041821	16,398	
93 323	Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)		Arizona Department of Health Services	ADHS17-133197	74,663	
93 332	Cooperative Agreement to Support Navigators in Federally-facilitated and State Partnership Marketplaces		Arizona Association of Community Health Centers dba Arizona Alliance for Community Health Centers	5NAVCA150242-03-00	10,337	
93 424	NON-ACA/PPHF—Building Capacity of the Public Health System to Improve Population Health through National Nonprofit Organizations		National Association of City and County Health Officials	2016-121501	28,639	
93 524	Building Capacity of the Public Health System to Improve Population Health through National, Non-Profit Organizations - financed in part by Prevention and Public Health Funds (PPHF)		National Association of City and County Health Officials	2016-121501	688	
93 539	PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance financed in part by Prevention and Public Health Funds		Arizona Department of Health Services	ADHS13-041821	156,209	
93 558	Temporary Assistance for Needy Families	TANF Cluster	Arizona Department of Economic Security	ADES15-089143	434,409	370,290
93 563	Child Support Enforcement		Arizona Department of Economic Security	DI16-002162, DI18-002176	317,234	
93 568	Low-Income Home Energy Assistance		Arizona Department of Economic Security	ADES15-089143	2,895,139	223,750
93 568	Low-Income Home Energy Assistance		Arizona Governor's Office of Energy	LW-ESA-12-2182-07	129,575	
	<i>Total 93.568</i>				<u>3,024,714</u>	<u>223,750</u>
93 569	Community Services Block Grant		Arizona Department of Economic Security	ADES15-089143	953,180	483,470
93 597	Grants to States for Access and Visitation Programs		Arizona Department of Economic Security	DI16-002144	25,602	
93 667	Social Services Block Grant		Arizona Department of Economic Security	DI18-002139	80,000	40,637
93 758	Preventive Health and Health Services Block Grant funded solely with Prevention and Public Health Funds (PPHF)		Arizona Department of Health Services	ADHS16-102323	94,302	
93 870	Maternal, Infant and Early Childhood Home Visiting Grant Program	Maternal, Infant, and Early Childhood Home Visiting Cluster	Arizona Department of Health Services	ADHS14-056244	426,716	207,364
93 898	Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations		Arizona Department of Health Services	ADHS14-064601	304,027	
93 917	HIV Care Formula Grants		Arizona Department of Health Services	ADHS13-040489; ADHS18-193947	55,801	
93 940	HIV Prevention Activities—Health Department Based		Arizona Department of Health Services	ADHS18-188815	307,501	
93 977	Sexually Transmitted Diseases (STD) Prevention and Control Grants		Arizona Department of Health Services	ADHS14-071222	64,076	
93 994	Maternal and Child Health Services Block Grant to the States		Arizona Department of Health Services	ADHS15-095351, ADHS 16-102323	429,826	80,882
	Total Department of Health and Human Services				<u>10,295,333</u>	<u>1,639,415</u>

See accompanying notes to schedule.

Pima County
Schedule of expenditures of federal awards
Year ended June 30, 2018

Federal agency/CFDA number	Federal program name	Cluster title	Pass-through grantor	Pass-through grantor's numbers	Program expenditures	Amount provided to subrecipients
Corporation for National and Community Service						
94 006	AmeriCorps		Arizona Supreme Court	ISA-AC-GR-16-090116-02Y2	<u>26,619</u>	
Office of National Drug Control Policy						
95 001	High Intensity Drug Trafficking Areas Program				<u>868,846</u>	
Social Security Administration						
96 unknown	Funds Received from the Social Security Administration				<u>76,400</u>	
Department of Homeland Security						
97 024	Emergency Food and Shelter National Board Program		United Way	33-0272-00 015 E1; 0272-00-048	<u>141,386</u>	
97 042	Emergency Management Performance Grants		Arizona Department of Emergency and Military Affairs	EMF-2017-EP-00008-S01	<u>590,818</u>	
97 045	Cooperating Technical Partners				<u>40,586</u>	
97 047	Pre-Disaster Mitigation		Arizona Department of Emergency and Military Affairs	EMF-2012-PC-0001/PDMC-PJ-09-AZ-2011-0001	<u>97,529</u>	<u>94,712</u>
97 067	Homeland Security Grant Program		Arizona Department of Homeland Security	EMW-2017-SS-00033-S01, 160404-01,160404-02, 160404-3,150404-04, 170405-02, 160403-01	<u>1,006,079</u>	
	Total Department of Homeland Security				<u>1,876,398</u>	<u>94,712</u>
	Total expenditures of federal awards				<u>\$ 36,802,128</u>	<u>\$ 9,931,684</u>

Pima County
Notes to schedule of expenditures of federal awards
Year ended June 30, 2018

Note 1 - Basis of presentation

The accompanying schedule of expenditures of federal awards includes Pima County's federal grant activity for the year ended June 30, 2018. 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*.

Note 2 - Summary of significant accounting policies

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.

Note 3 - Catalog of Federal Domestic Assistance (CFDA) numbers

The program titles and CFDA numbers were obtained from the federal or pass-through grantor or the *2018 Catalog of Federal Domestic Assistance*. When no CFDA number had been assigned to a program, the 2-digit federal agency identifier and the federal contract number were used. When there was no federal contract number, the 2-digit federal agency identifier and the word "unknown" were used.

Note 4 - Indirect cost rate

The County did not elect to use the 10 percent de minimis indirect cost rate as covered in 2 CFR §200.414.

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COUNTY RESPONSE



March 15, 2019

Ms. Lindsey Perry
Arizona Auditor General
2910 N. 44th St., Suite 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* (Uniform Guidance). Specifically, for each finding we are providing you with the names of the contact people responsible for corrective action, the corrective action planned, and the anticipated completion date.

Sincerely,

Michelle Campagne, Director
Finance and Risk Management

Pima County, Arizona
Corrective Action Plan
Year Ended June 30, 2018

2018-101

CFDA No. and Name: Not Applicable
Questioned Costs: None

Contact Person: Marilyn Hutzler, Grants Management and Innovation

Anticipated completion date: June 2019

Response: Pima County agrees with the finding. The Grants Management and Innovation Department developed and added additional procedures to fully correct reporting and misclassification errors. Additionally, comprehensive training and year-end review has begun to take place with staff for each grant, so that all costs are included and verified and sub-recipients are correctly stated. All required supporting documentation will be maintained for the required retention period.



March 8, 2019

Lindsey Perry
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 questioned costs. 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,

Michelle Campagne, Director
Finance and Risk Management

Michelle Campagne, Director

130 W. Congress, 6th Fl. Tucson, Arizona 85701-1317 • Phone: 520-724-8410 • Fax: 520-770-4173

Pima County

Summary schedule of prior audit findings

Year ended June 30, 2018

Status of financial statement findings

The County should improve its risk-assessment process to include information technology security
Finding number: 2015-01, 2016-01, 2017-01
Status: Not corrected.

The County is in the process of performing an IT security risk assessment as part of the overall County risk assessment process. Departments are currently completing their Continuity of Operations Plans to identify the most critical IT systems within their departments. This will serve as a starting point for risk assessment from a County-wide perspective, including risks specific to the IT infrastructure.

The Pima County Treasurer's Office (PCTO) is contracting with a vendor to perform an overall risk assessment on its IT systems and related policies and procedures. The actions taken based on this assessment should remediate these deficiencies by the end of the current fiscal year.

The County should improve access controls over its financial technology resources
Finding number: 2015-01, 2015-02, 2016-03, 2017-02
Status: Partially corrected.

The County's IT Department (ITD) corrected several of the recommendations by performing a review of all employee accounts, removing terminated employees, and reviewing contractor and other non-entity accounts. In addition, ITD continues to improve its processes by eliminating shared accounts, enforcing network password policies (all accounts have a 90 day renewal requirement), reviewing the activity of key users, and monitoring employee and entity owned electronic devices. ITD has also employed Microsoft to perform an evaluation of the County's Active Directory structure for security hardening, where the vendor has provided a plan for remediation. The plan is currently being implemented with ITD resources and will address access and monitoring of key ITD computing infrastructure.

The PCTO is contracting with a vendor to perform an overall risk assessment on its IT systems and related policies and procedures. The actions taken based on this assessment should remediate these deficiencies by the end of the current fiscal year.

The County should improve configuration management processes over its information technology resources
Finding number: 2015-01, 2015-03, 2016-04, 2017-03
Status: Partially corrected.

ITD fully corrected the issues discussed in these findings.

The PCTO is contracting with a vendor to perform an overall risk assessment on its IT systems and related policies and procedures. The actions taken based on this assessment should remediate these deficiencies by the end of the current fiscal year.

The County should improve security over its information technology resources

Pima County

Summary schedule of prior audit findings

Year ended June 30, 2018

Finding number: 2015-01, 2016-02, 2017-04
Status: Partially corrected.

ITD corrected the deficiencies related to logging, monitoring, and applying patches by updating its policies, procedures, and documentation of evidence that the procedures were performed. ITD is currently following the same process for security-incident-response, IT training, vulnerability scanning, and awarding IT vendor contracts to remediate the deficiencies noted in these areas.

The PCTO is contracting with a vendor to perform an overall risk assessment on its IT systems and related policies and procedures. The actions taken based on this assessment should remediate these deficiencies by the end of the current fiscal year.

The County should improve its contingency planning procedures for its information technology resources

Finding number: 2015-04, 2016-05, 2017-05
Status: Not corrected.

ITD will draft a disaster recovery plan as part of the overall County risk assessment process. Once the priorities are established from a County-wide perspective, the plan will be finalized and tested accordingly.

The PCTO is contracting with a vendor to perform an overall risk assessment on its IT systems and related policies and procedures. The actions taken based on this assessment should remediate these deficiencies by the end of the current fiscal year.

Status of federal award findings and questioned costs

2017-101

Cluster Name:	CDBG-Entitlement Grant Cluster
CFDA No. and Name:	14.218 Community Development Block Grants/Entitlement Grants
Award Numbers and Years:	B-16-UC-04-0502 7/1/2016-9/1/2023; B-14-UC-04-502 7/1/2014-9/1/2021; B-15-UC-04-0502 7/1/2015-9/1/2022; B-16-UC-04-0502 7/1/2016-9/1/2023
Federal Agency:	Department of Housing and Urban Development (HUD)
Compliance Requirement:	Allowable Costs/Cost Principles
Questioned Costs:	None
Status:	Fully Corrected

Pima County

Summary schedule of prior audit findings

Year ended June 30, 2018

2017-102

CFDA No. and Name: **93.563 Child Support Enforcement**
Award Numbers and Years: DI16-002162, October 1, 2015 through September 30, 2020;
DI16-002133, October 1, 2015 through September 30, 2020
Federal Agency: **Department of Health and Human Services Arizona**
Pass Through Grantor: **Department of Economic Security**
Compliance Requirement: Allowable costs/cost principles
Questioned Costs: \$16,020
Status: Partially Corrected

A comprehensive review of the necessary internal controls was undertaken to ensure all charges to the grant are accurate and allowable. The completion of the review and implementation of the updated internal controls was not finalized until Fiscal Year 2019.

2017-103

CFDA No. and Name: **93.243 Substance Abuse and Mental Health Services–
Projects of Regional and National Significance**
Award Numbers and Years: TI026065-01, TI026065-02, September 30, 2015 through
September 29, 2018; TI024987-02, TI024987-03, September
30, 2014 through September 29, 2017; SM061683-02,
SM061683-03, September 30, 2014 through September 29,
2018; PO363753, September 30, 2016 through September 29,
2017
Federal Agency: **Department of Health and Human Services**
Pass-through grantor: **Arizona Board of Regents, University of Arizona** Level of
Compliance Requirement: Effort
Questioned Costs: None
Status: Partially Corrected

A review of the necessary internal controls to track the ‘in-kind’ salary documentation ensuring all charges to the grant are accurate and allowable. The completion of the review and implementation of the updated internal controls will not be finalized until Fiscal Year 2019.

2017-104

CFDA No. and Name: **93.243 Substance Abuse and Mental Health Services–
Projects of Regional and National Significance**
Award Numbers and Years: TI026065-01, TI026065-02, September 30, 2015 through
September 29, 2018; TI024987-02, TI024987-03, September 30,
2014 through September 29, 2017; SM061683-02,
SM061683-03, September 30, 2014 through September 29,
2018; PO363753, September 30, 2016 through September 29,
2017
Federal Agency: **Department of Health and Human Services**
Pass-through grantor: **Arizona Board of Regents, University of Arizona**
Compliance Requirement: Procurement and suspension and debarment
Questioned Costs: None
Status: Partially Corrected

A comprehensive review of procurement policies was undertaken, procedures were updated and training was provided as required. Finalization of all procedures required for the grant procurement process will occur in Fiscal Year 2019.

