Maricopa County

Single Audit Report

Year Ended June 30, 2018

A Report to the Arizona Legislature

Lindsey A. Perry
Auditor General

ARIZONA Auditor General

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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*

MELANIE M. CHESNEY
DEPUTY AUDITOR GENERAL

ARIZONA AUDITOR GENERAL
LINDSEY A. PERRY

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DEPUTY AUDITOR GENERAL

Independent auditors' report on compliance for each major federal program; report on internal control over compliance; and report on schedule of expenditures of federal awards required by the Uniform Guidance

Members of the Arizona State Legislature

The Board of Supervisors
Maricopa County, Arizona

Report on compliance for each major federal program

We have audited Maricopa County's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018, except for the Public and Indian Housing (14.850), Section 8 Housing Choice Voucher (14.871), and Public Housing Capital Fund (14.872) major federal programs administered by the Housing Authority of Maricopa County. Those major federal programs were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to those major federal programs' compliance with the types of compliance requirements described in the *OMB Compliance Supplement*, is based solely on the report of the other auditors. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Maricopa County's basic financial statements include the operations of the Maricopa County Accommodation Schools, which expended $1,445,799 in federal awards that are not included in the County's schedule of expenditures of federal awards for the year ended June 30, 2018. Our audit, described below, did not include the operations of the Maricopa County Accommodation Schools because the Accommodation Schools engaged other auditors to perform an audit in accordance with Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

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 the 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 and the report of the other auditors provide 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, based on our audit and the report of the other auditors, Maricopa County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Other matters

The results of our auditing procedures disclosed instances of noncompliance that are required to be reported in accordance with the Uniform Guidance and are described in the accompanying schedule of findings and questioned costs as items 2018-102 and 2018-103. Our opinion on each major federal program is not modified with respect to these matters.

Report on internal control over compliance

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

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

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

internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2018-101 and 2018-102, that we consider to be material weaknesses.

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.

Maricopa County's response to findings

Maricopa County's responses to the findings identified in our audit are presented in its corrective action plan at the end of this report. The County's responses were not subjected to the auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on them.

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

We have audited the financial statements of the governmental activities, business-type activities, discretely presented component unit, each major fund, and aggregate remaining fund information of Maricopa County as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated December 20, 2018, that contained unmodified opinions on those financial statements. Our report also included a reference to our reliance on other auditors. Our audit was conducted for the purpose of forming our opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of the County's management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards by us and the other auditors. In our opinion, based on our audit, the procedures performed as described previously, and the report of the other auditors, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Lindsey Perry, CPA, CFE
Auditor General

March 28, 2019

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?	**Yes**
Significant deficiencies identified?	**Yes**
Noncompliance material to the financial statements noted?	**No**

Federal awards

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

Identification of major programs

CFDA number	Name of federal program or cluster
10.557	WIC Special Supplemental Nutritional Program for Women, Infants, and Children
14.218	Community Development Block Grant/Entitlement Grants
14.850	Public and Indian Housing
14.871	Section 8 Housing Choice Vouchers
14.872	Public Housing Capital Fund
84.374	Teacher and School Leader Incentive Grants
93.600	Head Start

Dollar threshold used to distinguish between Type A and Type B programs	$3,000,000
Auditee qualified as low-risk auditee?	No

Other matters

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

Financial statement findings

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

Federal award findings and questioned costs

2018-101

CFDA number and name: 93.600 **Head Start**
Award numbers and years: 09CH010385/02, July 1, 2017 through June 30, 2018; 09HP0004/03, July 1, 2017 through June 30, 2018; 09HP000105/01, March 1, 2017 through August 31, 2018
Federal agency: **U.S. Department of Health and Human Services**
Compliance requirement: Matching
Questioned costs: None

Condition and context—The County's Human Services Department (Department) made errors when recording donated, or in-kind, contributions into its Child Plus database system. In our review, of 7 of 60 approved in-kind contribution forms sampled, we found that the contributed time and values recorded in the Child Plus database system did not agree to the amounts on the in-kind contribution forms. The errors included both understating and overstating the approved in-kind contributions. For fiscal year 2018, we projected the total population error to be a net understatement of approximately $94,000 and determined that the County met the matching requirement by more than $1.9 million despite the instances of under- and overreported donated time identified.

Criteria—In accordance with 45 CFR §1303.4, the Department is required to match at least 20 percent of the total cost of the Head Start program, which can include cash and in-kind matching contributions, each budget period. Also, the Department must establish and maintain effective internal control over the federal award that provides reasonable assurance that it is managing the program in compliance with all applicable laws, regulations, and award terms (45 CFR §75.303).

Effect—Failure to properly enter in-kind contribution amounts into the Child Plus database system could result in future net overstatements. This could lead to not meeting the required match and inaccurate data being reported to the federal grantor.

Cause—The Department did not consistently enforce policies and procedures to perform reviews or audits to catch and correct errors in data entered into the Child Plus system.

Recommendation—To help ensure that only allowable in-kind contributions are used for matching and the program's matching requirements are met, the County should strengthen its policies and procedures for reviewing, approving, and documenting its in-kind match in the Child Plus database system. Someone who is not responsible for entering the data into the system should perform this review.

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

This finding is similar to prior year finding 2017-107.

2018-102

CFDA number and name: 93.563 **Child Support Enforcement**
Award numbers and years: DI16-002158, October 1, 2015 through September 30, 2020; G1604AZ4004, October 1, 2015 through September 30, 2020
Federal agency: **U.S. Department of Health and Human Services**
Pass-through grantor: Arizona Department of Economic Security
Compliance requirement: Allowable costs/cost principles
Questioned costs: $223,935

Condition and context—During the period October 1, 2017 through June 30, 2018, the County's Superior Court (Court) charged salaries and wages to the Child Support Enforcement program based on a time study that tracked each employee's hours devoted to the program. However, when the Court applied the time-study calculations to the salaries and wages paid during the fiscal year, the calculated formulas used were not mathematically accurate, and the calculated amount allocable to the program was overstated by $223,935, or 22 percent, of $1,038,919 in salaries and wages that the Court reported and received reimbursement for.

Criteria— In accordance with 2 CFR §200.430(i), the Court should ensure that employee payroll costs charged to the Child Support Enforcement program are supported by personnel activity reports or equivalent documentation that support distribution of each employee's activity during the period and the costs are mathematically accurate. Also, the Department must establish and maintain effective internal control over the federal award that provides reasonable assurance that it is managing the program in compliance with all applicable laws, regulations, and award terms (45 CFR §75.303).

Effect—The Court inappropriately charged the program for employees' salaries and wages whose time and effort did not help benefit the program.

Cause—The Court did not have adequate policies and procedures to ensure the allocations of payroll costs to the federal program were mathematically accurate.

Recommendation—The Court should develop and implement policies and procedures to ensure its distribution of employees' payroll costs charged to the program are supported by its time study and are mathematically accurate.

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

We did not audit the Child Support Enforcement program as a major program this year but identified the reported questioned cost of $223,935 in conducting follow-up procedures on prior year finding 2017-106.

Other auditors' findings

The other auditors who audited the Section 8 Housing Choice Vouchers program administered by the County's Housing Authority reported the following instance of noncompliance.

2018-103

CFDA number and name: 14.871 **Section 8 Housing Choice Vouchers**
Award number and year: AZ20P009501-10, July 1, 2017 through June 30, 2018
Federal agency: **U.S. Department of Housing and Urban Development**
Compliance requirement: Eligibility
Questioned costs: $6,359

Condition and criteria—Income calculations performed during examinations contained errors and documentation obtained to determine income was insufficient or incomplete. Public Housing Agencies are required to determine income eligibility and calculate the tenant's rent payment using documentation from third-party verifications in accordance with its policies.

Effect or potential effect—Overpayment of housing assistance due to incorrect income calculations.

Cause—Staff turnover and interpretation of administrative policy procedures.

Context—A sample of 40 files were selected for audit from a population of 1,600. The test found 13 instances of income calculation errors, 9 of which resulted in overpayment of Housing Assistance Payments (HAP) and 4 instances in underpayment of HAP. Our sample was a statistically valid sample. Annualized income calculation errors totaled $6,359 in excess HAP paid to landlords.

Recommendation—We recommend the Authority increase quality control reviews and reassess staff training needs to assist in maintaining compliance by enforcing program procedures and increasing file consistency amongst housing specialists.

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

COUNTY SECTION

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

Federal agency/CFDA number	Federal program name	Cluster title	Pass-through grantor	Pass-through grantor's numbers	Program expenditures	Amount provided to subrecipients
Department of Agriculture						
10 553	School Breakfast Program	Child Nutrition Cluster	Arizona Department of Education	ED09-0001	$ 124,262	
10 553	School Breakfast Program (Non Cash)	Child Nutrition Cluster	Arizona Department of Education	ED09-0001	12,807	
	Total 10.553				137,069	
10 555	National School Lunch Program	Child Nutrition Cluster	Arizona Department of Education	ED09-0001	196,586	
10 555	National School Lunch Program (Non Cash)	Child Nutrition Cluster	Arizona Department of Education	ED09-0001	20,237	
	Total 10.555				216,823	
	Total Child Nutrition Cluster				353,892	
10 557	WIC Special Supplemental Nutrition Program for Women, Infants, and Children		Arizona Department of Health Services	ADHS14-053007, ADHS15-084210	10,098,526	
10 558	Child and Adult Care Food Program		Arizona Department of Education	KR02-1170-ALS	410,233	
10 561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	SNAP Cluster	Arizona Department of Health Services	ADHS16-106547	2,137,562	$ 310,248
10 578	WIC Grants To States (WGS)		Arizona Department of Health Services	ADHS14-053007	91,488	
10 665	Schools and Roads—Grants to States	Forest Service Schools and Roads Cluster			408,698	
10 904	Watershed Protection and Flood Prevention				850,922	
10 916	Watershed Rehabilitation Program				2,223,866	
10 16-LE-11031200-005	Cooperative Law Enforcement Agreement				116,647	
	Total Department of Agriculture				16,691,834	310,248
Department of Housing and Urban Development						
14 195	Section 8 Housing Assistance Payments Program	Section 8 Project - Based Cluster			609,524	
14 218	Community Development Block Grants/Entitlement Grants	CDBG - Entitlement Grants Cluster			3,143,186	2,482,136
14 231	Emergency Solutions Grant Program				237,436	220,213
14 239	HOME Investment Partnerships Program				3,790,062	3,069,058
14 850	Public and Indian Housing				1,293,484	
14 870	Resident Opportunity and Supportive Services - Service Coordinators				55,472	
14 871	Section 8 Housing Choice Vouchers	Housing Voucher Cluster			14,677,147	
14 872	Public Housing Capital Fund				1,124,537	
14 896	Family Self-Sufficiency Program				71,972	
14 900	Lead-Based Paint Hazard Control in Privately-Owned Housing		City of Phoenix	141175-00, 146579-0	51,834	
	Total Department of Housing and Urban Development				25,054,654	5,771,407
Department of the Interior						
15 227	Distribution of Receipts to State and Local Governments				7,720	
15 228	BLM Wildland Urban Interface Community Fire Assistance				8,722	
	Total Department of the Interior				16,442	
Department of Justice						
16 554	National Criminal History Improvement Program (NCHIP)		Arizona Criminal Justice Commission	NCP 16-17-004, NCP 17-18-001	120,771	
16 575	Crime Victim Assistance		Arizona Department of Public Safety	2015-VA-GX-0032, 2016-VA-GX-0046	923,111	

See accompanying notes to schedule.

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

Federal agency/CFDA number	Federal program name	Cluster title	Pass-through grantor	Pass-through grantor's numbers	Program expenditures	Amount provided to subrecipients
16 576	Crime Victim Compensation		Arizona Criminal Justice Commission	VC-17-056, VC-18-056	509,350	
16 609	Project Safe Neighborhoods		Arizona Criminal Justice Commission	PSN-15-002	1,145	
16 735	PREA Program: Strategic Support for PREA Implementation				255,457	
16 738	Edward Byrne Memorial Justice Assistance Grant Program				42,615	
16 738	Edward Byrne Memorial Justice Assistance Grant Program		Arizona Criminal Justice Commission	DC-17-027, DC-18-027	706,043	
	Total 16.738				748,658	
16 742	Paul Coverdell Forensic Sciences Improvement Grant Program		Arizona Criminal Justice Commission	CV17-18-005	4,500	
16 756	Court Appointed Special Advocates		Administrative Office of the Courts, Arizona Supreme Court	AZ10765-16-1016-G1	68,800	
16 812	Second Chance Act Reentry Initiative				139,546	66,184
16 833	National Sexual Assault Kit Initiative				353,470	
16 88A-PX-46088	Desert Hawk Violent Crime Task Force				6,527	
16 88A-PX-C5061747	FBI Desert Hawk Fugitive Task Force				37,135	
16 SWAZP0734	Organized Crime Drug Enforcement Task Forces				120,759	
16 SWAZP0791	Organized Crime Drug Enforcement Task Forces				180,687	
16 unknown	DEA Task Force				57,384	
	Total Department of Justice				3,527,300	66,184
Department of Labor						
17 258	WIA/WIOA Adult Program	WIOA Cluster	Arizona Department of Economic Security	DI16-002124	2,889,983	
17 259	WIA/WIOA Youth Activities	WIOA Cluster	Arizona Department of Economic Security	DI16-002124	4,562,034	
17 278	WIA/WIOA Dislocated Worker Formula Grants	WIOA Cluster	Arizona Department of Economic Security	DI16-002124	5,764,456	
	Total WIOA Cluster				13,216,473	
17 268	H-1B Job Training Grants		City of Phoenix	143704-0	60,596	
	Total Department of Labor				13,277,069	

See accompanying notes to schedule.

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

Federal agency/CFDA number	Federal program name	Cluster title	Pass-through grantor	Pass-through grantor's numbers	Program expenditures	Amount provided to subrecipients
Department of Transportation						
20 205	Highway Planning and Construction	Highway Planning and Construction Cluster	Arizona Department of Transportation	AC STP-MMA-0(239)D, AC STP-MMA-0(0248), AC-STP MMA-0(249), CM MMA-0(235), CM-MMA-0(246), CM-MMA-0(246)D, CMAQ MMA-0(245), CMAQ MMA-0(252), CMAQ MMA-0(254), CMAQ MMA-0(255), CMAQ MMA-0(256), JPA-14-0004849-I, JPA 16-0006062-1, MMA0253, MMA-0(218), MMA-0(257)F, STP MMA-0(217), STP MMA-0(274)	5,891,600	
20 205	Highway Planning and Construction	Highway Planning and Construction Cluster	Maricopa Association of Governments	656	951,666	327,203
	Total Highway Planning and Construction Cluster				6,843,266	327,203
20 237	Motor Carrier Safety Assistance High Priority Activities Grants and Cooperative Agreements		Arizona Department of Transportation	FM-CVN-0124-16-01-00	61,197	
20 600	State and Community Highway Safety	Highway Safety Cluster	Arizona Governor's Office of Highway Safety	2017-AI-003, 2017-AL-024, 2017-AL-025, 2017-PT-029, 2018-AI-006, 2018-PTS-034	167,647	
20 616	National Priority Safety Programs	Highway Safety Cluster	Arizona Governor's Office of Highway Safety	2017-045d-018, 2018-COIT-016, 2018-405d-026, 2018-405d-027	160,991	
	Total Highway Safety Cluster				328,638	
	Total Department of Transportation				7,233,101	327,203
Institute of Museum and Library Services						
45 310	Grants to States		Arizona State Library, Archives and Public Records	2016-36026-15, 2017-0320-05	3,747	
Environmental Protection Agency						
66 001	Air Pollution Control Program Support				1,244,182	
66 034	Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act				165,934	
66 040	State Clean Diesel Grant Program				245,074	168,596
	Total Environmental Protection Agency				1,655,190	168,596
Department of Energy						
81 042	Weatherization Assistance for Low-Income Persons		Arizona Department of Administration Office of Grants and Federal Resources	204-16, 206-17, EW-ESA-14-4181-03	271,368	

See accompanying notes to schedule.

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

Federal agency/CFDA number	Federal program name	Cluster title	Pass-through grantor	Pass-through grantor's numbers	Program expenditures	Amount provided to subrecipients
Department of Education						
84 002	Adult Education—Basic Grants to States		Arizona Department of Education	17FAEABE-713237-16B, 18FAEABE-813237-01A, 18FAEAPL-813237-01A, 18FAEIEL-813237-01A	234,550	
84 027	Special Education—Grants to States	Special Education Cluster (IDEA)	Arizona Department of Education	18FESCBG-813229-09A, 18FESSCG-813229-55B	104,806	
84 365	English Language Acquisition State Grants		Arizona Department of Education	17FELENG-713245-66A, 18FELENG-613245-66A	57,766	57,766
84 374	Teacher and School Leader Incentive Grants (formerly the Teacher Incentive Fund)				23,970,580	13,067,679
84 411	Education Innovation and Research (formerly Investing in Innovation (i3) Fund)				216,368	
84 419	Preschool Development Grants		Arizona Department of Education	18FPRSDG-810687-40C	95,728	
84 419	Preschool Development Grants		First Things First	GRA-STATE-16-0776-01-Y3	107,842	
	Total 84.419				203,570	
	Total Department of Education				24,787,640	13,125,445
Department of Health and Human Services						
93 044	Special Programs for the Aging—Title III, Part B—Grants for Supportive Services and Senior Centers	Aging Cluster	Area Agency on Aging	2018-31-MCH	260,903	
93 069	Public Health Emergency Preparedness		Arizona Department of Health Services	ADHS17-133194	2,674,957	
93 070	Environmental Public Health and Emergency Response		Arizona Department of Health Services	ADHS18-173283, ADHS18-175519, ADHS18-184151	65,506	
93 073	Birth Defects and Developmental Disabilities—Prevention and Surveillance		Arizona Department of Health Services	ADHS17-147348	90,349	
93 074	Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements		Arizona Department of Health Services	ADHS17-133194	6,175	
93 103	Food and Drug Administration—Research				69,678	
93 116	Project Grants and Cooperative Agreements for Tuberculosis Control Programs		Arizona Department of Health Services	ADHS13-042100, ADHS18-188102	385,939	
93 136	Injury Prevention and Control Research and State and Community Based Programs		Arizona Department of Health Services	ADHS16-109742	94,715	
93 224	Health Center Program (Health Care for the Homeless)	Health Center Program Cluster			2,854,309	70,712
93 236	Grants to States to Support Oral Health Workforce Activities		Arizona Department of Health Services	ADHS13-037845, ADHS18-175153	373	
93 268	Immunization Cooperative Agreements		Arizona Department of Health Services	ADHS13-041805, ADHS18-177694	70,778	
93 297	Teenage Pregnancy Prevention Program				726,750	262,247
93 323	Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)		Arizona Department of Health Services	ADHS16-130023, ADHS17-163348	2,012,214	
93 424	Non-ACA/PPHF —Building Capacity of the Public Health System to Improve Population Health through National Nonprofit Organizations		National Association of County and City Health Officials	2018-010401	22,400	
93 539	PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance financed in part by Prevention and Public Health Funds		Arizona Department of Health Services	ADHS13-0410805, ADHS18-177694	1,279,951	

See accompanying notes to schedule.

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

Federal agency/CFDA number	Federal program name	Cluster title	Pass-through grantor	Pass-through grantor's numbers	Program expenditures	Amount provided to subrecipients
93 558	Temporary Assistance for Needy Families	TANF Cluster	Arizona Department of Economic Security	ADES15-089115	584,392	215,204
93 563	Child Support Enforcement		Arizona Department of Economic Security	DI16-002158, G1604AZ4004	2,733,908	
93 568	Low-Income Home Energy Assistance		Arizona Department of Housing	206-17	1,190,949	
93 568	Low-Income Home Energy Assistance		Arizona Department of Economic Security	ADES15-089115	2,895,164	
	Total 93.568				4,086,113	
93 569	Community Services Block Grant		Arizona Department of Economic Security	ADES 15-089115	1,233,812	
93 576	Refugee and Entrant Assistance—Discretionary Grants		Arizona Department of Economic Security	DE101038-001	6,598	
93 597	Grants to States for Access and Visitation Programs		Arizona Department of Economic Security	DI16-002145	58,511	
93 600	Head Start				17,115,212	
93 667	Social Services Block Grant		Area Agency on Aging	2018-31-MCH	288,366	
93 667	Social Services Block Grant		Arizona Department of Economic Security	ADES15-089115	250,584	
	Total 93.667				538,950	
93 758	Preventive Health and Health Services Block Grant funded solely with Prevention and Public Health Funds (PPHF)		Arizona Department of Health Services	ADHS16-102232	395,621	
93 870	Maternal, Infant and Early Childhood Home Visiting Grant Program	Maternal, Infant, and Early Childhood Home Visiting Cluster	Arizona Department of Health Services	ADHS17-155910	1,620,198	463,013
93 914	HIV Emergency Relief Project Grants				9,730,833	6,704,377
93 917	HIV Care Formula Grants		Arizona Department of Health Services	ADHS14-059037, ADHS17-155496, ADHS18-172583	1,072,197	229,676
93 926	Healthy Start Initiative				1,734,345	185,261
93 940	HIV Prevention Activities—Health Department Based		Arizona Department of Health Services	ADHS13-034910, ADHS17-164305, ADHS18-188819	952,053	
93 945	Assistance Programs for Chronic Disease Prevention and Control		Arizona Department of Health Services	ADHS16-113997, ADHS16-114422	55,000	
93 959	Block Grants for Prevention and Treatment of Substance Abuse		Governor's Office of Youth, Faith and Family	IGA-SABG-GR-16-040116-08, IGA-SABG-GR-17-070116-08	85,486	45,486
93 977	Sexually Transmitted Diseases (STD) Prevention and Control Grants		Arizona Department of Health Services	ADHS14-071224, ADHS16-116340	429,360	
93 994	Maternal and Child Health Services Block Grant to the States		Arizona Department of Health Services	ADHS13-037845, ADHS14-074958, ADHS16-102232, ADHS17-147348, ADHS18-175153	839,024	
	Total Department of Health and Human Services				53,886,610	8,175,976

See accompanying notes to schedule.

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

Federal agency/CFDA number	Federal program name	Cluster title	Pass-through grantor	Pass-through grantor's numbers	Program expenditures	Amount provided to subrecipients
Corporation for National Community Service						
94 006	AmeriCorps		Administrative Office of the Courts, Arizona Supreme Court	None	43,243	
94 006	AmeriCorps		Arizona Governor's Office for Children, Youth and Families	AC-VSG-15-090115-07Y3, AC-VSG-18-090118-10	162,597	
	Total 94.006				205,840	
	Total Corporation for National Community Service				205,840	
Executive Office of the President of the United States						
95 001	High Intensity Drug Trafficking Areas Program				578,705	
Department of Homeland Security						
97 042	Emergency Management Performance Grants		Arizona Department of Emergency and Military Affairs	EMF-2017-EP-008-S01	818,230	
97 067	Homeland Security Grant Program		Arizona Department of Homeland Security	160204-02, 160205-01, 160205-02, 160812-01, 160812-02, 160812-03, 170203-02, 170203-03, 170204-01, 170204-02, 170811-01, 170811-02	678,404	
97 091	Homeland Security Biowatch Program				557,505	
	Total Department of Homeland Security				2,054,139	
	Total expenditures of federal awards				$ 149,243,639	$ 27,945,059

See accompanying notes to schedule.

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

Note 1 - Basis of presentation

The accompanying schedule of expenditures of federal awards (schedule) includes Maricopa County's federal grant activity for the year ended June 30, 2018. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Note 2 - Summary of significant accounting policies

Expenditures reported on the schedule are reported on the modified accrual basis of accounting, except for the following programs: Schools and Roads—Grants to States (10.665) and Distribution of Receipts to State and Local Governments (15.227). For these programs, revenues received during the fiscal year are considered earned and are reported as expenditures. All remaining expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

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

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

Note 4 - Indirect cost rate

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

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COUNTY RESPONSE

ARIZONA
Auditor General
Making a Positive Difference

Maricopa County

Office of Assistant County Manager and Department of Finance

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March 25, 2019

Lindsey Perry
Auditor General
2910 North 44th Street, Suite 410
Phoenix, AZ 85018

Dear Ms. Perry:

We have prepared the accompanying corrective action plan as required by the standards applicable to financial audits contained in *Government Auditing Standards* and by the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Specifically, for each finding we are providing you with our responsible officials' views, the names of the contact people responsible for corrective action, the corrective action planned, and the anticipated completion date.

Sincerely,

Shelby L. Scharbach
Assistant County Manager — Chief Financial Officer

Maricopa County
Corrective Action Plan
Year Ended June 30, 2018

The corrective action plan for financial statement findings was included in the separately issued report on internal control over financial reporting and on compliance and other matters based on an audit of basic financial statements performed in accordance with *Government Auditing Standards*.

Federal award findings and questioned costs

2018-101
CFDA No.: 93.600 Head Start
Department: Maricopa County Human Services Department
Contact person(s): Jacqueline Edwards, Deputy Director, 602-506-4812
Anticipated completion date: December 31, 2019

County Response: Concur
County Corrective Action Plan: The Maricopa County Human Services Department is transitioning from paper to an application-based methodology of tracking in-kind contributions, which is expected to further reduce data entry errors from manual recording into the Child Plus database system. The Department has revised policies and procedures related to in-kind match documentation and entry in combination with the implementation of this new database system, which ensures compliance with program requirements. A secondary review and approval of match documentation will also be completed by program staff not responsible for in-kind forms.

2018-102
CFDA No.: 93.563 Child Support Enforcement
Department: Maricopa County Superior Court
Contact person(s): Brian Bledsoe, Family Court Administrator/Director Conciliation Services, (602) 506-3220
Anticipated completion date: December 31, 2019

County Response: Concur
County Corrective Action Plan: The Maricopa County Superior Court implemented a time study analysis to capture a sample of staff and time spent on child support enforcement eligible activities for a representative number of months. Timesheets were completed at the end of calendar year 2017 and applied retroactively to the program for Federal Fiscal Year 2018. However, a misapplied formula resulted in overcharging for the period. This error was identified and self-reported, and the court will comply with grantor repayment requirements. The corrected formula will be utilized for federal fiscal year 2019 charges. A time study analysis will be repeated during the federal fiscal year to ensure the time study data remains current. Further, the court's grant manager will provide more in-depth ongoing support to the grant project coordinator to help ensure the court complies with award requirements. This will include a review and update of policy and procedure documentation to ensure that payroll costs charged to the program are supported by time study data and that the charges are mathematically accurate.

Maricopa County
Corrective Action Plan
Year Ended June 30, 2018

2018-103
CFDA No.: 14.871 Section 8 Housing Choice Vouchers
Department: Housing Authority of Maricopa County
Contact person(s): Mario Aniles, Director of Finance and Portfolio Management, (602) 744-4517
Anticipated completion date: March 2019

County Response: Concur
County Corrective Action Plan: The Housing Authority of Maricopa County (HAMC) will correct the calculation/payment errors identified in the audit. HAMC will increase quality control reviews and reassess staff training needs to assist in maintaining compliance by enforcing program procedures and increasing file consistency amongst housing specialists.

Maricopa County

Office of Assistant County Manager and Department of Finance

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March 25, 2019

Lindsey Perry
Auditor General
2910 North 44th Street, Suite 410
Phoenix, AZ 85018

Dear Ms. Perry:

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

Sincerely,

Shelby L. Scharbach
Assistant County Manager – Chief Financial Officer

Maricopa County
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2018

Status of financial statement findings

The County should improve access controls over its information technology resources
Finding No. 2015-02, 2016-02
Status: Partially corrected.

Maricopa County takes all IT audit findings seriously and will make efforts to resolve any deficiencies. The County made and will continue to make improvements with logical and physical access controls. The County will also implement new or enforce existing policy involving logical and physical access controls. Contact persons are Kevin Westover, Business Engagement Manager, Office of Enterprise Technology (602) 506-1667 and Deborah Lukens, Information Technology Manager, Maricopa County Treasurer, (602) 372-4472.

Housing Authority of Maricopa County (HAMC): General Ledger Maintenance
Finding No. 2015-05
Status: Fully corrected.

Housing Authority of Maricopa County (HAMC): General Ledger Maintenance
Finding No. 2016-06
Status: Fully corrected

The County should improve security over its information technology resources and improve its risk assessment process
Finding No. 2017-01
Status: Not corrected

Maricopa County takes all IT audit findings seriously and will make efforts to resolve any deficiencies. The County will continue to make improvements in the risk assessment process. Additionally, the County will develop policy where lacking and enforce policy where necessary. Contact persons are Kevin Westover, Business Engagement Manager, Office of Enterprise Technology (602) 506-1667 and Deborah Lukens, Information Technology Manager, Maricopa County Treasurer, (602) 372-4472.

The County should improve access controls over its information technology resources
Finding No. 2017-02
Status: Not corrected.

Maricopa County takes all IT audit findings seriously and will make efforts to resolve any deficiencies. The County made and will continue to make improvements with logical and physical access controls. The County will also implement new or enforce existing policy involving logical and physical access controls. Contact persons are Kevin Westover, Business Engagement Manager, Office of Enterprise Technology (602) 506-1667 and Deborah Lukens, Information Technology Manager, Maricopa County Treasurer, (602) 372-4472.

Maricopa County
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2018

The County should improve its configuration management processes over its information technology resources
Finding No. 2017-03
Status: Not corrected

Maricopa County takes all IT audit findings seriously and will make efforts to resolve any deficiencies. The County will continue to review and compare existing configuration management processes to current IT standards and best practices. The County will then modify and implement policies and procedures where appropriate. Contact persons are Kevin Westover, Business Engagement Manager, Office of Enterprise Technology (602) 506-1667 and Deborah Lukens, Information Technology Manager, Maricopa County Treasurer, (602) 372-4472.

The County should improve its contingency planning procedures for its information technology resources
Finding No. 2017-04
Status: Not corrected

Maricopa County takes all IT audit findings seriously and will make efforts to resolve any deficiencies. The County will continue to review and compare existing contingency planning procedures against current IT standards and best practices. The County will then modify and implement policies and procedures where appropriate. Contact persons are Kevin Westover, Business Engagement Manager, Office of Enterprise Technology (602) 506-1667 and Deborah Lukens, Information Technology Manager, Maricopa County Treasurer, (602) 372-4472.

The County should ensure all journal vouchers are reviewed and approved by someone other than the preparer
Finding No. 2017-05
Status: Fully corrected

The County should ensure expenditures are recorded in the proper period
Finding No. 2017-06
Status: Fully corrected

Housing Authority of Maricopa County (HAMC): Balance Sheet Reconciliations
Finding No. 2017-07
Status: Fully corrected

Status of federal award findings and questioned costs

CFDA No.: 10.904 Watershed Protection and Flood Prevention
Finding No. 2015-101
Status: Fully corrected.

Maricopa County
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2018

CFDA No.: 93.563 Child Support Enforcement
Finding No. 2015-108; 2016-109; 2017-106
Status: Not corrected.

The Maricopa County Superior Court implemented a time study analysis to capture a sample of staff and time spent on child support enforcement eligible activities for a representative number of months. Timesheets were completed at the end of calendar year 2017 and applied retroactively to the program for Federal Fiscal Year 2018. However, a misapplied formula resulted in overcharging for the period. This error was identified and self-reported, and the court will comply with grantor repayment requirements. The corrected formula will be utilized for federal fiscal year 2019 charges. A time study analysis will be repeated during the federal fiscal year to ensure the time study data remains current. Further, the court's grant manager will provide more in-depth ongoing support to the grant project coordinator to help ensure the court complies with award requirements. This will include a review and update of policy and procedure documentation to ensure that payroll costs charged to the program are supported by time study data and that the charges are mathematically accurate. This issue recurred due to mathematical error and insufficient review. This finding is anticipated to be fully corrected in December 2019. Contact person is Brian Bledsoe, Family Department Administrator/Director Conciliation Services, (602) 506-3220.

CFDA No.: 10.904 Watershed Protection and Flood Prevention
Finding No. 2016-102
Status: Fully corrected.

CFDA No.: 84.374 Teacher Incentive Fund
Finding No. 2016-106
Status: Fully corrected.

CFDA No.: 84.374 Teacher Incentive Fund
Finding No. 2016-107
Status: Fully corrected.

CFDA No.: 93.600 Head Start
Finding No. 2016-111; 2017-107
Status: Partially corrected.

The Maricopa County Human Services Department updated its policies and procedures for in kind reporting to include a secondary review as a quality assurance measure. A new electronic tracking application that should eliminate paper data collection errors was partially implemented in August 2018. Full implementation of the application is anticipated by December 2019 when application usage exceeds 90% of the registered users. This recurrence was due to technological challenges in developing an in house tracking application and relying on manual entry which is prone to data entry errors. Contact person is Jaqueline Edwards, Deputy Director, (602) 506-4812.

Maricopa County
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2018

CFDA No.: 93.600 Head Start
Finding No. 2016-112
Status: Fully corrected.

CFDA No.: 10.904 Watershed Protection and Flood Prevention
Finding No. 2017-101
Status: Fully corrected.

CFDA No.: 84.374 Teacher and School Leader Incentive Grants
Finding No. 2017-102
Status: Fully Corrected.

CFDA No.: 84.374 Teacher and School Leader Incentive Grants
Finding No. 2017-103
Status: Fully corrected

CFDA No.: 84.374 Teacher and School Leader Incentive Grants
Finding No. 2017-104
Status: Fully corrected.

CFDA No.: 84.374 Teacher and School Leader Incentive Grants
Finding No. 2017-105
Status: Fully corrected.

CFDA No.:93.600 Head Start
Finding No. 2017-108
Status: Fully corrected.

CFDA No.: 14.871 Section 8 Housing Choice Vouchers
Finding No. 2017-109
Status: Fully corrected.