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

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Senator Rosanna Gabaldon
Senator David Livingston
Senator Juan Mendez
Senator Kelly Townsend
Senator Karen Fann (ex officio)

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Audit Staff

Donna Miller, Director
John Faulk, Manager

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Comprehensive Annual Financial Report

Independent auditors’ report on internal control over financial reporting and on compliance and other matters based on an audit of basic financial statements performed in accordance with Government Auditing Standards
Independent auditors' report on compliance for each major federal program; report on internal control over compliance; and report on schedule of expenditures of federal awards required by the Uniform Guidance

Members of the Arizona State Legislature

The Board of Supervisors of
Pima County, Arizona

Report on compliance for each major federal program

We have audited Pima County’s compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020. The County’s major federal programs are identified in the summary of auditors’ results section of the accompanying schedule of findings and questioned costs.

Management’s responsibility

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

Auditors’ responsibility

Our responsibility is to express an opinion on compliance for each of the County’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on internal control over compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

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

We have audited the financial statements of the County’s governmental activities, business-type activities, discretely presented component unit, each major fund, and aggregate remaining fund information as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the County’s basic financial statements. We issued our report thereon dated December 22, 2020, that contained unmodified opinions on those financial statements. Our report also included a reference to our reliance on other auditors. Our audit was conducted for the purpose of forming our opinions on the financial statements that collectively comprise the County’s basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of the County’s management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain
additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Lindsey A. Perry, CPA, CFE
Auditor General

March 10, 2021
Summary of auditors’ results

Financial statements

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

Internal control over financial reporting

Material weaknesses identified?  No

Significant deficiencies identified?  Yes

Noncompliance material to the financial statements noted?  No

Federal awards

Internal control over major programs

Material weaknesses identified?  No

Significant deficiencies identified?  None reported

Type of auditors’ report issued on compliance for major programs  Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR §200.516(a)?  No

Identification of major programs

<table>
<thead>
<tr>
<th>Assistance Listings number</th>
<th>Name of federal program or cluster</th>
</tr>
</thead>
<tbody>
<tr>
<td>14.218</td>
<td>CDBG—Entitlement Grants Cluster</td>
</tr>
<tr>
<td>21.019</td>
<td>Coronavirus Relief Fund</td>
</tr>
<tr>
<td>97.042</td>
<td>Emergency Management Performance Grants</td>
</tr>
</tbody>
</table>

Dollar threshold used to distinguish between Type A and Type B programs  $2,445,368

Auditee qualified as low-risk auditee?  Yes
Financial statement findings

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

Federal award findings and questioned costs

None reported.
<table>
<thead>
<tr>
<th>Program Title</th>
<th>Federal Award Amount Provided</th>
<th>Federal Award Number</th>
<th>Federal Award Description</th>
<th>Nature of Award Entitlement</th>
<th>Grant Number</th>
<th>Grant Total</th>
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<tbody>
<tr>
<td><strong>DEPARTMENT OF AGRICULTURE</strong></td>
<td></td>
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<tr>
<td>Participant Insect Research, Insectary Facility</td>
<td>$2,452</td>
<td>1140000000000000000</td>
<td>Arizona Department of Agriculture</td>
<td>Cicada Research</td>
<td>1140000000000000000</td>
<td>$2,452</td>
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<td><strong>DEPARTMENT OF HUMAN SERVICES</strong></td>
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<td>Community Development Block Grant Program</td>
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<td>14-26530122</td>
<td>Arizona Department of Human Services</td>
<td>Community Development</td>
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<td>Criminal Justice Assistance - Victim Services</td>
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<td>16-3209-3</td>
<td>Arizona Department of Justice</td>
<td>Criminal Justice</td>
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<td>Victim Assistance Program</td>
<td>$14,963</td>
<td>16-3209-3</td>
<td>Arizona Department of Justice</td>
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<td>Airport Improvement Program</td>
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<tr>
<td><strong>DEPARTMENT OF WILDLIFE</strong></td>
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<td>Wildlife Management Program</td>
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<td>17-12530122</td>
<td>Arizona Department of Wildlife</td>
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<td><strong>DEPARTMENT OF WILDLIFE</strong></td>
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</table>
PIMA COUNTY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Fiscal Period 7/1/2019 - 6/30/2020

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

10% De Minimis Cost Rate
The County elected to use the 10 percent de minimis indirect cost rate as covered in 2 CFR §200.414.

Basis of presentation
The accompanying schedule of expenditures of federal awards includes Pima County's federal grant activity for the year ended June 30, 2020. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

Federal Assistance Listings number
The program titles and Federal Assistance Listings numbers were obtained from the federal or pass-through grantor or the 2020 Federal Assistance Listings. When there was no federal contract number, the 2-digit federal agency identifier and the word unknown were used.

Donated Personal Protective Equipment (PPE)
At the time of receipt, the fair market value of donated personal protective equipment purchased with federal assistance funds for the year ended June 30, 2020 was $682,184.
February 18, 2021

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

Dear Ms. Perry:

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

Regina Kelly
Director, Grants Management & Innovation
(Federal award findings)

Michelle Campagne
Director, Finance and Risk Management
(Financial statement findings)
Status of financial statement findings

Information Technology (IT) controls-access and change management
Finding number: 2019-01. This finding initially occurred in fiscal year 2015.

Status: Partially corrected.

The County Treasurer has corrected the access and change management deficiencies identified in this finding. For the remaining access related deficiencies, the Information Technology Department (ITD) will ensure compliance with its IT Access Control policy by immediately removing accounts which have been deemed unnecessary from our Active Directory (AD) environment. ITD will additionally review accounts identified as not in compliance with the County’s password and access control related policies for removal or application of the documented policies.

Status of federal award findings and questioned costs

93.243 Substance Abuse and Mental Health Services-Projects of Regional and National Significance:
Finding number: 2017-104. This finding initially occurred in fiscal year 2017.

Status: Fully corrected