



A REPORT  
TO THE  
ARIZONA LEGISLATURE

Financial Audit Division

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Single Audit

# Pima County

Year Ended June 30, 2014

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**Debra K. Davenport**  
Auditor General

The **Auditor General** is appointed by the Joint Legislative Audit Committee, a bipartisan committee composed of five senators and five representatives. Her mission is to provide independent and impartial information and specific recommendations to improve the operations of state and local government entities. To this end, she provides financial audits and accounting services to the State and political subdivisions, investigates possible misuse of public monies, and conducts performance audits of school districts, state agencies, and the programs they administer.



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Pima County  
Single Audit Reporting Package  
Year Ended June 30, 2014

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Reports Issued Separately

Comprehensive Annual Financial Report

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*



DEBRA K. DAVENPORT, CPA  
AUDITOR GENERAL

STATE OF ARIZONA  
OFFICE OF THE  
AUDITOR GENERAL

MELANIE M. CHESNEY  
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 OMB Circular A-133**

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) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014. 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 the requirements of laws, regulations, contracts, and grants 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit 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.

***Basis for Adverse Opinion on the Special Supplemental Nutrition Program for Women, Infants, and Children***

As described in the accompanying Schedule of Findings and Questioned Costs, the County did not comply with requirements regarding the Special Supplemental Nutrition Program for Women, Infants, and Children (10.557) program's allowable costs/cost principles requirement as described in item 2014-101. Compliance with such requirement is necessary, in our opinion, for the County to comply with the requirements applicable to that program.

***Adverse Opinion on the Special Supplemental Nutrition Program for Women, Infants, and Children***

In our opinion, because of the significance of the of the matter discussed in the Basis for Adverse Opinion paragraph, Pima County did not comply in all material respects, with the compliance requirement referred to above that could have a direct and material effect on the Special Supplemental Nutrition Program for Women, Infants, and Children (10.557) for the year ended June 30, 2014.

***Unmodified Opinion on Each of the Other Major Federal Programs***

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 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, 2014.

The County's response to the noncompliance finding identified in our audit is presented on page 17. The County's response was not subjected to the auditing procedures applied in the audit of noncompliance and accordingly we express no opinion on the response.

**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 OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and 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 were not identified. However, as discussed below, we identified a deficiency in internal control over compliance that we consider to be a material weakness.

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 2014-101 to be a material weakness.

Pima County's response to the internal control over compliance finding identified in our audit is presented on pages 17 and 18. The County's response was not subjected to the auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on the response.

### **Purpose of this Report**

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

### **Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133**

We have audited the financial statements of the governmental activities, business-type activities, aggregate discretely presented component units, each major fund, and aggregate remaining fund information of Pima County as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated December 5, 2014, 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 OMB Circular A-133 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.

Jay Zsorey, CPA  
Financial Audit Director

March 18, 2015

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**Pima County**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2014**

Federal agency/CFDA number	Federal program name	Cluster title	Pass-through grantor	Pass-through grantor's number	Program expenditures	Amount provided to subrecipients
<b>Department of Agriculture</b>						
10 unknown	U.S. Forest Service—Law Enforcement				\$ 32,628	
10 433	Rural Housing Preservation Grants				52,625	
10 553	School Breakfast Program	Child Nutrition Cluster	Arizona Department of Education	ED09-0001	40,882	
10 555	National School Lunch Program	Child Nutrition Cluster	Arizona Department of Education	ED09-0001	78,530	
	<i>Total Child Nutrition Cluster</i>				<u>119,412</u>	
10 557	Special Supplemental Nutrition Program for Women, Infants, and Children		Arizona Department of Health Services	ADHS14-053080	1,680,797	
10 565	Commodity Supplemental Food Program		Arizona Department of Health Services	ADHS12-010887	115,045	
10 572	WIC Farmers' Market Nutrition Program		Arizona Department of Health Services	ADHS14-053080	1,826	
10 576	Senior Farmers' Market Nutrition Program		Arizona Department of Health Services	HG861329 and HG050272	1,449	
10 665	Schools and Roads—Grants to States		Arizona State Treasurer	NFF	193,768	
	<b>Total Department of Agriculture</b>				<u>2,197,550</u>	
<b>Department of Housing and Urban Development</b>						
14 218	Community Development Block Grants/Entitlement Grants				2,779,131	\$ 687,983
14 231	Emergency Shelter Grants Program				176,367	145,394
14 231	Emergency Shelter Grants Program		City of Tucson	076-114-9381-268-ESG12	5,000	
	<i>Total 14.231</i>				<u>181,367</u>	
14 235	Supportive Housing Program				203,780	
14 239	HOME Investment Partnerships Program		City of Tucson	16910	522,592	
14 241	Housing Opportunities for Persons with AIDS				400,885	204,696
14 256	ARRA—Neighborhood Stabilization Program (Recovery Act Funded)				461,848	45,980
14 267	Continuum of Care Program				1,927,208	1,319,685
14 267	Continuum of Care Program		City of Tucson	Arizona0025L9TO 11205/17800	75,261	
	<i>Total 14.267</i>				<u>2,002,469</u>	<u>1,319,685</u>
	<b>Total Department of Housing and Urban Development</b>				<u>6,552,072</u>	<u>2,403,738</u>
<b>Department of the Interior</b>						
15 DAU	Bureau of Land Management—Law				10,000	
15 226	Payments in Lieu of Taxes				3,152,584	
15 227	Distribution of Receipts to State and Local Governments		Arizona State Treasurer	TAYLO	5,775	
15 228	National Fire Plan—Wildland Urban Interface Community Fire Assistance				1,998	
15 631	Partners for Fish and Wildlife				4,985	
15 659	National Wildlife Refuge Fund				37,735	
15 945	Cooperative Research and Training Program-Resources of the National Park Service				3,944	
	<b>Total Department of the Interior</b>				<u>3,217,021</u>	
<b>Department of Justice</b>						
16 unknown	Federal Equitable Sharing Program				497,004	
16 013	Office of Violence Against Women—Department of Justice				17,462	

See accompanying notes to schedule.

**Pima County**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2014**

Federal agency/CFDA number	Federal program name	Cluster title	Pass-through grantor	Pass-through grantor's number	Program expenditures	Amount provided to subrecipients
16 523	Juvenile Accountability Block Grants		Arizona Governor's Office for Children, Youth and Families, Division for Community and Youth Development	JB-CSG-14-4365-07, JB-CSG-13-3365-06	111,317	
16 540	Juvenile Justice and Delinquency Prevention—Allocation to States		Arizona Governor's Office for Children, Youth and Families, Division for Children	J2-CSG-14-4181-08, J2-CSG-14-4181-07	130,517	
16 575	Crime Victim Assistance		Arizona Department of Public Safety	2013-VA-GX-XXXX	159,655	
16 576	Crime Victim Compensation		Arizona Criminal Justice Commission	VC-14-059	580,313	
16 585	Drug Court Discretionary Grant Program				78,077	
16 588	Violence Against Women Formula Grants		Arizona Governor's Office for Children, Youth and Families, Division for Women	ST-WSG-12-2366-05Y2 and Y3 thru ST-WSG-12-2366-10Y3	660,072	
16 590	Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program				785,577	
16 606	State Criminal Alien Assistance Program				310,851	
16 607	Bulletproof Vest Partnership Program				4,226	
16 710	ARRA—Public Safety Partnership and Community Policing Grants				36,133	
16 738	Edward Byrne Memorial Justice Assistance Grant Program	JAG Program Cluster	City of Tucson	17678, TPD 01-02-T143675-1009	211,629	
16 738	Edward Byrne Memorial Justice Assistance Grant Program	JAG Program Cluster	Arizona Criminal Justice Commission	2012-DJ-BX0560 and 0932	251,353	
	<i>Total JAG Program Cluster</i>				<u>462,982</u>	
16 745	Criminal and Juvenile Justice and Mental Health Collaboration Program				89,514	48,538
16 812	Second Chance Act Prisoner Reentry Initiative				281,194	270,418
	<b>Total Department of Justice</b>				<u>4,204,894</u>	<u>318,956</u>
<b>Department of Labor</b>						
17 235	Senior Community Service Employment Program		Arizona Department of Economic Security	ADES14-064665	27,944	26,107
17 258	WIA Adult Program	Workforce Investment Act (WIA) Cluster	Arizona Department of Economic Security	DE111012-001 ADES14-053071	1,624,417	
17 259	WIA Youth Activities	Workforce Investment Act (WIA) Cluster	Arizona Department of Economic Security	DE111012-001 ADES14-053071	1,706,206	
17 278	WIA Dislocated Worker Formula Grants	Workforce Investment Act (WIA) Cluster	Arizona Department of Economic Security	DE111012-001 ADES14-053071	2,267,745	
	<i>Total Workforce Investment Act (WIA) Cluster</i>				<u>5,598,368</u>	
17 267	WIA Section 503 Incentive Grants		Arizona Department of Economic Security	DE11101200:ADES14-053071	9,220	
17 268	H-1B Job Training Grants				479,509	23,989
17 274	Youthbuild				6,284	3,762
17 802	Veterans' Employment Program				550,797	47,918
	<b>Total Department of Labor</b>				<u>6,672,122</u>	<u>101,776</u>

See accompanying notes to schedule.

**Pima County**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2014**

Federal agency/CFDA number	Federal program name	Cluster title	Pass-through grantor	Pass-through grantor's number	Program expenditures	Amount provided to subrecipients
<b>Department of Transportation</b>						
20 205	Highway Planning and Construction		Arizona Department of Transportation	SS639-01C, SL699-02D, SL701-02D, SZ015-03D/01C, SZ014-03D/01C, SL926-03D/01C, SL702-02D, SB447-01C, H8390 01D/02D, SZ089-01X, SL599-01C, SH570-01C, SS693-01C, SF013-02D, SF024-01D/02D, SF022-01D/02D, SF023-01D/02D, SS975-01C, SF034-02D, SL658-01C	11,813,368	
20 600	State and Community Highway Safety	Highway Safety Cluster	Arizona Governor's Office of Highway Safety	2013-PS-006, 2013-PT-017, 2014-4-OP-004, 2014-PT-008, 2014-PT-071, 2014-TR-004	121,068	
20 601	Alcohol Impaired Driving Countermeasures Incentive Grant	Highway Safety Cluster	Arizona Governor's Office of Highway Safety	2103-410-019, 2014-410-004, 2014-410-027	109,303	
	<i>Total Highway Safety Cluster</i>				<u>230,371</u>	
20 608	Minimum Penalties for Repeat Offenders for Driving While Intoxicated		Arizona Governor's Office of Highway Safety	2013-164-007, 2013-164-012, 2013-164-013, 2014-164-013	205,357	
20 703	Interagency Hazardous Materials Public Sector Training and Planning Grants		Arizona Emergency Response Commission	HM-HMP-0282-12-01-11	35,636	
	<b>Total Department of Transportation</b>				<u>12,284,732</u>	
<b>Department of Treasury</b>						
21 unknown	Federal Equitable Sharing Program				818,537	
21 unknown	State and Local Overtime and Authorized Expense Program				5,887	
	<b>Total Department of Treasury</b>				<u>824,424</u>	
<b>Institute of Museum and Library Services</b>						
45 310	Grants to States		Arizona State Library, Archives and Public Records	2013-33017-24, 2013-33017-23; 2013-33017-25	139,982	
45 312	National Leadership Grants		Arizona State Library, Archives and Public Records	LG-48-13-009713	70,667	
	<b>Total Institute of Museum and Library Services</b>				<u>210,649</u>	
<b>Environmental Protection Agency</b>						
66 001	Air Pollution Control Program Support				468,573	
66 034	Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act				120,394	
66 461	Regional Wetland Program Development Grants				74,660	
66 818	ARRA—Brownfields Assessment and Cleanup Cooperative Agreements				24,419	
	<b>Total Environmental Protection Agency</b>				<u>688,046</u>	

See accompanying notes to schedule.

**Pima County**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2014**

Federal agency/CFDA number	Federal program name	Cluster title	Pass-through grantor	Pass-through grantor's number	Program expenditures	Amount provided to subrecipients
<b>Department of Energy</b>						
81 042	Weatherization Assistance for Low-Income Persons		Arizona Governor's Office of Energy Policy	EW-ESA-14-418107Y3	13,621	
81 128	ARRA—Energy Efficiency and Conservation Block Grant Program (EECBG)				79,629	
	<b>Total Department of Energy</b>				<u>93,250</u>	
<b>Department of Education</b>						
84 002	Adult Education—Basic Grants to States		Arizona Department of Education	13FAEABE-370731-01A, 14AECCR-470731-05A	47,610	
84 010	Title I Grants to Local Educational Agencies		Arizona Department of Education	14FT1T1TT1-460169-01A	37,615	
84 010	Title I Grants to Local Educational Agencies		Arizona Supreme Court	None	114,092	
	<i>Total 84.010</i>				<u>151,707</u>	
84 018	Overseas Programs—Special Bilateral Projects		Arizona Department of Education	ADE SH458979	8,866	
84 027	Special Education—Grants to States		Arizona Department of Education	H027A0090007	210,072	
84 365	English Language Acquisition State Grants		Arizona Department of Education	T365A30003A	35,424	
84 367	Improving Teacher Quality State Grants		Arizona Supreme Court	None	27,927	
84 367	Improving Teacher Quality State Grants		Arizona Department of Education	14FT1TII-460169-03A	5,650	
	<i>Total 84.367</i>				<u>33,577</u>	
84 378	College Access Challenge Grant Program		Southern Arizona Regional Service Center	CA-GRA-13-3212-04	4,036	
84 416	ARRA—Race to the Top-District Grants		Southern Arizona Regional Service Center	13-05-EDSG	161,846	
	<b>Total Department of Education</b>				<u>653,138</u>	
<b>Election Assistance Commission (EAC)</b>						
90 401	Help America Vote Act Requirements Payments		Arizona Secretary of State	None	54,231	
<b>Department of Health and Human Services</b>						
93 044	Special Programs for the Aging—Title III, Part B—Grants for Supportive Services and Senior Centers		Pima Council on Aging	DES-AAA FY13-14	22,922	
93 069	Public Health Emergency Preparedness		Arizona Department of Health Services	ADHS12-007894	620,857	
93 093	Affordable Care Act (ACA) Health Profession Opportunity Grants		Pima County Community College District	90FX0005	854,562	
93 116	Project Grants and Cooperative Agreements for Tuberculosis Control Programs		Arizona Department of Health Services	ADHS13-041212	86,638	
93 217	Family Planning—Services		Arizona Family Health Partnership	6FPHGOA-091701-26	757,276	90,000
93 243	Substance Abuse and Mental Health Services—Projects of Regional and National Significance				894,255	
93 268	Immunization Cooperative Agreements		Arizona Department of Health Services	ADHS13-041821	234,562	
93 283	Centers for Disease Control and Prevention—Investigation and Technical Assistance		Arizona Department of Health Services	ADHS13-029607, 14-064601, 13-042811	530,459	444,742

See accompanying notes to schedule.



**Pima County**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2014**

Federal agency/CFDA number	Federal program name	Cluster title	Pass-through grantor	Pass-through grantor's number	Program expenditures	Amount provided to subrecipients
97 067	Homeland Security Grant Program		Arizona Department of Homeland Security	77401-01; 777411- 02; 130426-01 thru 130426-02; 888409-04 999401-01 thru 999401-02; 999427-01 thru 999427-04	1,655,185	
	<b>Total Department of Homeland Security</b>				<u>2,419,143</u>	<u>357,396</u>
	<b>Total expenditures of federal awards</b>				<u>\$ 50,532,336</u>	<u>\$ 4,779,504</u>

See accompanying notes to schedule.

Pima County  
Notes to Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2014

Note 1 - Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Pima County and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Note 2 - Catalog of Federal Domestic Assistance (CFDA) Number

The program titles and CFDA numbers were obtained from the federal or pass-through grantor or the 2014 *Catalog of Federal Domestic Assistance*. When no CFDA number had been assigned to a program, the two-digit federal agency identifier, and the federal contract number were used. When there was no federal contract number, the two-digit federal agency identifier, and the word "unknown" were used.

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Pima County  
 Schedule of Findings and Questioned Costs  
 Year Ended June 30, 2014

**Summary of Auditors' Results**

**Financial Statements**

Type of auditors' report issued:		Unmodified	
Internal control over financial reporting:	<b>Yes</b>	<b>No</b>	
Material weakness identified?	_____	<u>  X  </u>	
Significant deficiency identified?	_____	<u>  X  </u> (None reported)	
Noncompliance material to the financial statements noted?	_____	<u>  X  </u>	

**Federal Awards**

Internal control over major programs:			
Material weakness identified?	<u>  X  </u>	_____	
Significant deficiency identified?	_____	<u>  X  </u> (None reported)	
Type of auditors' report issued on compliance for major programs: Unmodified for all major programs except for the Special Supplemental Nutrition Program for Women, Infants, and Children (10.557), which was adverse.			
Any audit findings disclosed that are required to be reported in accordance with Circular A-133 (section .510[a])?	<u>  X  </u>	_____	

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children
14.218	Community Development Services Block Grants/Entitlement Grants
14.256	ARRA—Neighborhood Stabilization Program (Recovery Act Funded)
14.267	Continuum of Care Program
15.226	Payments in Lieu of Taxes
	WIA Cluster:
17.258	WIA Adult Program
17.259	WIA Youth Activities
17.278	WIA Dislocated Worker Formula Grants
20.205	Highway Planning and Construction



Pima County  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2014

## Financial Statement Findings

The 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* was separately issued.

## Federal Award Findings and Questioned Costs

### **2014-101**

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<b>CFDA No. and Name:</b>	10.557 <b>Special Supplemental Nutrition Program for Women, Infants, and Children</b>
<b>Award Numbers and Years:</b>	ADHS14-053080; October 2012 through September 2014
<b>Federal Agency:</b>	<b>Department of Agriculture</b>
<b>Pass-through Grantor</b>	Arizona Department of Health Services
<b>Compliance Requirement:</b>	Allowable Costs/Cost Principles
<b>Questioned Costs:</b>	\$1,679,894

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**Criteria:** According to 2 Code of Federal Regulations (CFR) Part 225, Appendix B, when employees work on multiple activities, budget estimates or other distribution percentages determined before the services are performed do not qualify as support for charges to federal awards but may be used for interim accounting purposes, provided that the County's system for establishing the estimates produces reasonable approximations of the activity actually performed, and at least quarterly, comparisons of actual costs to budgeted distributions are made.

**Condition and Context:** The County spent 99 percent, or \$1,679,894, of program monies during the year for salaries and benefits of employees who contributed effort to the program. Because these employees worked on several closely related programs during the year, the County charged employees' effort across activities using estimates based on predetermined distribution percentages. However, the County could not provide supporting documentation showing that its estimates produced reasonable approximations of the activity actually performed, and could not provide any comparisons of actual costs to its estimated amounts.

**Effect:** The County could not demonstrate that it had fully complied with the allowable costs/cost principles requirements. This finding has the potential to affect other federal programs the County administers.

**Cause:** Because of turnover in the department administering this program, the department did not comply with county-wide policies prohibiting the use of predetermined payroll allocations and was not aware of federal requirements when using predetermined payroll allocations.

Pima County  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2014

Recommendation: To help ensure the County complies with 2 CFR Part 225, Appendix B, when it uses predetermined payroll allocations, the County should maintain documentation to show that its system for establishing estimates for salaries and wages charged to the program produces reasonable approximations of the activity actually performed. Further, the County should maintain documentation to show that it performs comparisons of actual costs to estimated distributions at least quarterly.



DEPARTMENT OF FINANCE AND RISK MANAGEMENT

March 18, 2015

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

Dear Ms. Davenport

The following corrective plan has been prepared as required by the U.S. Office of Management and Budget Circular A-133. Specifically, we are providing you with the name of the contact person responsible for corrective action, the corrective action planned, and the anticipated completion date for each audit finding included in the current year's schedule of findings and questioned costs.

Sincerely,

Thomas E. Burke, Director  
Department of Finance and Risk Management

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Thomas E. Burke, Director

130 W. Congress Street, 10<sup>th</sup> Floor, Tucson, Arizona 85701-1317 Ph: (520)-724-3030 Fax: (520) 770-4173

**Pima County, Arizona**  
Corrective Action Plan  
Year Ended June 30, 2014

**2014-101**

<b>CFDA No. and Name:</b>	10.557 Special Supplemental Nutrition Program Women, Infants and Children
<b>Award Numbers and Years:</b>	ADHS14-053080; October 1, 2012 through September 30, 2014
<b>Federal Agency:</b>	<b>Department of Agriculture</b>
<b>Pass-through Grantor:</b>	Arizona Department of Health Services
<b>Compliance Requirement:</b>	Allowable Costs/Cost Principles
<b>Questioned Costs:</b>	\$1,679,894

**Contact Person:** Marilyn Hutzler, Grants Manager, Finance and Risk Management

**Anticipated completion date:** June 2015

**Response:** Pima County agrees with the finding. The Grants Division completed and implemented procedures to fully correct payroll errors. A comprehensive review and reconciliation of previously reported payroll estimates has occurred and beginning July 1, 2014 the new process was in place. All required supporting documentation will be included and maintained.



## PIMA COUNTY

### DEPARTMENT OF FINANCE AND RISK MANAGEMENT

March 18, 2014

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

Dear Ms. Davenport,

The following summary schedule of prior audit findings has been prepared as required by the U.S. Office of Management and Budget Circular A-133. Specifically, we are reporting the status of audit findings included in the prior audit's schedule of findings and questioned costs related to federal awards.

Sincerely,

Thomas Burke, Director  
Department of Finance and Risk Management

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Thomas E. Burke, Director

130 W. Congress Street, 10<sup>th</sup> Floor, Tucson, Arizona 85701-1317 Ph: (520)-724-3030 Fax: (520) 770-4173

PIMA COUNTY  
Schedule of Prior Year Audit Findings  
Year ended June 30, 2014

**2013-101**

**CFDA No. and Name:** Not Applicable  
**Questioned Costs:** None  
**Status:** Partially corrected

Changes in senior management and updated procedures have been set in place. These changes continue to be ongoing with regard to preparation of the SEFA. The changes include increased scrutiny over the process, and review of the grant applications, contracts, and activities.

**2013-102**

**CFDA No. and Name:** 10.557 Special Supplemental Nutrition Program for Women, Infants and Children  
**Award Numbers and Years:** HG50272: October 1, 2012 through September 30, 2013  
**Federal Agency:** **Department of Agriculture**  
**Pass-through Grantor:** Arizona Department of Health Services  
**Compliance Requirement:** Allowable Costs/Cost Principles  
**Questioned Costs:** Unknown  
**Status:** Partially corrected

A comprehensive review of applicable procedures was completed in Fiscal Year 2014, and implemented on July 1, 2014. The procedures that were put in place were reviewed and approved by the grants supervisory staff and meet the required supporting documentation going forward.

**2013-103**

**CFDA No. and Name:** 14.256 ARRA-Neighborhood Stabilization Program (Recovery Act Funded)  
**Award Numbers and Years:** B-09-CN-AZ-0051 February 11, 2010 through February 11, 2013  
**Federal Agency:** **Department of Housing and Urban Development**  
**Compliance Requirement:** Reporting  
**Questioned Costs:** None  
**Status:** Fully Corrected

PIMA COUNTY  
Schedule of Prior Year Audit Findings  
Year ended June 30, 2014

Over the past year, additional processes were put into place where understanding of the procedures and validation of proper review and approval prior to entry into the DRGR. Reconciliation for all vouchers and activities was completed by June 30, 2014 and reconciled to the County's accounting system and all activities had been corrected within DRGR.

**2013-104**

**CFDA No. and Name:** 14.256 ARRA-Neighborhood Stabilization Program (Recovery Act Funded)  
**Award Numbers and Years:** B-09-CN-AZ-0051 February 11, 2010 through February 11, 2013  
**Federal Agency:** **Department of Housing and Urban Development**  
**Compliance Requirement:** Special Tests and Provisions  
**Questioned Costs:** \$31,323  
**Status:** Fully corrected

**2013-105**

**CFDA No. and Name:** 14.235 Supportive Housing Program  
**Award Numbers and Years:** AZ0026B97011104, AZ0039B9T011104, AZ0042B9T011104, AZ0027B9T011104, AZ0032B9T011104, AZ0036B9T011104 April 1, 2012 to June 30, 2013  
**Federal Agency:** **Department of Housing and Urban Development**  
**Compliance Requirement:** Reporting  
**Questioned Costs:** None  
**Status:** Fully corrected