Financial Audit Division
Single Audit

Pima County
Year Ended June 30, 2010
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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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
Independent Auditors' Report on Compliance with Requirements
That Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133

Members of the Arizona State Legislature
The Board of Supervisors of Pima County, Arizona

Compliance

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, 2010. The County’s major federal programs are identified in the Summary of Auditors’ Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County’s management. Our responsibility is to express an opinion on the County’s compliance based on our audit.

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. Our audit does not provide a legal determination of the County’s compliance with those requirements.

As described in item 10-101 in the accompanying Schedule of Findings and Questioned Costs, the County did not comply with requirements regarding allowable costs/cost principles that are applicable to its ARRA—Recovery Act—Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories. Compliance with such requirements is necessary, in our opinion, for the County to comply with the requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, Pima 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 major federal programs for the year ended June 30, 2010. The
results of our auditing procedures also disclosed other instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133, and that are described in the accompanying Schedule of Findings and Questioned Costs as items 10-102, 10-103, 10-104, and 10-105.

Internal Control over Compliance

The County’s management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County’s internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance 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 significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified a deficiency in internal control over compliance that we consider to be a material weakness and other deficiencies that we consider to be 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 10-101 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 deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 10-102, 10-103, 10-104, and 10-105 to be significant deficiencies.

Schedule of Expenditures of Federal Awards

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, 2010, and have issued our report thereon dated December 17, 2010. Our report was modified to include a reference to our reliance on other auditors and as to consistency because of the implementation of Governmental Accounting Standards Board Statement No. 54. 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 OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Pima County’s responses to the findings identified in our audit are presented on pages 19 through 21. We did not audit the County’s responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the members of the Arizona State Legislature, the Board of Supervisors, management, others within the County, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.

Jay Zsorey, CPA
Financial Audit Director

March 28, 2011, except for the
Schedule of Expenditures of Federal Awards,
for which the date is December 17, 2010
## Schedule of Expenditures of Federal Awards

Year Ended June 30, 2010

<table>
<thead>
<tr>
<th>Federal Grantor/Pass-Through Grantor/Program Title</th>
<th>CFDA Number</th>
<th>Pass-Through Grantor’s Number</th>
<th>Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>U.S. Office of National Drug Control Policy</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>High Intensity Drug Trafficking Areas</td>
<td>07.I5PSAP549Z</td>
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<td>$ 13,362</td>
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<tr>
<td>High Intensity Drug Trafficking Areas</td>
<td>07.G09SA0002A</td>
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<td>1,525,013</td>
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<td>High Intensity Drug Trafficking Areas</td>
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<td>Passed through the Arizona Criminal Justice Commission</td>
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<td>High Intensity Drug Trafficking Areas</td>
<td>07.I7PSAP549Z</td>
<td>HT17-07-2710, HT-07-1411, HT17-07-0211</td>
<td>54,041</td>
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<tr>
<td></td>
<td>07.I8PSAP549Z</td>
<td>HT18-08-0211, HT18-08-1411, HT18-08-0310, HT18-08-2011, HT18-08-0110, HT18-08-2710, HT18-08-0713</td>
<td>496,159</td>
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<tr>
<td><strong>Total U.S. Office of National Drug Control Policy</strong></td>
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<td>2,234,544</td>
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<tr>
<td><strong>U.S. Department of Agriculture</strong></td>
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<tr>
<td>Passed through the Arizona Department of Education</td>
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<tr>
<td>Child Nutrition Cluster:</td>
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<td></td>
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</tr>
<tr>
<td>School Breakfast Program</td>
<td>10.553</td>
<td>ED09-0001</td>
<td>68,020</td>
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<tr>
<td>National School Lunch Program</td>
<td>10.555</td>
<td>ED09-0001</td>
<td>131,209</td>
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<tr>
<td><strong>Total Child Nutrition Cluster</strong></td>
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<td>199,229</td>
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<tr>
<td>Passed through the Arizona Department of Health Services</td>
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<tr>
<td>Special Supplemental Nutrition Program for Women, Infants, and Children</td>
<td>10.557</td>
<td>HG861087, HG50005</td>
<td>1,877,153</td>
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<tr>
<td>Commodity Supplemental Food Program</td>
<td>10.565</td>
<td>HG861194</td>
<td>126,259</td>
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<tr>
<td>WIC Farmers’ Market Nutrition Program (FMNP)</td>
<td>10.572</td>
<td>HG861329</td>
<td>5,000</td>
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<tr>
<td>Passed through the Arizona State Treasurer</td>
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<tr>
<td>Schools and Roads—Grants to States</td>
<td>10.665</td>
<td>NFF</td>
<td>401,609</td>
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<tr>
<td><strong>Total U.S. Department of Agriculture</strong></td>
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<td>2,609,250</td>
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<tr>
<td><strong>U.S. Department of Housing and Urban Development</strong></td>
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<tr>
<td>CDBG—Entitlement Grants Cluster:</td>
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<tr>
<td>Community Development Block Grants/Entitlement Grants</td>
<td>14.218</td>
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<td>3,796,520</td>
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<td>ARRA—Community Development Block Grant ARRA Entitlement Grants (CDBG-R) Recovery Act Funded</td>
<td>14.253</td>
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<td>695,454</td>
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<td><strong>Total CDBG—Entitlement Grants Cluster</strong></td>
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<td>4,493,974</td>
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<td>Emergency Shelter Grants Program</td>
<td>14.231</td>
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<td>89,858</td>
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<td>Supportive Housing Program</td>
<td>14.235</td>
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<td>2,072,033</td>
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<tr>
<td>Passed through the City of Tucson</td>
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<tr>
<td>HOME Investment Partnerships Program</td>
<td>14.239</td>
<td>0046-08</td>
<td>172,590</td>
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<tr>
<td>Housing Opportunities for Persons with AIDS</td>
<td>14.241</td>
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<td>431,673</td>
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<tr>
<td>ARRA—Neighborhood Stabilization Program (Recovery Act Funded)</td>
<td>14.256</td>
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<td>54,920</td>
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<tr>
<td>ARRA—Homeless Prevention and Rapid Re-Housing Program (HPRRP) (Recovery Act Funded)</td>
<td>14.257</td>
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<td>191,482</td>
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<td><strong>Total U.S. Department of Housing and Urban Development</strong></td>
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<td>7,506,530</td>
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<tr>
<td><strong>U.S. Department of the Interior</strong></td>
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<tr>
<td>Bureau of Land Management-Law Enforcement</td>
<td>15.DAU</td>
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<td>15,000</td>
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<td>Sonoran Desert Conservation Plan</td>
<td>15.FFB</td>
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<td>15,818</td>
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<tr>
<td>Payments in Lieu of Taxes</td>
<td>15.226</td>
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<td>2,849,018</td>
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<td>Passed through the Arizona State Treasurer</td>
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<tr>
<td>Distribution of Receipts to State and Local Governments</td>
<td>15.227</td>
<td>TAYLO</td>
<td>7,104</td>
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</table>

See accompanying notes to schedule.

(Continued)
Pima County
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2010
(Continued)

<table>
<thead>
<tr>
<th>Federal Grantor/Pass-Through Grantor/Program Title</th>
<th>CFDA Number (Note 2)</th>
<th>Pass-Through Grantor’s Number</th>
<th>Expenditures</th>
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</thead>
<tbody>
<tr>
<td>Passed through the Arizona Fish and Game Commission</td>
<td>15.231</td>
<td>201819G570, 201819G569</td>
<td>$ 20,753</td>
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<td>Fish, Wildlife and Plant Conservation Resource Management</td>
<td>15.231</td>
<td>P0012008005134</td>
<td>106,734</td>
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<td>Cooperative Endangered Species Conservation Fund</td>
<td>15.615</td>
<td>201819G570, 201819G569</td>
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<td>Total U.S. Department of the Interior</td>
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<td>3,014,427</td>
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**U.S. Department of Justice**

<table>
<thead>
<tr>
<th>Federal Equitable Sharing Program</th>
<th>16.unknown</th>
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<th>372,881</th>
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<tbody>
<tr>
<td>Passed through the Arizona Governor’s Office for Children, Youth and Families, Division for Community and Youth Development</td>
<td>16.523</td>
<td>JB-CSG-08-9273-08, JB-CSG-09-0273-08, JB-CSG-10-1273-09</td>
<td>79,212</td>
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<tr>
<td>Juvenile Accountability Block Grants</td>
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<tr>
<td>Passed through the Arizona Governor’s Office for Children, Youth and Families, Division for Children</td>
<td>16.540</td>
<td>J5-CSG-08-8335-00Y2, J5-CSG-08-8335-00Y3, J2CSG-07-8182-10Y3</td>
<td>142,409</td>
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<tr>
<td>Juvenile Justice and Delinquency Prevention Allocation to States</td>
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<tr>
<td>Passed through the National Court Appointed Special Advocate Association</td>
<td>16.547</td>
<td>AZ10770-09-0709-E12</td>
<td>29,927</td>
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<tr>
<td>Victims of Child Abuse</td>
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</tr>
<tr>
<td>Passed through the Arizona Department of Public Safety</td>
<td>16.575</td>
<td>2009-214</td>
<td>123,807</td>
</tr>
<tr>
<td>Crime Victim Assistance</td>
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<td></td>
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</tr>
<tr>
<td>Passed through the Arizona Criminal Justice Commission</td>
<td>16.576</td>
<td>VC-10-059</td>
<td>205,608</td>
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<tr>
<td>Crime Victim Compensation</td>
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<tr>
<td>Passed through the City of Tucson</td>
<td>16.579</td>
<td>0277-05</td>
<td>328,231</td>
</tr>
<tr>
<td>Edward Byrne Memorial Formula Grant Program</td>
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<td></td>
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<tr>
<td>Passed through the Arizona Governor’s Office for Children, Youth and Families, Division for Women</td>
<td>16.588</td>
<td>2006-WF-AX-007, ST-WSG-09-9365-17, ST-WSG-09-9365-09, ST-WSG-07-7365-10 Y2</td>
<td>350,126</td>
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<tr>
<td>Violence Against Women Formula Grants</td>
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<tr>
<td>Rural Domestic Violence, Dating Violence, Sexual Assault, and Stalking Assistance Program</td>
<td>16.589</td>
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<td>153,484</td>
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<tr>
<td>The Community-Defined Solutions to Violence Against Women Grant Program</td>
<td>16.590</td>
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<td>544,214</td>
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<td>State Criminal Alien Assistance Program</td>
<td>16.606</td>
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<td>1,092,733</td>
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<td>Public Safety Partnership and Community Policing Grants</td>
<td>16.710</td>
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<td>247,483</td>
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<tr>
<td>Passed through the Arizona Governor’s Office of Highway Safety</td>
<td>16.727</td>
<td>2007-OJUDP-007</td>
<td>17,500</td>
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<tr>
<td>Enforcing Underage Drinking Laws Program</td>
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<tr>
<td>Passed through the City of Tucson</td>
<td>16.738</td>
<td>16634</td>
<td>185,719</td>
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<tr>
<td>Edward Byrne Memorial Justice Assistance Grant Program</td>
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<tr>
<td>Passed through the Arizona Criminal Justice Commission</td>
<td>16.738</td>
<td>DC-10-028, DC-10-010</td>
<td>183,797</td>
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<tr>
<td>Edward Byrne Memorial Justice Assistance Grant Program</td>
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<tr>
<td>Total Edward Byrne Memorial Justice Assistance Grant Program</td>
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<td>369,516</td>
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<tr>
<td>Criminal and Juvenile Justice and Mental Health Collaboration Program</td>
<td>16.745</td>
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<td>68,548</td>
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<tr>
<td>Passed through the Arizona Department of Public Safety</td>
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</tbody>
</table>

See accompanying notes to schedule.
### Pima County
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2010
(Continued)

<table>
<thead>
<tr>
<th>Federal Grantor/Pass-Through Grantor/Program Title</th>
<th>CFDA Number (Note 2)</th>
<th>Pass-Through Grantor’s Number</th>
<th>Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Passed through the Arizona Criminal Justice Commission</td>
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</tr>
<tr>
<td>ARRA—Recovery Act—Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories</td>
<td>16.803</td>
<td>DC-10-041, DC-10-048</td>
<td>$ 751,071</td>
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<tr>
<td>Passed through the City of Tucson</td>
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<tr>
<td>ARRA—Recovery Act—Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government</td>
<td>16.804</td>
<td>16636</td>
<td>643,613</td>
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<tr>
<td>ARRA—Recovery Act—State and Local Law Enforcement Assistance Program: Combating Criminal Narcotics Activity Stemming From the Southern Border of the United States Competitive Grant Program</td>
<td>16.809</td>
<td></td>
<td>715,463</td>
</tr>
<tr>
<td>Total U.S. Department of Justice</td>
<td></td>
<td></td>
<td>6,505,035</td>
</tr>
</tbody>
</table>

### U.S. Department of Labor
WIA Cluster:

Passed through the Arizona Department of Economic Security

| WIA Adult Program | 17.258 | DE081301001, DE091209001 | 1,886,573 |
| WIA—WIA Adult Program | 17.258 | DE101050001 | 757,516 |
| Total WIA Adult Program | | | 2,644,089 |
| WIA Youth Activities | 17.259 | DE081301001 | 1,608,206 |
| WIA—WIA Youth Activities | 17.259 | DE101050001 | 1,075,484 |
| Total WIA Youth Activities | | | 2,683,690 |
| WIA Dislocated Workers | 17.260 | DE070302001, DE081301001, DE091209001 | 1,859,084 |
| WIA—WIA Dislocated Workers | 17.260 | DE101050001 | 2,560,600 |
| Total WIA Dislocated Workers | | | 4,509,684 |
| Total WIA Cluster | | | 9,837,463 |

WIA Pilots, Demonstrations, and Research Projects

| 17.261 | | | 118,981 |

Passed through the Arizona Department of Commerce

| H-1B Job Training Grants | 17.268 | G021-08 | 4,120,366 |
| Community Based Job Training Grants | 17.269 | | 607,252 |
| Veterans’ Employment Program | 17.802 | | 456,664 |
| Homeless Veterans Reintegration Project | 17.805 | | 264,655 |
| Total U.S. Department of Labor | | | 15,405,391 |

### U.S. Department of Transportation

| Highway Planning and Construction | 20.205 | | 227,258 |

Passed through the Arizona Department of Transportation

| Highway Planning and Construction | 20.205 | SL541-01X, JPA 10-003T, SL525-01X/02D, SS713 01C | 95,198 |
| ARRA—Highway Planning and Construction | 20.205 | SS740 01C, SS 740 RRD & 01C, SS738 RRD, 01C, SL 553 01C | 4,597,726 |
| Total Highway Planning and Construction | | | 4,920,182 |

Passed through the City of Tucson

| Job Access-Reverse Commute | 20.516 | 0228-05 | 105,712 |

Passed through the Arizona Governor’s Office of Highway Safety

| State and Community Highway Safety | 20.600 | 2010-PT-059 | 55,395 |
| Alcohol Impaired Countermeasures Incentive Grant | 20.601 | 2008-HV-001, 2010-HVE-004, 2010-410-HVE-002 | 266,131 |
| Alcohol Open Container Requirements | 20.605 | 2010-163-012 | 20,000 |

(Continued)

See accompanying notes to schedule.
Federal Grantor/Pass-Through Grantor/Program Title | CFDA Number (Note 2) | Pass-Through Grantor's Number | Expenditures
--- | --- | --- | ---
Passed through the Arizona Emergency Response Commission Interagency Hazardous Materials Public Sector Training and Planning Grants | 20.703 | None | 5,728
Total U.S. Department of Transportation | | | 5,392,240

U.S. Department of Treasury Federal Equitable Sharing Program | 21.unknown | | 17,853
State and Local Overtime and Authorized Expense Program | 21.unknown | | 45,170
Total U.S. Department of Treasury | | | 63,023


U.S. Environmental Protection Agency Air Pollution Control Program Support | 66.001 | | 511,415
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act | 66.034 | | 94,894
Passed through Water Infrastructure Finance Authority of Arizona ARRA—Capitalization Grants for Clean Water State Revolving Funds | 66.458 | 91A115-10 | 2,000,000
Brownfields Assessment and Cleanup Cooperative Agreements | 66.818 | | 58,921
Total U.S. Environmental Protection Agency | | | 2,665,230

U.S. Department of Energy Passed through the Arizona Department of Commerce Weatherization Assistance for Low-Income Persons | 81.042 | C051-09-07 | 45,544
ARRA—Weatherization Assistance for Low-Income Persons | 81.042 | C037-09-07 | 408,708
Total Weatherization Assistance Program for Low-Income Persons | | | 454,252
Passed through the City of Tucson ARRA—Energy Efficiency and Renewable Energy Information Dissemination, Outreach Training and Technical Assistance Analysis/Assistance | 81.117 | 16770 | 8,638
ARRA—Energy Efficiency and Conservation Block Grant Program | 81.128 | | 224,165
Total U.S. Department of Energy | | | 687,055

U.S. Department of Education Passed through the Arizona Department of Education Adult Education—Basic Grants to States | 84.002 | V002A0900003 | 87,742
Title I Part A Cluster: Title I Grants to Local Educational Agencies | 84.010 | S010A0900003 | 68,812
Passed through the Arizona Supreme Court Title I Grants to Local Educational Agencies | 84.010 | None | 104,889
ARRA—Title I Grants to Local Educational Agencies, Recovery Act | 84.389 | S389A0900003 | 60,167
Total Title I Part A Cluster | | | 233,868
Special Education Cluster: Passed through the Arizona Department of Education Special Education—Grants to States | 84.027 | H027A0900007 | 73,053

See accompanying notes to schedule.
## Pima County
### Schedule of Expenditures of Federal Awards
#### Year Ended June 30, 2010

(Continued)

<table>
<thead>
<tr>
<th>Federal Grantor/Pass-Through Grantor/Program Title</th>
<th>CFDA Number (Note 2)</th>
<th>Pass-Through Grantor's Number</th>
<th>Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td>ARRA—Special Education Grants to States, Recovery Act</td>
<td>84.391</td>
<td>H391A0900007</td>
<td>$39,474</td>
</tr>
<tr>
<td>Total Special Education Cluster</td>
<td></td>
<td></td>
<td>$112,527</td>
</tr>
<tr>
<td>Indian Education—Grants to Local Educational Agencies</td>
<td>84.060</td>
<td>None</td>
<td>4,511</td>
</tr>
<tr>
<td>Fund for the Improvement of Education</td>
<td>84.215</td>
<td></td>
<td>366,765</td>
</tr>
<tr>
<td>Passed through the Arizona Department of Education</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tech-Prep Education</td>
<td>84.243</td>
<td>V243A0900003</td>
<td>200,902</td>
</tr>
<tr>
<td>Twenty-First Century Learning Centers</td>
<td>84.287</td>
<td>S287C0900003</td>
<td>54,982</td>
</tr>
<tr>
<td>Education Technology State Grants</td>
<td>84.318</td>
<td>S318X0900005</td>
<td>1,070,564</td>
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<tr>
<td>Reading First State Grants</td>
<td>84.357</td>
<td>S357A0900003</td>
<td>279,919</td>
</tr>
<tr>
<td>English Language Acquisition Grants</td>
<td>84.365</td>
<td>S365A0900003</td>
<td>55,814</td>
</tr>
<tr>
<td>Mathematics and Science Partnerships</td>
<td>84.366</td>
<td>S366B0900003</td>
<td>238,017</td>
</tr>
<tr>
<td>Improving Teacher Quality State Grants</td>
<td>84.367</td>
<td>S281A0900003, S3281A090000349</td>
<td>105,187</td>
</tr>
<tr>
<td>Passed through the Arizona Supreme Court</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Improving Teacher Quality State Grants</td>
<td>84.367</td>
<td>None</td>
<td>31,206</td>
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<tr>
<td>Total Improving Teacher Quality State Grants</td>
<td></td>
<td></td>
<td>136,393</td>
</tr>
<tr>
<td>Passed through the Arizona Department of Education</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>ARRA—Education for Homeless Children and Youth, Recovery Act</td>
<td>84.387</td>
<td>S387A0900003</td>
<td>3,885</td>
</tr>
<tr>
<td>ARRA—State Fiscal Stabilization Fund (SFSF)—Education State Grants, Recovery Act</td>
<td>84.394</td>
<td>HR1, GOER-FY2010-506-E</td>
<td>304,383</td>
</tr>
<tr>
<td>Total U.S. Department of Education</td>
<td></td>
<td></td>
<td>3,150,272</td>
</tr>
</tbody>
</table>

### Elections Assistance Commission (EAC)

Passed through the Arizona Secretary of State

| Help America Vote Act Requirements Payments | 90.401 | None | 58,275 |

### U.S. Department of Health and Human Services

Passed through the Pima Council on Aging

| Special Programs for the Aging—Title III, Part D—Disease Prevention and Health Promotion Services | 93.043 | 142192 | 22,662 |
| Special Programs for the Aging—Title III, Part B—Grants for Supportive Services and Senior Centers | 93.044 | 07-15-P-142230-0709 | 907,524 |
| National Family Caregiver Support, Title III, Part E | 93.052 | 07-15-P-142230-0709 | 245,544 |

Passed through the Arizona Department of Health Services

| Public Health Emergency Preparedness | 93.069 | HG754202 | 1,809,159 |
| Project Grants and Cooperative Agreements for Tuberculosis Control Programs | 93.116 | HG852307 | 72,910 |

Passed through the Arizona Family Planning Council

| Family Planning—Services | 93.217 | 02-01-A-141806-0109, 02-01-A-142703-0110 | 789,746 |

Substance Abuse and Mental Health Services—Projects of Regional and National Significance

| 93.243 | 207,087 |

Passed through the University of Arizona

Substance Abuse and Mental Health Services—Projects of Regional and National Significance

| 93.243 | V909-380-101, V910-380-101 | 17,940 |

Passed through the Southern Arizona AIDS Foundation

Substance Abuse and Mental Health Services—Projects of Regional and National Significance

| 93.243 | 306,936 |

See accompanying notes to schedule.
<table>
<thead>
<tr>
<th>Federal Grantor/Pass-Through Grantor/Program Title</th>
<th>CFDA Number (Note 2)</th>
<th>Pass-Through Grantor's Number</th>
<th>Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Passed through the Arizona Department of Health Services</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Immunization Grants</td>
<td>93.268</td>
<td>HG854291</td>
<td>$ 178,045</td>
</tr>
<tr>
<td>Centers for Disease Control and Prevention—Investigation and Technical Assistance</td>
<td>93.283</td>
<td>HG761267</td>
<td>437,018</td>
</tr>
<tr>
<td>Passed through the Arizona Department of Economic Security</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Temporary Assistance for Needy Families</td>
<td>93.558</td>
<td>E6306007</td>
<td>774,955</td>
</tr>
<tr>
<td>Child Support Enforcement</td>
<td>93.563</td>
<td>DE11163001, 060756-1</td>
<td>816,781</td>
</tr>
<tr>
<td>Low-Income Home Energy Assistance</td>
<td>93.568</td>
<td>E6306007</td>
<td>1,352,157</td>
</tr>
<tr>
<td>Passed through the Arizona Department of Commerce</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Low-Income Home Energy Assistance</td>
<td>93.568</td>
<td>C052-09-07</td>
<td>68,420</td>
</tr>
<tr>
<td>Total Low-Income Home Energy Assistance</td>
<td></td>
<td></td>
<td>1,420,577</td>
</tr>
<tr>
<td>Community Services Block Grant Cluster:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Passed through the Arizona Department of Economic Security</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Community Services Block Grant</td>
<td>93.569</td>
<td>E6306007</td>
<td>838,570</td>
</tr>
<tr>
<td>ARRA—Community Services Block Grant</td>
<td>93.710</td>
<td>E6306007</td>
<td>975,889</td>
</tr>
<tr>
<td>Total Community Services Block Grant Cluster</td>
<td></td>
<td></td>
<td>1,814,459</td>
</tr>
<tr>
<td>Social Services Block Grant</td>
<td>93.667</td>
<td>E6206009, E6306007</td>
<td>1,165,354</td>
</tr>
<tr>
<td>Passed through the Arizona Department of Health Services</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ARRA—Immunization</td>
<td>93.712</td>
<td>854291</td>
<td>15,014</td>
</tr>
<tr>
<td>ARRA—Prevention and Wellness—Communities Putting Prevention to Work Funding Opportunities Announcement (FOA)</td>
<td>93.724</td>
<td></td>
<td>137,999</td>
</tr>
<tr>
<td>Passed through the Arizona Department of Health Services</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance</td>
<td>93.944</td>
<td>HG652199</td>
<td>240,324</td>
</tr>
<tr>
<td>Preventive Health Services—Sexually Transmitted Diseases Control Grants</td>
<td>93.977</td>
<td>HG854318</td>
<td>167,597</td>
</tr>
<tr>
<td>Passed through the Arizona Family Planning Council</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Preventive Health Services—Sexually Transmitted Diseases Control Grants</td>
<td>93.977</td>
<td>02-01-A-141806-0109</td>
<td>3,136</td>
</tr>
<tr>
<td>Total Preventive Health Services—Sexually Transmitted Diseases Control Grants</td>
<td></td>
<td></td>
<td>170,733</td>
</tr>
<tr>
<td>Passed through the Arizona Department of Health Services</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Preventive Health and Health Services Block Grant</td>
<td>93.991</td>
<td>HG354374</td>
<td>62,274</td>
</tr>
<tr>
<td>Maternal and Child Health Services Block Grant to the States</td>
<td>93.994</td>
<td>HG861299</td>
<td>47,278</td>
</tr>
<tr>
<td>Total U.S. Department of Health and Human Services</td>
<td></td>
<td></td>
<td>11,435,292</td>
</tr>
</tbody>
</table>

**U.S. Department of Homeland Security**

| Passed through Arizona Department of Homeland Security Interoperable Emergency Communications Grant Program | 97.001 | 444408-03 | 33,275 |
| Passed through the Arizona Department of Emergency Management Pre-Disaster Mitigation (PDM) Competitive Grants | 97.017 | PDMC-PJ-09-AZ-2003-02 | 21,581 |
| Passed through the United Way Emergency Food and Shelter National Board Program | 97.024 | Phase 27-027200-015 | 164,438 |
| ARRA—Emergency Food and Shelter National Board Program | 97.024 | Phase AR-072200-015 | 80,329 |
| Passed through the Arizona Department of Emergency and Military Affairs Disaster Grants—Public Assistance (Presidentially Declared Disasters) | 97.036 | FEMA-1660, FEMA # 1477-DR-AZ | 1,403,541 |
| Emergency Management Performance Grants | 97.042 | None | 214,009 |

See accompanying notes to schedule.
### Schedule of Expenditures of Federal Awards

#### Year Ended June 30, 2010

(Continued)

<table>
<thead>
<tr>
<th>Federal Grantor/Pass-Through Grantor/Program Title</th>
<th>CFDA Number</th>
<th>Pass-Through Grantor's Number</th>
<th>Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Law Enforcement Terrorism Prevention Program (LETPP)</td>
<td>97.074</td>
<td>222416-04</td>
<td>$1,796</td>
</tr>
<tr>
<td>Total Homeland Security Grant Program Cluster</td>
<td></td>
<td></td>
<td>$2,342,485</td>
</tr>
<tr>
<td>Total U.S. Department of Homeland Security</td>
<td></td>
<td></td>
<td>$4,259,658</td>
</tr>
<tr>
<td>Total Expenditures of Federal Awards</td>
<td></td>
<td></td>
<td>$65,029,402</td>
</tr>
</tbody>
</table>

See accompanying notes to schedule.
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 2010 Catalog of Federal Domestic Assistance. When no CFDA number had been assigned to a program, the two-digit federal agency identifier, a period, and the federal contract number were used. When there was no federal contract number, the two-digit federal agency identifier, a period, and the word “unknown” were used.

Note 3 - Subrecipients

From the federal expenditures presented in the schedule, the County awarded the following to subrecipients:

<table>
<thead>
<tr>
<th>Program or Cluster Title</th>
<th>CFDA Number</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>High-Intensity Drug Trafficking Areas</td>
<td>07.15PSAP549Z</td>
<td>$12,868</td>
</tr>
<tr>
<td>Community Development Block Grants/Entitlement Grants</td>
<td>14.218</td>
<td>449,193</td>
</tr>
<tr>
<td>Housing Opportunities for Persons with AIDS</td>
<td>14.241</td>
<td>428,499</td>
</tr>
<tr>
<td>WIA Adult Program</td>
<td>17.258</td>
<td>11,355</td>
</tr>
<tr>
<td>H-1B Job Training Grants</td>
<td>17.268</td>
<td>1,201,801</td>
</tr>
<tr>
<td>Community Based Job Training Grants</td>
<td>17.269</td>
<td>240,311</td>
</tr>
<tr>
<td>Veterans’ Employment Program</td>
<td>17.802</td>
<td>15,478</td>
</tr>
<tr>
<td>Centers for Disease Control and Prevention—Investigation and Technical Assistance</td>
<td>93.283</td>
<td>161,262</td>
</tr>
<tr>
<td>Homeland Security Grant Program</td>
<td>97.067</td>
<td>312,763</td>
</tr>
</tbody>
</table>
Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified? No

Significant deficiencies identified? Yes

Noncompliance material to the financial statements noted? Yes

Federal Awards

Internal control over major programs:

Material weaknesses identified? Yes

Significant deficiencies identified? Yes

Type of auditors' report issued on compliance for major programs: Unqualified for all major programs except for the ARRA—Recovery Act—Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories, which was qualified.

Any audit findings disclosed that are required to be reported in accordance with Circular A-133 (section .510[a])? Yes

Identification of major programs:

<table>
<thead>
<tr>
<th>CFDA Number</th>
<th>Name of Federal Program or Cluster</th>
</tr>
</thead>
<tbody>
<tr>
<td>07.15PSAP549Z</td>
<td>High Intensity Drug Trafficking Areas</td>
</tr>
<tr>
<td>07.G09SA0002A</td>
<td></td>
</tr>
<tr>
<td>07.G10SA0002A</td>
<td></td>
</tr>
<tr>
<td>07.17PSAP549Z</td>
<td></td>
</tr>
<tr>
<td>07.18PSAP549Z</td>
<td></td>
</tr>
<tr>
<td>14.218</td>
<td>CDBG—Entitlement Grants Cluster:</td>
</tr>
<tr>
<td>14.253</td>
<td>ARRA—Community Development Block Grant ARRA Entitlement</td>
</tr>
<tr>
<td>14.235</td>
<td>Supportive Housing Program</td>
</tr>
<tr>
<td>15.226</td>
<td>Payments in Lieu of Taxes</td>
</tr>
<tr>
<td>16.803</td>
<td>ARRA—Recovery Act—Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories</td>
</tr>
<tr>
<td>CFDA Number</td>
<td>Name of Federal Program or Cluster</td>
</tr>
<tr>
<td>-------------</td>
<td>-----------------------------------</td>
</tr>
<tr>
<td>16.804</td>
<td>ARRA—Recovery Act—Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants To Units Of Local Government</td>
</tr>
<tr>
<td>17.258</td>
<td>WIA Adult Program</td>
</tr>
<tr>
<td>17.259</td>
<td>WIA Youth Activities</td>
</tr>
<tr>
<td>17.260</td>
<td>WIA Dislocated Workers</td>
</tr>
<tr>
<td>17.268</td>
<td>H-1B Job Training Grants</td>
</tr>
<tr>
<td>20.205</td>
<td>Highway Planning and Construction</td>
</tr>
<tr>
<td>66.458</td>
<td>ARRA—Capitalization Grants for Clean Water State Revolving Funds</td>
</tr>
<tr>
<td>81.128</td>
<td>ARRA—Energy Efficiency and Conservation Block Grant Program</td>
</tr>
<tr>
<td>84.394</td>
<td>ARRA—State Fiscal Stabilization Fund (SFSF)—Education State Grants, Recovery Act</td>
</tr>
</tbody>
</table>

Dollar threshold used to distinguish between Type A and Type B programs: $1,950,882

Auditee qualified as low-risk auditee? Yes No X

Other Matters

Auditee’s Summary Schedule of Prior Audit Findings required to be reported in accordance with Circular A-133 (section .315[b])? X
**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**

<table>
<thead>
<tr>
<th>10-101</th>
<th>CFDA No.: 16.803</th>
<th>ARRA—Recovery Act—Edward Byrne Memorial Justice Assistance Grant (JAG)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Program/Grants to States and Territories</td>
<td>U.S. Department of Justice</td>
</tr>
<tr>
<td></td>
<td>Passed through the Arizona Criminal Justice Commission</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Award Year: July 1, 2009 through June 30, 2010</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Award Number: DC-10-041, DC-10-048</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Allowable Costs/Cost Principles</td>
<td></td>
</tr>
</tbody>
</table>

**Criteria:** According to the *U.S. Department of Justice, Office of Justice Programs Financial Guide* and 2 Code of Federal Regulations Part 225, Appendix B, the County must require all employees working on federal programs and their supervisors to certify their time charged to that program. When employees work solely on a single federal program, they must prepare and sign at least semiannual certifications to support charges for their salaries, and have these certifications signed by supervisors with first-hand knowledge of the work performed. When employees work on multiple activities, a distribution of their salaries must be supported by at least monthly activity reports that reflect an after-the-fact distribution of each employee’s actual activity which must account for the total activity for which each employee is compensated. The employees and their direct supervisors must sign the activity reports.

**Condition and context:** The County spent a total of $751,000 in program monies during the year, all of which pertained to employees’ salaries and benefits who contributed effort to the program. However, for salaried employees who represented 75 percent of the program’s expenditures, the County did not prepare the required payroll certifications until late January 2011, after a review by the pass-through agency in May 2010 found the County’s procedures to be noncompliant and after our inquiry in January 2011.

**Effect:** The County could not demonstrate that it had fully complied with the allowable costs/cost principles requirements. The required certifications were prepared in January 2011, and the employees and their direct supervisors certified that their time and effort was spent on the program’s objectives. However, it was not practical to extend our audit procedures sufficiently to determine questioned costs, if any, that may have resulted from this finding. This finding is a material weakness in internal control over compliance and material noncompliance with the allowable costs/cost principles requirements.

**Cause:** The County was unaware that the required certifications were necessary for its salaried employees.
Recommendation: To help ensure that the County complies with the *Office of Justice Programs Financial Guide* and 2 Code of Federal Regulations Part 225, Appendix B, it should require all employees working solely on a single federal program to prepare and sign certifications at least semiannually to certify their time and effort spent on the federal program. When employees work on multiple activities, the County should require those employees to prepare and sign at least monthly activity reports that reflect and certify an after-the-fact distribution of each employee’s actual activity and account for the total activity for which each employee is compensated. Both certifications must also be signed by each employee’s direct supervisor with first-hand knowledge of the work performed.

10-102
CFDA No.: 20.205 Highway Planning and Construction
U.S. Department of Transportation
Award Year: July 1, 2009 through September 30, 2009
Award Number: DTFH68-08-E-00055
Davis-Bacon Act

Questioned Cost: None

Criteria: According to the County’s grant agreement and the Davis-Bacon Act, as set forth in 40 United States Code (USC) §3141 through §3144, the County must require all contractors and subcontractors that are awarded more than $2,000 in federal monies for construction and minor remodeling projects to pay wages at least equal to rates prevailing for similar projects in the area, as determined by the U.S. Secretary of Labor.

Condition and context: The County spent $227,258 in program monies during the year for drainage repairs on the Mt. Lemmon Highway. The County’s Department of Transportation, Maintenance and Operations Division was responsible for overseeing all projects associated with the Mt. Lemmon Highway; however, for one of the two contractors performing repairs, the County neglected to inform the contractor of the wage requirements. As a result, the Division did not monitor $18,672 in labor charges to determine if prevailing wage rates were paid to laborers and mechanics.

Effect: The County could not demonstrate that it had fully complied with the Davis-Bacon Act requirements. No questions costs resulted from this finding because the County and the contractor ensured that all laborers were paid the prevailing wage for this project after auditors found the deficiency. This finding is a significant deficiency in internal control over compliance and noncompliance with Davis-Bacon Act requirements.

Cause: The County did not have adequate policies and procedures in place to ensure that all Mt. Lemmon Highway Project construction contracts subject to Davis-Bacon Act requirements were consistently monitored.

Recommendation: To help ensure that the County complies with its grant agreement and Davis-Bacon Act requirements, it should ensure contractors and subcontractors that are awarded federal monies exceeding $2,000 pay employees the prevailing wage rates established by the U.S. Department of Labor. To accomplish this, the County should request and perform a timely review of contractors’ and subcontractors’ payroll certification reports to verify that prevailing wages were paid and conduct random
interviews of laborers and mechanics to validate the accuracy of the certified payrolls. If the County determines that the contractors or subcontractors did not pay prevailing wages, it should withhold payment until the requirements are met.

<table>
<thead>
<tr>
<th>10-103</th>
<th>CFDA No.: 66.458</th>
<th>ARRA—Capitalization Grants for Clean Water State Revolving Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>U.S. Environmental Protection Agency</td>
<td></td>
</tr>
<tr>
<td>Passed through the Water Infrastructure Financing Authority of Arizona</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Award Year: October 1, 2009 through September 30, 2010</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Award Number: 91A115-10</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Davis-Bacon Act</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Criteria: According to the County’s grant agreement and the Davis-Bacon Act, as set forth in 40 United States Code (USC) §3141 through §3144, the County must ensure that all contractors and subcontractors that are awarded more than $2,000 in federal monies for construction and minor remodeling projects pay wages at least equal to rates prevailing for similar projects in the area, as determined by the U.S. Secretary of Labor.

Condition and context: The majority of the County’s $2 million in federal program monies was awarded to contractors to construct new sewer infrastructure. The County required those contractors to comply with Davis-Bacon Act requirements and submit payroll certification reports demonstrating compliance; however, the County did not review those payroll certification reports to determine if prevailing wage rates were being paid to laborers and mechanics. In addition, the County never conducted random interviews of laborers and mechanics. In May 2010, after Water Infrastructure Financing Authority of Arizona, the pass-through entity, conducted a program review and made suggestions for improvement, the County began reviewing certifications and conducting interviews; however, auditors were informed that the County would not complete its reviews and interviews until February 2011.

Effect: The County could not demonstrate that it had fully complied with Davis-Bacon Act requirements. It was not practical to extend our auditing procedures sufficiently to determine questioned costs, if any, that may have resulted from this finding. This finding is a significant deficiency in internal control over compliance and noncompliance with Davis-Bacon Act requirements.

Cause: The County believed that the review process being performed by the prime contractor was adequate.

Recommendation: To help ensure that the County complies with Davis-Bacon Act requirements, it should ensure that contractors and subcontractors that are awarded federal monies exceeding $2,000 pay employees the prevailing wage rates established by the U.S. Department of Labor. To accomplish this, the County should review contractors’ and subcontractors’ payroll certification reports to verify that prevailing wages were paid and conduct random interviews of laborers and mechanics to validate the accuracy of the certified payrolls. If the County determines that the contractors or subcontractors did not pay prevailing wages, it should withhold payment until the requirements are met.
Pima County
Schedule of Findings and Questioned Costs
Year Ended June 30, 2010

10-104
CFDA No.: 84.394 ARRA—State Fiscal Stabilization Fund (SFSF)—Education State Grants, Recovery Act
U.S. Department of Education
Passed through the Arizona Department of Education
Award Year: 2010
Award Number: HR1, GOER-FY2010-506-E
Cash Management

Questioned Cost: None

Criteria: According to the Arizona Department of Education Grants Management External Guidelines, EX-22 Grants Management—Business Rules Districts section, when the County requests monies in advance for anticipated budget needs, it should request only enough to cover estimated costs for the next 30 days.

Condition and context: The County’s Pima Accommodation District received $57,414 in SFSF monies in advance; however, approximately $30,000 of that advance was not reported as spent within the 30-day required time frame. Instead, the County reported that it spent the monies up to 111 days after receiving the advance.

Effect: The County did not comply with the federal program’s cash management requirements. This finding is a significant deficiency in internal control over compliance and noncompliance with cash management requirements.

Cause: Since this was the first year that the County administered this program, it had not established adequate policies and procedures to ensure monies received in advance were spent for identifiable allowable expenditures within the 30-day required time frame.

Recommendation: The County should establish policies and procedures to ensure that SFSF monies received in advance are spent on allowable expenditures within 30 days after receiving the advance.

10-105
CFDA No.: 81.128 ARRA—Energy Efficiency and Conservation Block Grant
U.S. Department of Energy
Award Year: August 17, 2009 through June 30, 2010
Award Number: DE-EE0000852
Reporting

Questioned Cost: None

Criteria: According to the grant agreement and the Energy Independence and Security Act (EISA), Title V, Subtitle E, the County is required to prepare and submit quarterly progress reports of its receipt and expenditures of program monies and a separate report of American Recovery and Reinvestment Act (ARRA) monies.
Condition and context: The County spent a total of $224,165 during the fiscal year, all of which was ARRA monies. However, the County reported $0 in expenditures on its quarterly progress reports and understated expenditures by $68,285 and $78,534 on its 3rd and 4th quarter ARRA progress reports, respectively.

Effect: The County did not accurately report its federal program expenditures. This finding is a significant deficiency in internal control over compliance and noncompliance with reporting requirements.

Cause: The County did not have adequate policies and procedures in place to ensure that it accurately enters financial data into the required electronically-submitted quarterly progress reports.

Recommendation: To help ensure that the County accurately prepares its required quarterly progress reports, it should implement policies and procedures requiring an independent review of all information included on each progress report before electronically submitting the reports.
March 8, 2011

Ms. Davenport
Auditor General
2910 N 44th St., Suite 410
Phoenix, AZ 85018

Dear Ms. Davenport,

The following corrective action 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.

Very truly yours,

[Signature]

Thomas E. Burke, Director
Department of Finance & Risk Management
PIMA COUNTY
Corrective Action Plan
Year Ended June 30, 2010

10-101
CFDA No.: 16.803 Recovery Act – Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories
U.S. Department of Justice
Passed through Arizona Criminal Justice Commission
Award Year: July 1, 2009 through June 30, 2010
Award Number: DC-10-041, DC-10-048
Allowable Costs/Cost Principles
Questioned Cost: N/A

Contact Person: Dave Smutzer, Pima County Attorney Office
Anticipated Completion Date: Implemented February 2011
Response: Pima County agrees with the finding. Effective February 2011, the Pima County Attorney Office implemented an internal system to ensure that any salaried employees fully funded from federal grants must complete and submit semi-annual certifications. Certifications will be completed within 30 days of the end of the six month period to prevent any future recurrence of this finding.

10-102
CFDA No.: 20.205 Highway Planning and Construction
U.S. Department of Transportation
Award Year: July 1, 2009 through September 30, 2009
Award Number: DTFH68-08-E-00055
Davis-Bacon Act
Questioned Cost: Unknown

Contact Person: David Cummings, Pima County Department of Transportation
Anticipated Completion Date: Implemented February 2011
Response: Pima County agrees with this finding. During the Single Audit, the Department of Transportation’s contractor payrolls were requested, received, found in order and provided to the auditor. To prevent recurrence, the Department’s Job Order template has been modified to require identification of project funding (i.e., federal v. non-federal) in the scope of each Job Order issued so that the contractor is informed and the County monitors as required.

10-103
CFDA No.: 66.458 Capitalization Grants for Clean Water State Revolving Funds
U.S. Environmental Protection Agency
Passed through Water Infrastructure Financing Authority of Arizona (WIFA)
Award Year: October 1, 2009 through September 30, 2010
Award Number: 91A115-10
Davis-Bacon Act
Questioned Cost: Unknown

Contact Person: Jaime R. Rivera, Pima County Regional Wastewater Reclamation Department
Anticipated Completion Date: Implemented February 2011
Response: Pima County agrees with this finding. The Project Team performed a 100% verification of the Davis-Bacon Certified payrolls, conducted interviews with the contractor and subcontractors and found the contractors and subcontractors were in compliance. The Wastewater Department has included the Arizona Department of Transportation guidance on Federal Aid Compliance as an Appendix to the Department Project Management Manual. The Department will include an item in the project initiation checklist pointing to this appendix if a project receives any Federal Funds.
Contact Person: Ricky D. Hernández, Office of the Superintendent of Schools
Anticipated Completion Date: Implemented February 2011
Response: Pima County agrees with the finding. The Superintendent’s Office received the accelerated distribution of ARRA SFSF funding from the Arizona Department of Education, with limited guidance available on specific cash management requirements. Subsequent to receipt of the State’s written cash management guidance for this award, the Office implemented procedures consistent with ensuring that SFSF monies received in advanced are spent on allowable expenditures within 30 days after the receipt of any advance.

Contact Person: Marc Lynn, Pima County Facilities Management Department
Anticipated Completion Date: Implemented March 2011
Response: Pima County agrees with the finding. Pima County Facilities Management staff will implement internal control procedures to independently confirm that all information included in the progress reports is verified prior to submittal. Pima County Finance staff will review and approve any financial information for this grant’s quarterly progress reports prior to submittal by Pima County Facilities Management.
March 8, 2011

Ms. Davenport
Auditor General
2910 N 44th St., Suite 410
Phoenix, AZ 85018

Dear Ms. Davenport,

The following summary schedule of prior year 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.

Very truly yours,

Thomas E. Burke, Director
Department of Finance & Risk Management
Federal Award Findings and Questioned Costs

08-101  
CFDA No.: 10.557 Special Supplemental Nutrition Program for Women, Infants and Children (WIC)  
U.S. Department of Agriculture, passed through the Arizona Department of Health Services

Status: **Fully Corrected**

The County continues to train existing and new staff on proper documentation of income eligibility using the State’s WIC certification system. Additionally, the Arizona Department of Health Services has clarified documentation of adjunctive eligibility, incorporated into the on-line instructional materials, and implemented a statewide procedure as part of the Arizona WIC Program Policy & Procedure Manual, revised March 2011. Pima County continues to monitor staff performance on documenting adjunctive eligibility through regular internal reviews of Pima County WIC client records.