



A REPORT
TO THE
ARIZONA LEGISLATURE

Financial Audit Division

Single Audit

Maricopa County

Year Ended June 30, 2013



Debra K. Davenport
Auditor General

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



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Maricopa County
Single Audit Reporting Package
Year Ended June 30, 2013

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Reports Issued Separately

Comprehensive Annual Financial Report

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Basic Financial Statements Performed in Accordance with *Government Auditing Standards*



DEBRA K. DAVENPORT, CPA
AUDITOR GENERAL

STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL

MELANIE M. CHESNEY
DEPUTY AUDITOR GENERAL

Independent Auditors' Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

Members of the Arizona State Legislature

The Board of Supervisors of
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) 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, 2013, except for the Public and Indian Housing (14.850), Section 8 Housing Choice Vouchers (14.871), and Public Housing Capital Fund (14.872) federal programs administered by the Housing Authority of Maricopa County (Authority). Those federal programs were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to those federal programs' compliance with the types of compliance requirements described in the *OMB Circular A-133 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 \$723,216 in federal awards that are not included in the County's Schedule of Expenditures of Federal Awards for the year ended June 30, 2013. 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 OMB Circular A-133.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit*

Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Basis for Qualified Opinion on Section 8 Housing Choice Vouchers and JAG Program Cluster

As described in the accompanying Schedule of Findings and Questioned Costs, the County did not comply with requirements regarding the Section 8 Housing Choice Vouchers (14.871) program's eligibility compliance requirements as described in item 2013-111 and did not comply with requirements regarding the JAG Program Cluster (16.738 and 16.804) programs' activities allowed or unallowed, allowable costs/cost principles, reporting, and program income compliance requirements as described in items 2013-103 and 2013-104. Compliance with such requirements is necessary, in our opinion, based on our audit and the report of the other auditors, for the County to comply with the requirements applicable to these programs.

Qualified Opinion on Section 8 Housing Choice Vouchers and JAG Program Cluster

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, 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 Section 8 Housing Choice Vouchers (14.871) and JAG Program Cluster (16.738 and 16.804) for the year ended June 30, 2013.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, 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 other major federal programs identified in the Summary of Auditors' Results section of the accompanying Schedule of Findings and Questioned Costs for the year ended June 30, 2013.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance 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 2013-105, 2013-108, and 2013-109. Our opinion on each major federal program is not modified with respect to these matters.

Maricopa County's responses to the noncompliance findings identified in our audit are presented on pages 27 through 31. 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 Internal Control over Compliance

The County's management is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and 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 deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2013-103, 2013-104, 2013-105, 2013-106, 2013-107, 2013-109, and 2013-110 to be material weaknesses.

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 2013-101, 2013-102, 2013-108, and 2013-111 to be significant deficiencies.

Maricopa County's responses to the internal control over compliance findings identified in our audit are presented on pages 27 through 31. 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.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

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

We have audited the financial statements of the governmental activities, each major fund, and aggregate remaining fund information of Maricopa County as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial

statements. We issued our report thereon dated December 19, 2013, that contained an unmodified opinion on those financial statements. Our report was modified to include a reference to our reliance on other auditors. Our audit was conducted for the purpose of forming our opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of the County's management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards 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.

Jay Zsorey, CPA
Financial Audit Director

March 14, 2014

Maricopa County
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2013

Federal agency/CFDA number	Federal program name	Cluster title	Pass-through grantor	Pass-through grantor's number(s)	Program expenditures	Amount provided to subrecipients
Department of Agriculture						
10 553	School Breakfast Program	Child Nutrition Cluster	Arizona Department of Education	ED09-0001	\$ 142,537	
10 555	National School Lunch Program	Child Nutrition Cluster	Arizona Department of Education	ED09-0001	217,068	
	<i>Total Child Nutrition Cluster</i>				<u>359,605</u>	
10 557	Special Supplemental Nutrition Program for Women, Infants, and Children		Arizona Department of Health Services	ADHS11-005228, ADHS11-006673	11,162,096	
10 558	Child and Adult Care Food Program		Arizona Department of Education	KR02-1170-ALS	254,091	
10 561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	SNAP Cluster	Arizona Department of Health Services	ADHS12-030680, HI050071	1,193,845	\$ 479,976
10 665	Schools and Roads—Grants to States	Forest Service Schools and Roads Cluster	Arizona State Treasurer	None	465,130	
10 11-LE-11031200-005	Cooperative Law Enforcement Agreement				150,217	
10 68-9457-10-490	Powerline FRS Interim Dam Safety Mitigation Project				2,544,797	
	Total Department of Agriculture				<u>16,129,781</u>	<u>479,976</u>
Department of Commerce						
11 557 ARRA	Broadband Technology Opportunities Program (BTOP)		Arizona State Library, Archives and Public Records	AZJAC-GIK-11-1-JHH-08	28,252	
Department of Housing and Urban Development						
14 218	Community Development Block Grants/Entitlement Grants	Community Development Block Grants/Entitlement Grants			7,157,399	6,257,594
14 231	Emergency Solutions Grant Program				81,000	81,000
14 239	HOME Investment Partnerships Program				3,669,685	3,500,351
14 257 ARRA	Homelessness Prevention and Rapid Re-Housing Program (Recovery Act Funded)				53,166	53,166
14 850	Public and Indian Housing				2,846,383	
14 870	Resident Opportunity and Supportive Services - Service Coordinators				86,950	
14 871	Section 8 Housing Choice Vouchers	Housing Voucher Cluster			13,638,848	
14 872	Public Housing Capital Fund	CFP Cluster			1,831,840	
14 877	Public Housing Family Self-Sufficiency under Resident Opportunity and Supportive Services				105,370	
14 900	Lead-Based Paint Hazard Control in Privately-Owned Housing		City of Phoenix	133523	123,806	
	Total Department of Housing and Urban Development				<u>29,594,447</u>	<u>9,892,111</u>
Department of the Interior						
15 226	Payments in Lieu of Taxes				2,781,842	
15 227	Distribution of Receipts to State and Local Governments		Arizona State Treasurer	None	8,414	
15 808	U.S. Geological Survey-Research and Data Collection				80,000	
	Total Department of the Interior				<u>2,870,256</u>	
Department of Justice						
16 111	Joint Law Enforcement Operation (JLEO)				63,844	
16 523	Juvenile Accountability Block Grants		Arizona Governor's Office for Children, Youth and Families	JB-CSG-12-2366-03, JB-CSG-13-3365-04	285,445	
16 540	Juvenile Justice and Delinquency Prevention—Allocation to States		Arizona Governor's Office for Children, Youth and Families	J2-CSG-10-0181-05Y2, J2-CSG-10-0181-05Y3	76,743	
16 554	National Criminal History Improvement Program (NCHIP)		Arizona Criminal Justice Commission	NCP11-12-006	62,355	

See accompanying notes to schedule.

Maricopa County
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2013

Federal agency/CFDA number	Federal program name	Cluster title	Pass-through grantor	Pass-through grantor's number(s)	Program expenditures	Amount provided to subrecipients
16 560	National Institute of Justice Research, Evaluation, and Development Project Grants		Arizona Criminal Justice Commission	IDM-11-001	47,861	
16 575	Crime Victim Assistance		Arizona Department of Public Safety	2011-302, 2011-303	101,652	
16 576	Crime Victim Compensation		Arizona Criminal Justice Commission	VC-12-056, VC-13-056	860,656	
16 585	Drug Court Discretionary Grant Program				91,283	
16 593	Residential Substance Abuse Treatment for State Prisoners		Arizona Criminal Justice Commission	RSAT-12-003	14,769	
16 607	Bulletproof Vest Partnership Program				47,531	
16 609	Project Safe Neighborhoods		Arizona Criminal Justice Commission	PSN-12-007, PSN-13-005	4,366	
16 726	Juvenile Mentoring Program				57,037	
16 727	Enforcing Underage Drinking Laws Program		Arizona Governor's Office of Highway Safety	2012-DOJ-008	8,295	
16 735	Protecting Inmates and Safeguarding Communities Discretionary Grant Program		National PREA Resource Council	16090	34,485	
16 738	Edward Byrne Memorial Justice Assistance Grant Program	JAG Program Cluster			1,521,181	1,147,535
16 738	Edward Byrne Memorial Justice Assistance Grant Program	JAG Program Cluster	Arizona Criminal Justice Commission	CRI11-12-003, CRI11-12-004, DC-12-021, DC-13-021, DC-13-033	1,423,123	
	<i>Total 16.738</i>				<u>2,944,304</u>	
16 804 ARRA	Recovery Act — Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government	JAG Program Cluster			95,212	1,789
	<i>Total JAG Program Cluster</i>				<u>3,039,516</u>	
16 742	Paul Coverdell Forensic Sciences Improvement Grant Program		Arizona Criminal Justice Commission	CV-12-002	22,462	
16 745	Criminal and Juvenile Justice and Mental Health Collaboration Program				73,629	68,491
16 750	Support for Adam Walsh Act Implementation Grant Program				15,098	
16 755	Southwest Border Prosecution Initiative Program				480,630	
16 756	Court Appointed Special Advocates		National CASA Association	AZ10766-12-1012-L	16,169	
16 290-PX-C81654	Financial Crimes/Mortgage Fraud Task Force				6,880	
16 66F-PX-A54566-S/LMOU	Joint Terrorism Task Force				15,857	
16 88A-PX-46088	Desert Hawk Violent Crime Task Force				45,330	
16 JLEOTFS4	Joint Law Enforcement Operations Task Force				11,895	
16 SWAZP0560	Organized Crime Drug Enforcement Task				11,893	
16 SWAZP0595H	Organized Crime Drug Enforcement Task				382,176	
16 unknown	DEA Task Force				42,561	
	Total Department of Justice				<u>5,920,418</u>	<u>1,217,815</u>
Department of Labor						
17 258	WIA Adult Program	Workforce Investment Act (WIA) Cluster	Arizona Department of Economic Security	DE111009001	5,657,195	602,819
17 259	WIA Youth Activities	Workforce Investment Act (WIA) Cluster	Arizona Department of Economic Security	DE111009001	3,492,332	2,899,162
17 278	WIA Dislocated Worker Formula Grants	Workforce Investment Act (WIA) Cluster	Arizona Department of Economic Security	DE111009001	4,160,530	
	<i>Total Workforce Investment Act (WIA) Cluster</i>				<u>13,310,057</u>	
17 267	Incentive Grants — WIA Section 503		Arizona Department of Economic Security	DE111009001	20,181	

See accompanying notes to schedule.

Maricopa County
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2013

Federal agency/CFDA number	Federal program name	Cluster title	Pass-through grantor	Pass-through grantor's number(s)	Program expenditures	Amount provided to subrecipients
17 275 ARRA	Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors		Arizona Department of Economic Security	DE101183001	553,240	161,935
	Total Department of Labor				<u>13,883,478</u>	<u>3,663,916</u>
Department of Transportation						
20 205	Highway Planning and Construction	Highway Planning and Construction Cluster	Maricopa Association of Governments	412, CM MMA-0(211), CM MMA-0(227), CM MMA-0(228), STP MMA-0(034), STP MMA-0(236), STP QCR-0(001)	32,422,466	365,788
20 205	Highway Planning and Construction	Highway Planning and Construction Cluster	Arizona Department of Transportation	AC STP-MMA-0(239), AC STP-MMA-0(240), CM MMA-0(206), CM MMA-0(214), CM MMA-0(231), CM MMA-0(232), CM MMA-0(233), JPA 10-194, JPA 12-001	2,981,494	
	<i>Total 20.205</i>				<u>35,403,960</u>	
20 600	State and Community Highway Safety	Highway Safety Cluster	Arizona Governor's Office of Highway Safety	2012-AI-004, 2012-AL-055, 2012-PT-044, 2013-AI-009, 2013-AL-044, 2013-OP-019, 2013-PT-013	153,587	
20 601	Alcohol Impaired Driving Countermeasures Incentive Grants I	Highway Safety Cluster	Arizona Governor's Office of Highway Safety	2012-410-014, 2012-410-022, 2013-410-014, 2013-410-033, 2013-HF-002	239,352	
	<i>Total Highway Safety Cluster</i>				<u>392,939</u>	
20 608	Minimum Penalties for Repeat Offender for Driving While Intoxicated		Arizona Governor's Office of Highway Safety	2013-164-006	17,705	
20 703	Interagency Hazardous Materials Public Sector Training and Planning Grants		Arizona Emergency Response Commission	HM-HMP-0282-12-01-00	1,483	
	Total Department of Transportation				<u>35,816,087</u>	<u>365,788</u>
Institute of Museum and Library Services						
45 310	Grants to States		Arizona State Library, Archives and Public Records	2012-32032-12	50,680	
Environmental Protection Agency						
66 001	Air Pollution Control Program Support				1,294,604	
66 034	Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act				244,386	
	Total Environmental Protection Agency				<u>1,538,990</u>	
Department of Energy						
81 042	Weatherization Assistance for Low-Income Persons		Governor's Office of Energy Policy	EW-ESA-12-2182-03Y2	774,464	
81 128 ARRA	Energy Efficiency and Conservation Block Grant Program (EECBG)				71,456	
	Total Department of Energy				<u>845,920</u>	

See accompanying notes to schedule.

Maricopa County
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2013

Federal agency/CFDA number	Federal program name	Cluster title	Pass-through grantor	Pass-through grantor's number(s)	Program expenditures	Amount provided to subrecipients
Department of Education						
84 002	Adult Education—Basic Grants to States		Arizona Department of Education	12FAEABE-270694-01A, 12FAEAEF-270694-02A, 13FAEABE-370694-01A, 13FAEAEF-370694-02A	288,554	
84 010	Title I Grants to Local Educational Agencies	Title I, Part A Cluster	Arizona Department of Education	13FT1NAD-370696-01A	73,181	
84 018	Overseas Programs — Special Bilateral Projects		Arizona Department of Education	13FT1ZDR-370696-02A	92,764	
84 027	Special Education—Grants to States	Special Education Cluster (IDEA)	Arizona Department of Education	12FESSCG-270692-01A, 13FESCBG-370692-01A	93,138	
84 318	Educational Technology State Grants	Educational Technology State Grants Cluster	Pima County	12FETSTP-260950-01A	1,838	
84 365	English Language Acquisition State Grants		Arizona Department of Education	12FELENG-270696-03A, 13FELENG-370696-04A	58,466	
84 367	Improving Teacher Quality State Grants		Arizona Department of Education	12FAAPD3-270696-01A	16,534	
84 374	Teacher Incentive Fund	Teacher Incentive Fund Cluster			8,829,858	
84 395 ARRA	State Fiscal Stabilization Fund (SFSF)—Race-to-the-Top Incentive Grants		Arizona Department of Education	13-03-EDSG	109,127	
	Total Department of Education				<u>9,563,460</u>	
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	2013-31-MCH	397,756	
93 069	Public Health Emergency Preparedness		Arizona Department of Health Services	ADHS12-007891	3,672,498	
93 116	Project Grants and Cooperative Agreements for Tuberculosis Control Programs		Arizona Department of Health Services	ADHS13-042100, HG852310	292,123	
93 224	Consolidated Health Centers (Health Care for the Homeless)	Health Centers Cluster			2,390,427	182,827
93 243	Substance Abuse and Mental Health Services—Projects of Regional and National Significance				185,187	113,899
93 268	Immunization Cooperative Agreements		Arizona Department of Health Services	ADHS13-041805, HG854288	1,410,346	
93 279	Drug Abuse and Addiction Research Programs		Arizona State University	12-816	2,865	
93 283	Centers for Disease Control and Prevention—Investigations and Technical Assistance		Arizona Department of Health Services	ADHS11-007632, ADHS12-013061, ADHS13-029502	522,448	297,922
93 297	Teenage Pregnancy Prevention Program				948,630	188,502
93 505	Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program		Arizona Department of Health Services	ADHS12-023419	861,233	325,319
93 507	PPHF 2012 National Public Health Improvement Initiative				341,630	
93 521	The Affordable Care Act: Building Epidemiology, Laboratory, and Health Information Systems Capacity in the Epidemiology and Laboratory Capacity for Infectious Disease (ELC) and Emerging Infections Program (EIP) Cooperative Agreements; PPHF		Arizona Department of Health Services	ADHS12-012315	21,648	
93 544	The Patient Protection and Affordable Care Act of 2010 (Affordable Care Act) authorizes Coordinated Chronic Disease prevention and Health Promotion Program		Arizona Department of Health Services	ADHS12-015902	93,462	

See accompanying notes to schedule.

Maricopa County
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2013

Federal agency/CFDA number	Federal program name	Cluster title	Pass-through grantor	Pass-through grantor's number(s)	Program expenditures	Amount provided to subrecipients
93 558	Temporary Assistance for Needy Families	TANF Cluster	Arizona Department of Economic Security	DE111071001	359,932	
93 563	Child Support Enforcement		Arizona Department of Economic Security	DE111162001, DE111171001, G1104AZ4004	1,663,713	
93 568	Low-Income Home Energy Assistance		Arizona Department of Economic Security	DE111071001	1,947,529	121,455
93 568	Low-Income Home Energy Assistance		Governor's Office of Energy Policy	LW-ESA-12-2182-03, LW-ESA-12-2182-03Y2	1,042,539	
	<i>Total 93.568</i>				<u>2,990,068</u>	
93 569	Community Services Block Grant		Arizona Department of Economic Security	DE111071001	629,636	
93 576	Refugee and Entrant Assistance—Discretionary Grants		Arizona Department of Economic Security	DE101038001	1,785,399	
93 597	Grants to States for Access and Visitation Programs		Arizona Department of Economic Security	G1101AZSAVP	6,581	
93 600	Head Start				22,480,725	8,195,139
93 617	Voting Access for Individuals with Disabilities—Grants to States		Arizona Secretary of State	HHS-2006-ACF-ADD-VOTE-0135	128,265	
93 652	Adoption Opportunities				82,465	
93 667	Social Services Block Grant		Area Agency on Aging	2013-31-MCH	220,976	145,001
93 667	Social Services Block Grant		Arizona Department of Economic Security	DE111071001	162,626	
	<i>Total 93.667</i>				<u>383,602</u>	
93 703 ARRA	Grants to Health Center Programs				6,981	
93 744	PPHF 2012: Breast and Cervical Cancer Screening Opportunities for States, Tribes and Territories solely financed by 2012 Prevention and Public Health Funds		Arizona Department of Health Services	ADHS13-029502	53,000	
93 914	HIV Emergency Relief Project Grants				7,355,548	5,156,286
93 926	Healthy Start Initiative				422,882	
93 940	HIV Prevention Activities—Health Department Based		Arizona Department of Health Services	ADHS12-016584, ADHS13-034910	808,423	
93 944	Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance		Arizona Department of Health Services	ADHS12-016584	112,714	
93 977	Preventive Health Services—Sexually Transmitted Diseases Control Grants		Arizona Department of Health Services	ADHS13-036320, HG052195, HG854321, HG854317	404,178	
93 991	Preventive Health and Health Services Block Grant		Arizona Department of Health Services	HG854371	1,181	
93 994	Maternal and Child Health Services Block Grant to the States		Arizona Department of Health Services	ADHS11-006208, ADHS12-010921, ADHS13-037845, ADHS12-021145, HG861344, HP961245-005, HP961245	726,910	120,258
	Total Department of Health and Human Services				<u>51,542,456</u>	<u>14,846,608</u>
Executive Office of the President of the United States						
95 001	High Intensity Drug Trafficking Areas Program				555,388	

See accompanying notes to schedule.

Maricopa County
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2013

Federal agency/CFDA number	Federal program name	Cluster title	Pass-through grantor	Pass-through grantor's number(s)	Program expenditures	Amount provided to subrecipients
Department of Homeland Security						
97 042	Emergency Management Performance Grants		Arizona Department of Emergency and Military Affairs	EMW-2012-EP- 00003	537,710	
97 045	Cooperating Technical Partners				185,552	
97 067	Homeland Security Grant Program		Arizona Department of Homeland Security	777208-03, 777812-02, 777813-05, 777813-06, 777813-07, 888200-01, 888200-03, 888206-01, 888206-03, 888814-01, 888814-02, 888814-03, 999200-02, 999206-02, 999810-01, 999810-02	1,632,369	181,608
97 091	Homeland Security Biowatch Program				<u>577,349</u>	
	Total Department of Homeland Security				<u>2,932,980</u>	<u>181,608</u>
	Total expenditures of federal awards				\$ 171,272,593	\$ 30,647,822

See accompanying notes to schedule.

Maricopa County
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2013

Note 1 – Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Maricopa County and is presented on the modified accrual basis of accounting, except for the following programs: Schools and Roads – Grants to States (10.665), Payments in Lieu of Taxes (15.226), 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. 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.

The amounts included on the schedule of \$361 for the School Breakfast Program (10.553), \$549 for the National School Lunch Program (10.555), \$28,252 for the ARRA-Broadband Technology Opportunities Program (BTOP) (11.557), and \$19,800 for the HIV Prevention Activities—Health Department Based Program (93.940) represent the value of noncash assistance expended for each of the federal programs.

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 2013 *Catalog of Federal Domestic Assistance*. When no CFDA number had been assigned to a program, the two-digit federal agency identifier and the federal contract number were used. When there was no federal contract number, the two-digit federal agency identifier and the word “unknown” were used.

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Maricopa County
 Schedule of Findings and Questioned Costs
 Year Ended June 30, 2013

Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:		Unmodified	
		Yes	No
Internal control over financial reporting:			
Material weakness identified?	___		<u>X</u>
Significant deficiencies identified?	<u>X</u>		___
Noncompliance material to the financial statements noted?	___		<u>X</u>

Federal Awards

Internal control over major programs:			
Material weaknesses identified?	<u>X</u>		___
Significant deficiencies identified?	<u>X</u>		___
Type of auditors' report issued on compliance for major programs:			
Unmodified for all major programs except for Section 8 Housing Choice Vouchers (14.871) and the JAG Program Cluster (16.738 and 16.804) which were qualified.			
Any audit findings disclosed that are required to be reported in accordance with Circular A-133 (section .510[a])?	<u>X</u>		___

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children
14.218	Community Development Block Grants/Entitlement Grants
14.239	HOME Investment Partnerships Program
14.850	Public and Indian Housing
14.871	Section 8 Housing Choice Vouchers
14.872	Public Housing Capital Fund
16.738, 16.804	JAG Program Cluster
20.205	Highway Planning and Construction
84.374	Teacher Incentive Fund
93.600	Head Start
93.914	HIV Emergency Relief Project Grants

Maricopa County
Schedule of Findings and Questioned Costs
Year Ended June 30, 2013

Dollar threshold used to distinguish between Type A and Type B programs: \$3,000,000

Yes **No**

Auditee qualified as low-risk auditee? ___ 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 ___

Maricopa County
Schedule of Findings and Questioned Costs
Year Ended June 30, 2013

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 the Basic Financial Statements Performed in Accordance with *Government Auditing Standards*.

Federal Award Findings and Questioned Costs

2013-101

CFDA No. and Name:	10.557 Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)
Award Numbers and Years:	ADHS11-006673; October 1, 2010 through September 30, 2013 ADHS11-005228; March 1, 2011 through February 28, 2014
Federal Agency:	Department of Agriculture
Pass-through Grantor	Arizona Department of Health Services
Compliance Requirement:	Reporting
Questioned Costs:	None

Criteria: In accordance with 7 Code of Federal Regulations (CFR) §246.14(c) and the grant agreement with its pass-through grantor, the County's Department of Public Health (Department) is required to expend a minimum of one-sixth of the total amount spent for WIC services and another 4 percent each program year on nutrition education activities and breastfeeding promotion and support, respectively. The County is required to complete and submit to its pass-through grantor the Annual Cost Summary Report documenting that the minimum spending levels were met.

Condition and context: The Department has not established adequate policies and procedures to verify the expenditure data used to compile the Annual Cost Summary Report was accurate. Specifically, the Department relies on time-study reports entered into a data-base to compile the report by the designated program function. However, for 4 of 50 time-study reports tested, auditors noted the hours in the database did not agree by program function to the time-study report.

Effect: There is a risk that the Department may not meet the program's appropriate spending levels. Auditors determined that the overall total program expenditures reported in the Annual Cost Summary Report were accurate but misclassified by program function. The Department was able to demonstrate to the auditors that the program met the expenditure spending requirements.

Cause: The Department did not establish policies and procedures to ensure data used to prepare the Annual Cost Summary Report was accurate.

Maricopa County
Schedule of Findings and Questioned Costs
Year Ended June 30, 2013

Recommendation: The Department should establish policies and procedures to help ensure data used to prepare the Annual Cost Summary Report is accurately recorded and accumulated.

2013-102

CFDA No. and Name:	14.218 Community Development Block Grants/Entitlement Grants
Award Numbers and Years:	B-10-UC-04-0501; July 1, 2010 through indefinite B-11-UC-04-0501; July 1, 2011 through indefinite B-12-UC-04-0501; July 1, 2012 through indefinite Neighborhood Stabilization Program; March 19, 2009 through March 19, 2013 Neighborhood Stabilization Program 3; March 19, 2011 through March 19, 2014
Federal Agency:	Department of Housing and Urban Development
Compliance Requirement:	Reporting
Questioned Costs:	None

Criteria: The County's Human Services Department (Department) is required to submit an annual Integrated Disbursement and Information System (IDIS) – CDBG Financial Summary Report (C04PR26) in accordance with 24 CFR §91.520. This report should contain accurate data that is supported by its accounting records.

Condition and context: The Department did not have adequate review procedures in place to ensure that the CDBG Financial Summary Report was completed accurately. Specifically, auditors noted that the amount reported as returned to the federal program and available resources were both overstated by \$325,877.

Effect: The total available resources the County had remaining for the program was overstated by \$325,877. The County resubmitted a corrected report after auditors identified the error.

Cause: The Department's review of the report failed to identify the error because of an oversight.

Recommendation: Prior to submitting them to federal grantor agency, the Department should improve its review process to ensure the CDBG Financial Summary Report is reviewed to supporting records and any errors noted are corrected.

Maricopa County
Schedule of Findings and Questioned Costs
Year Ended June 30, 2013

2013-103

Cluster Name: JAG Program Cluster
CFDA No. and Name: 16.738 Edward Byrne Memorial Justice Assistance Grant Program
16.804 ARRA Recovery Act—Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government
Award Numbers and Years: 2009-DJ-BX-0342; October 1, 2008 through September 30, 2012
2009-SB-B9-2970; March 1, 2009 through February 28, 2013
2010-DJ-BX-1213; October 1, 2009 through September 30, 2014
CRI11-12-003; October 1, 2010 through December 31, 2013
2011-DJ-BX-3298; October 1, 2010 through September 30, 2014
DC-12-021; July 1, 2011 through June 30, 2012
CRI11-12-004; October 1, 2011 through September 30, 2012
2012-DJ-BX-1182; October 1, 2011 through September 30, 2015
DC-13-021; July 1, 2012 through June 30, 2013
DC-13-033; July 1, 2012 through June 30, 2013
Federal Agency: U.S. Department of Justice
Pass-through Grantor: Arizona Criminal Justice Commission
Compliance Requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Reporting
Questioned Costs: \$61,330

Criteria: To comply with the federal grant agreements and OMB Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments, indirect costs claimed for the program should consist of costs that are incurred for a common or joint purpose benefiting more than one cost objective. The indirect costs should be reimbursed based on an approved cost allocation plan or indirect cost proposal that was submitted to the federal grantor agency. In addition, all program costs should be reported on the SF-425 Federal Financial Report in accordance with 28 CFR §66.20(b)(1). Further, in accordance with the programs' grant agreements, any funds unexpended at the end of the award period must be returned to the awarding agency no later than 90 days after the end of the award period.

Condition and context: The County Manager's Department (Department) received \$70,213 to use for indirect costs to administer the Edward Byrne Memorial Justice Assistance Grant Program (grant number 2012-DJ-BX-1182). The County did not realize that direct expenditures were not allowable, and as a result, reported \$70,213 in administrative expenditures when only \$8,883 were allowable indirect costs. Further, the County allocated prior years grant program administrative costs in a similar manner for multiple grant awards received directly from the U.S. Department of Justice. All administrative costs received for the program were recorded in the same account and could not be easily identified to a grant award. As of June 30, 2013, there was a balance of \$263,591 in unexpended monies from these federal grants. The balance consisted of \$238,426 from grant awards received in prior years and \$25,165 from the current grant award.

Maricopa County
 Schedule of Findings and Questioned Costs
 Year Ended June 30, 2013

Effect: The Department did not comply with the federal program requirements for claiming its administrative costs, resulting in a questioned cost of \$61,330 for grant number 2012-DJ-BX-1182. Also, the expenditures were incorrectly reported on the SF-425 Federal Financial Report. Further, the County has \$263,591 of unspent grant monies that is unaccounted for by grant award and may need to be returned to the federal grantor. It was not practical to extend our auditing procedures sufficiently to determine if any unspent monies should be remitted back to the awarding agency.

Cause: The Department did not sufficiently understand its administrative cost budget agreement included in the grant award and did not realize unspent monies should be remitted back to the federal grantor.

Recommendation: The Department should establish procedures to help ensure administrative expenditures claimed are for allowable activities and that these expenditures are accounted for correctly on its federal financial reports. Additionally, the Department should establish procedures to track unexpended administrative costs by grant agreement to ensure any unexpended funds are spent by the end of the grant agreement or remitted back to the awarding agency. Further, the Department should work with the Department of Justice to modify its budget to allow for both direct and indirect costs to administer its programs.

2013-104

Cluster Name:	JAG Program Cluster
CFDA No. and Name:	16.738 Edward Byrne Memorial Justice Assistance Grant Program 16.804 ARRA Recovery Act—Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government
Award Numbers and Years:	2009-DJ-BX-0342; October 1, 2008 through September 30, 2012 2009-SB-B9-2970; March 1, 2009 through February 28, 2013 2010-DJ-BX-1213; October 1, 2009 through September 30, 2014 CRI11-12-003; October 1, 2010 through December 31, 2013 2011-DJ-BX-3298; October 1, 2010 through September 30, 2014 DC-12-021; July 1, 2011 through June 30, 2012 CRI11-12-004; October 1, 2011 through September 30, 2012 2012-DJ-BX-1182; October 1, 2011 through September 30, 2015 DC-13-021; July 1, 2012 through June 30, 2013 DC-13-033; July 1, 2012 through June 30, 2013
Federal Agency:	Department of Justice
Pass-through Grantor:	Arizona Criminal Justice Commission
Compliance Requirement:	Program Income and Reporting
Questioned Costs:	Unknown

Maricopa County
Schedule of Findings and Questioned Costs
Year Ended June 30, 2013

Criteria: To comply with 28 CFR §66.20(b)(1), federal financial reports and the calculation of program income revenues should be compiled accurately and in accordance with the grant's requirements. Further, in accordance with the *Office of Justice Program Financial Guide*, any program income earned during the project period but not utilized for the project must be refunded to the awarding agency.

Condition and context: The County Sheriff's Office (Office) did not separately track its federal and nonfederal program income related to the Edward Byrne Memorial Justice Assistance Grant Program awarded under grant number DC-13-021. Additionally, the Office did not calculate the federal share of program income based on the required calculation provided by its pass-through entity. The Office recorded all of its program income, from multiple years and funding sources in the same accounts. At July 1, 2012, the Office had a remaining balance of unspent program income of \$221,685 from prior years. During the audit period July 1, 2012 through June 30, 2013, the Office expended \$12,513 of the prior years' program income after the program's period of availability. In addition, the Office did not accurately report current year program income correctly on its SF-425, Federal Financial Report.

Effect: The Office did not comply with federal program requirements for reporting program income for grant number DC-13-021, resulting in a potential questioned cost of \$12,513. Auditors were unable to identify the breakout of federal, state, and local sources of the questioned cost. In addition, the Office had an additional \$209,172 of unspent federal and nonfederal program income monies from prior grant periods that could not be easily identified by type. Also, program income was incorrectly reported on the SF-425, Federal Financial Report.

Cause: The Office did not sufficiently understand its program income calculation requirements and did not separately track federal program income revenues in its accounting records.

Recommendation: To help ensure that program income is calculated correctly and expended in the allowable time period, the Office should calculate program income in accordance with its pass-through entities required formula. Also, the Office should track federal and nonfederal program income separately in its accounting records and determine if any unspent program income is required to be remitted back to the pass-through entity. Finally, the Office should properly report its program income revenues on the SF-425, Federal Financial Report.

Maricopa County
Schedule of Findings and Questioned Costs
Year Ended June 30, 2013

2013-105

Cluster Name:	JAG Program Cluster
CFDA No. and Name:	16.738 Edward Byrne Memorial Justice Assistance Grant Program 16.804 ARRA Recovery Act—Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government
Award Numbers and Years:	2009-DJ-BX-0342; October 1, 2008 through September 30, 2012 2009-SB-B9-2970; March 1, 2009 through February 28, 2013 2010-DJ-BX-1213; October 1, 2009 through September 30, 2014 CRI11-12-003; October 1, 2010 through December 31, 2013 2011-DJ-BX-3298; October 1, 2010 through September 30, 2014 DC-12-021; July 1, 2011 through June 30, 2012 CRI11-12-004; October 1, 2011 through September 30, 2012 2012-DJ-BX-1182; October 1, 2011 through September 30, 2015 DC-13-021; July 1, 2012 through June 30, 2013 DC-13-033; July 1, 2012 through June 30, 2013
Federal Agency:	Department of Justice
Pass-through Grantor:	Arizona Criminal Justice Commission
Compliance Requirement:	Reporting
Questioned Costs:	None

Criteria: In accordance with 2 CFR §170 Appendix A and the Federal Funding Accountability and Transparency Act (FFATA) of 2006, for grant awards beginning on October 1, 2010, or later, the County must report each subaward to a subrecipient that amounts to \$25,000 or more, not including American Recovery and Reinvestment Act awards. Each subaward payment and additional subaward information must be reported no later than the end of the month following the month in which the obligation was made.

Condition and context: The County Manager's Department (Department) did not submit the required FFATA report for grant number 2012-DJ-BX-1182, received from the Department of Justice. Additionally, the Department did not request or obtain permission from the Office of Management and Budget to deviate from this requirement and could not provide evidence that there was communication with the federal awarding agency to attempt a "good faith" effort to comply with this requirement. Upon this issue being brought to Department's attention by the auditors, the Department filed their past-due FFATA report in February 2014.

Effect: The Department did not comply with FFATA requirements for reporting subawards to subrecipients.

Maricopa County
Schedule of Findings and Questioned Costs
Year Ended June 30, 2013

Cause: The Department did not sufficiently understand the requirement in order to develop policies and procedures to ensure compliance with the FFATA reporting requirements.

Recommendation: To comply with FFATA requirements for reporting subawards to subrecipients, the Department should develop policies and procedures to help ensure the required reports are accurately compiled, reviewed, and submitted in a timely manner.

2013-106

CFDA No. and Name:	93.600 Head Start
Award Numbers and Years:	90YD0225/05; September 30, 2011 through September 29, 2012 09CH7096/47; July 1, 2011 through June 30, 2013
Federal Agency:	Department of Health and Human Services
Compliance Requirement:	Cash Management
Questioned Costs:	None

Criteria: In accordance with 45 CFR §74.21(b)(3), effective controls and accountability must be maintained over federal monies to ensure that they are used solely for authorized purposes. Therefore, all cash reimbursement requests should be reviewed and approved for accuracy prior to submission.

Condition and context: The County's Human Services Department (Department) did not have adequate policies and procedures in place to review and approve cash reimbursement requests before they are submitted to the federal grantor. Specifically, the Department's procedure was to review the cash reimbursement requests on a quarterly basis. Therefore, cash reimbursement requests may have been reviewed and approved as much as 3 months after the request for federal monies were submitted.

Effect: The Department may have requested reimbursement for expenditures that had not yet occurred during the reporting period. Auditors performed an analysis of the cash reimbursement requests for the entire audit period and determined that the total program's expenditures exceeded the total amount reimbursed, and therefore, no questioned costs were noted.

Cause: The Department felt that the procedure it had in place was adequate.

Recommendation: The Department should establish internal controls and procedures over its cash management process. This should include retaining supporting documentation for cash reimbursement requests and having a supervisor review and approve the requests prior to submission.

Maricopa County
Schedule of Findings and Questioned Costs
Year Ended June 30, 2013

2013-107

CFDA No. and Name:	93.600 Head Start
Award Numbers and Years:	90YD0225/05; September 30, 2011 through September 29, 2012 09CH7096/47; July 1, 2011 through June 30, 2013
Federal Agency:	Department of Health and Human Services
Compliance Requirement:	Matching
Questioned Costs:	None

Criteria: In accordance with 45 CFR §§1301.20 and 1301.21, the County's Human Services Department (Department) is required to provide at least 20 percent of the total costs of the Head Start program through cash or in-kind contributions.

Condition and context: The Department recorded in-kind contributions in its ChildPlus database system using data from approved in-kind contribution forms. However, for 15 of 40 in-kind contributions tested, the information recorded in the ChildPlus database system did not agree to the approved in-kind contribution forms. Also, for 1 additional in-kind contribution tested, the in-kind contribution form was not approved. Although, the Department has policies and procedures in place to perform quarterly audits of the in-kind contributions entered into the ChildPlus database system, the Department has not established an acceptable error rate for in-kind contributions during the quarterly audit process. Auditors estimated the error rate in the population tested was approximately 1.7 percent, and the County matched approximately 29 percent of the programs' expenditures.

Effect: Failure to properly enter information into the ChildPlus database system could result in future noncompliance with the Department's matching requirements. It could also result in inaccurate data being submitted to the federal grantor.

Cause: Although the Department performs quarterly audits of the in-kind contributions to verify the accuracy of information entered into the Child Plus system, the Department has not identified an acceptable error rate for this process due to vacancy in positions.

Recommendation: The Department should continue to improve its quality control process over in-kind contributions. Specifically, the Department should perform an analysis to determine an acceptable error rate for the in-kind contributions entered into the ChildPlus database system to ensure it meets or exceeds the matching requirement. This methodology for monitoring matching should be approved by the federal agency.

Maricopa County
Schedule of Findings and Questioned Costs
Year Ended June 30, 2013

2013-108

CFDA No. and Name:	93.600 Head Start
Award Numbers and Years:	90YD0225/05; September 30, 2011 through September 29, 2012 09CH7096/47; July 1, 2011 through June 30, 2013
Federal Agency:	Department of Health and Human Services
Compliance Requirement:	Reporting
Questioned Costs:	None

Criteria: In accordance with 45 CFR §92.41, the County's Human Services Department (Department) should complete the SF-425, Federal Financial Report (FFR), to report federal expenditures on a semi-annual basis. The report should accurately report the federal share of expenditures and unliquidated obligations as of the reporting period end date.

Condition and context: The Department did not adequately review the FFRs. For one of two semiannual reports tested, auditors noted that unliquidated obligations were incorrectly reported as \$680,537 on the December 31, 2012, report when the amount should have been reported as \$5.9 million. Auditors examined the subsequent semi-annual report for the period ended June 30, 2013, and determined that the federal share of expenditures and unliquidated obligations were properly reported. This error also caused the total federal share of expenditures to be reported incorrectly.

Effect: The total federal share of expenditures and unliquidated obligations line items reported as of December 31, 2012, were understated by \$5.2 million.

Cause: The Department's review of the report failed to identify the error because of oversight.

Recommendation: The Department should improve its review process to ensure the FFRs are reviewed to supporting records and any errors noted are corrected prior to submitting them.

Maricopa County
Schedule of Findings and Questioned Costs
Year Ended June 30, 2013

2013-109

Cluster Name:	Teacher Incentive Fund Cluster
CFDA No. and Name:	84.374 Teacher Incentive Fund
Award Numbers and Years:	S374A100025; October 1, 2010 through September 30, 2013 S374A120089; October 1, 2012 through September 30, 2017
Federal Agency:	Department of Education
Compliance Requirement:	Cash Management
Questioned Costs:	Unknown

Criteria: In accordance with 34 CFR §80.20(b)(2-3), grantees must maintain records that adequately identify the sources and uses of federal awards. Additionally, effective controls and accountability must be maintained over federal monies to ensure that they are used solely for authorized purposes. Therefore, all cash reimbursement requests should be reviewed and approved for accuracy prior to submission.

Condition and Context: The County's Maricopa Education Service Agency (Agency) did not have policies and procedures to review and approve cash reimbursement requests for the period July 1, 2012 through February 28, 2013. In addition, for one of the six cash reimbursement requests tested, the Agency also did not maintain adequate records to support its request for \$1,050,274. Consequently, auditors were unable to determine if the amount requested was proper and in compliance with cash management requirements.

Effect: The Agency may have requested reimbursement for expenditures that had not yet occurred during the reporting period. Auditors performed an analysis of the cash reimbursement requests for the entire audit period and determined that the program's total expenditures exceeded the total amount reimbursed, and therefore, no questioned costs were noted.

Cause: Prior to March 1, 2013, the Agency was not basing its reimbursement requests on the County's accounting system and did not realize it should maintain appropriate records and evidence of a review and approval of its requests. In addition, the Agency did not ensure that expenditures were paid prior to requesting reimbursement from the federal government.

Recommendation: In March 2013, the Agency began reviewing and maintaining documentation that evidences its review of reimbursement requests for accuracy before submitting them to their grantor. The Agency should continue this practice and ensure that all expenditures are paid prior to requesting reimbursement.

This finding is similar to a prior-year finding.

Maricopa County
Schedule of Findings and Questioned Costs
Year Ended June 30, 2013

2013-110

Cluster Name:	Teacher Incentive Fund Cluster
CFDA No. and Name:	84.374 Teacher Incentive Fund
Award Numbers and Years:	S374A100025; October 1, 2010 through September 30, 2013 S374A120089; October 1, 2012 through September 30, 2017
Federal Agency:	Department of Education
Compliance Requirement:	Matching
Questioned Costs:	None

Criteria: To comply with its grant agreement, the County is required to match \$5,040,652 of nonfederal funds for the budget period October 1, 2010 through September 30, 2013. In accordance with 34 CFR §80.24(a)(3,6), the contributions may not count toward satisfying a cost-sharing or matching requirement of a grant agreement if they have been or will be counted toward satisfying a cost-sharing or matching requirement of another federal grant agreement, a federal procurement contract, or any other award of federal funds. Additionally, cost and third-party, in-kind contributions counting toward satisfying a cost-sharing or matching requirement must be verifiable from the grantee's records and supported by the grantee.

Condition and context: During the first and second years of the award, the County's Maricopa Education Service Agency (Agency) relied on participating school districts to match federal expenditures; however, the Agency did not properly obtain documentation that the third-party, in-kind contributions were not used as a matching contribution toward another federal grant, contract, or any other award of federal funds at the school districts when the Agency originally reported the amounts matched. As a result, the Agency did not obtain sufficient supporting documentation for \$859,908 of the school districts' match until February 28, 2014. Although documentation was dated after the fact, it appears the County met the matching requirement.

Effect: Failure to properly support and monitor matching expenditures could result in noncompliance with the County's matching requirements and a potential questioned cost of \$859,089 because the matching documentation was received after the fact.

Cause: During the first years of the grant, the Agency did not realize that the program had to maintain verifiable records or monitor the matching requirement.

Recommendation: To help ensure that only allowable funding sources are used to match federal expenditures and that the program's matching requirement is met, the Agency should obtain and maintain records that are auditable to demonstrate the program is matched with allowable nonfederal sources or in-kind contributions at the time the match is required to be met.

This finding is similar to a prior-year finding.

Maricopa County
Schedule of Findings and Questioned Costs
Year Ended June 30, 2013

Other auditors' findings:

The other auditors who audited the Public Indian Housing (14.850), Section 8 Housing Choice Vouchers (14.871), and Public Housing Capital Fund (14.872) federal programs administered by the Housing Authority of Maricopa County (HAMC) reported the following finding:

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

2013-111 Eligibility

Housing Choice Vouchers – CFDA#14.871

- Condition:** The Authority did not recertify participants in a timely basis. In addition, some participant files were incomplete as some information required to document the recertification process was not consistently retained and/or organized within each participant's file.
- Criteria:** HUD regulations require PHAs reexamine family income using third-party documentation at least once every 12 months.
- Cause:** Employee turnover related to HCV program staff created temporary staffing shortages.
- Effect or potential effect:** Potential overpayment of HAP due to incorrect and/or untimely income calculations.
- Recommendation:** We recommend that the Authority adhere to resident file Quality Control review procedures to monitor and evaluate HCV staff performance and ensure compliance with HUD regulations.
- HAMC of responsible officials:** HAMC concurs with the finding and corrective action is in progress as detailed in the Corrective Action Plan.



Maricopa County

Office of Assistant County Manager and Department of Finance

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and
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March 10, 2014

Debbie Davenport
Auditor General
2910 North 44th Street, Suite 410
Phoenix, AZ 85018

Dear Ms. Davenport:

The accompanying Corrective Action Plan has been prepared as required by U.S. Office of Management and Budget Circular A-133. Specifically, we are providing you with the names of the contact persons responsible for corrective action, the corrective action planned, and the anticipated completion date for each federal award finding included in the current year's Schedule of Findings and Questioned Costs.

Sincerely,

Shelby L. Scharbach
Assistant County Manager — Chief Financial Officer

**Maricopa County
Corrective Action Plan
Year Ended June 30, 2013**

Federal Award Findings and Questioned Costs

2013-101

CFDA No.: 10.557 Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)

Department: Maricopa County Department of Public Health

Contact person: Donna Beedle, Program Manager WIC, (602) 506-9339

Anticipated completion date: February 25, 2014

County Response: Concur

County Corrective Action Plan: The Maricopa County Department of Public Health has updated the policies and procedures to ensure that the Annual Cost Summary Reports are completed accurately. These procedures include modification of the time study form, documenting analyst and manager responsibilities, and initiating an internal document review process.

2013-102

CFDA No.: 14.218 Community Development Block Grants/Entitlement Grants

Department: Maricopa County Human Services Department

Contact person: Amy Jacobson, Community Development Program Coordinator, (602)-372-1508

Anticipated completion date: June 30, 2014

County Response: Concur

County Corrective Action Plan: The Maricopa County Human Services Department Community Development Program will implement a staff review process to ensure the CDBG Financial Summary Reports are accurate. The Community Development Assistant Director in coordination with the Department's Finance Service Administrator will review and approve the Financial Summary Reports prior to submission.

2013-103

CFDA No.: JAG Program Cluster

16.738 Edward Byrne Memorial Justice Assistance Grant Program

16.804 ARRA Recovery Act – Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government

Department: Maricopa County Manager's Department

Contact person: Alice Bustillo, JAG Grant Administrator, (602) 372-7059

Anticipated completion date: June 30, 2014

County Response: Concur

County Corrective Action Plan: The Maricopa County Manager's Department will update its policies and procedures to improve tracking of administrative and indirect costs. The Department will also work with the Department of Justice to amend the budgets to clarify

**Maricopa County
Corrective Action Plan
Year Ended June 30, 2013**

allowable direct and indirect expenditures. The Department will also review the unexpended administrative costs to determine if any funds need to be remitted. This finding did not affect the ARRA program.

2013-104

CFDA No.: JAG Program Cluster

16.738 Edward Byrne Memorial Justice Assistance Grant Program

16.804 ARRA Recovery Act – Edward Byrne Memorial Justice Assistance
Grant (JAG) Program/Grants to Units of Local Government

Department: Maricopa County Sheriff's Office

Contact person: Lee Ann Bohn, Chief Financial Officer, (602) 876-7891

Anticipated completion date: June 30, 2014

County Response: Concur

County Corrective Action Plan: The Maricopa County Sheriff's Office will review and update controls over expending and reporting program income. The Sheriff's Office will work with the grantor in reporting program income and expenditures on the Federal Financial Report (SF425). The Department will also work with the grantor to determine if any of the unspent program income balance needs to be remitted. This finding did not affect the ARRA program.

2013-105

CFDA No.: JAG Program Cluster

16.738 Edward Byrne Memorial Justice Grant Assistance Program

16.804 ARRA Recovery Act – Edward Byrne Memorial Justice Assistance
Grant (JAG) Program/Grants to Units of Local Government

Department: Maricopa County Manager's Department

Contact person: Alice Bustillo, JAG Grant Administrator, (602) 372-7059

Anticipated Completion date: February 28, 2014

County Response: Concur

County Corrective Action Plan: The Maricopa County Manager's Department was unaware of the FFATA reporting requirement as this was the first grant year that the FFATA requirements were applicable. The Department submitted all past due FFATA reports in February 2014. The Department has updated policies to ensure that any subaward in excess of \$25,000 will be reported within 30 days of the obligation of the funds. This finding did not affect the ARRA program.

**Maricopa County
Corrective Action Plan
Year Ended June 30, 2013**

2013-106

CFDA No.: 93.600 Head Start

Department: Maricopa County Human Services Department

Contact person: Robert Herne, Senior Grants Accountant, (602) 506-5917

Completion date: August 1, 2013

County Response: Concur

County Corrective Action Plan: The Maricopa County Human Services Department will update procedures to ensure supporting documentation for all future cash reimbursement requests is retained. Additionally, the Department's Financial Services Administrator will review and approve the reimbursement requests prior to submission.

2013-107

CFDA No.: 93.600 Head Start

Department: Maricopa County Human Services Department

Contact person: Benny Chalunkal, Operations Supervisor, (602) 506-5917

Anticipated completion date: June 30, 2014

County Response: Concur

County Corrective Action Plan: The Maricopa County Human Services Department is implementing improvements to its quality control efforts by modifying processes that will limit the potential for human errors. The spreadsheet used to track in-kind matches will be improved to reduce data entry errors and allow direct import into ChildPlus. Additionally, the Department will monitor the error rate to ensure the required in-kind match amounts listed in ChildPlus are sufficient to meet grant match requirements and is acceptable by the federal agency.

2013-108

CFDA No.: 93.600 Head Start

Department: Maricopa County Human Services Department

Contact person: Robert Herne, Senior Grants Accountant, (602) 506-5917

Anticipated completion date: June 30, 2014

County Response: Concur

County Corrective Action Plan: The Maricopa County Human Services Department updated policies and procedures to ensure that all Federal Financial Reports (FFRs) are completed by the Grant Accountant and submitted along with supporting documentation to the Department's Financial Services Administrator for review and approval prior to submission.

**Maricopa County
Corrective Action Plan
Year Ended June 30, 2013**

2013-109

CFDA No.: 84.374 Teacher Incentive Fund

Department: Maricopa County Education Service Agency

Contact person: Marc Kuffner, Assistant Superintendent for Economic Management, (602) 506-2068

Anticipated completion date: March 15, 2013

County Response: Concur

County Corrective Action Plan: The Maricopa County Education Service Agency has developed procedures to ensure cash reimbursement requests are reviewed for accuracy. These procedures include maintaining adequate supporting documentation and requiring a supervisor's review and approval. This process has been in place since March 1, 2013, and is acceptable as noted in the recommendation from the Auditor General.

2013-110

CFDA No.: 84.374 Teacher Incentive Fund

Department: Maricopa County Education Service Agency

Contact person: Marc Kuffner, Assistant Superintendent for Economic Management, (602) 506-2068

Anticipated completion date: June 30, 2014

County Response: Concur

County Corrective Action Plan: The Maricopa County Education Service Agency implemented improved procedures for tracking and documenting matching funds. The department will continue to monitor partner district administrative salary and benefit expenses on a quarterly basis and verify that no federal funds were used to pay for these expenses. The agency will also require districts to submit semiannual certifications. The agency will also document matches from performance based compensation payments through the use of invoices supplied by the district.

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Maricopa County

Office of Assistant County Manager and Department of Finance

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February 7, 2014

Debbie Davenport
Auditor General
2910 North 44th Street, Suite 410
Phoenix, AZ 85018

Dear Ms. Davenport:

The accompanying Summary Schedule of Prior Audit Findings has been prepared as required by 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. This schedule also includes 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, 2013**

Status of Federal Award Findings and Questioned Costs

CFDA No.: 10.557 Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)

CFDA No.: 93.224 Consolidated Health Centers (Health Care for the Homeless)

Finding No. 12-101

Status: Fully corrected.

CFDA No.: 14.218 Community Development Block Grants/Entitlement Grants

14.239 HOME Investment Partnerships Program

Finding No. 12-102

Status: Fully corrected.

CFDA No.: 14.218 Community Development Block Grants/Entitlement Grants

14.239 HOME Investment Partnerships Program

Finding No. 12-103

Status: Fully corrected.

CFDA No.: 14.218 Community Development Block Grants/Entitlement Grants

Finding No. 12-104

Status: Fully corrected.

CFDA No.: 17.275 ARRA–Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors

Finding No. 12-105

Status: Fully corrected.

CFDA No.: 81.042 Weatherization Assistance for Low-Income Persons

81.042 ARRA–Weatherization Assistance for Low-Income Persons

93.568 Low-Income Home Energy Assistance Program

Finding No. 12-106

Status: Fully corrected.

CFDA No.: 84.374 Teacher Incentive Fund

Finding No. 12-107

Status: Partially corrected.

The Maricopa County Education Service Agency updated the policies and procedures in October 2012 for both the performance based compensation and in-kind match requirements in order to ensure the matching requirements are met and proper documentation is maintained. The agency is working with school districts to obtain semiannual certifications to document compliance with in-kind match requirements. A knowledgeable member of management at the school district verifies the amounts and that the salary expenditures are not used for other federal grants. Contact person is Marc Kuffner, Assistant Superintendent for Economic Management and Consulting, (602) 506-2068.

**Maricopa County
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2013**

CFDA No.: 84.374 Teacher Incentive Fund

Finding No. 12-108

Status: Fully corrected.

CFDA No.: 14.850 Public and Indian Housing

CFDA No.: 14.871 Section 8 Housing Choice Vouchers

CFDA No.: 14.872 Public Housing Capital Fund (CFP)

CFDA No.: 14.218 Community Development Block Grants/Entitlement Grants

Finding No. 10-111

Status: Partially corrected.

The Housing Authority of Maricopa County submits that all corrective actions have been addressed with a repayment plan being the only remaining open issue. Contact person is Irma Hollamby, Administrator, Housing Authority of Maricopa County, (602) 744-4541.

CFDA No.: 14.850 Public and Indian Housing

Finding No. 11-109

Status: Fully corrected.

CFDA No.: 14.850 Public and Indian Housing

Finding No. 12-110

Status: Fully corrected.

CFDA No.: 14.871 Section 8 Housing Choice Vouchers

Finding No. 11-106

Status: Partially corrected.

The Housing Authority of Maricopa County has improved the Portability-In collection which has reduced the cash deficiency to \$346,780 as of June 30, 2013. A Repayment Agreement will be presented to HUD to recover deficient funding. A repayment plan will be submitted to HUD Field Office by December 31, 2013. By January 31, 2014, the Housing Authority of Maricopa County will develop written internal controls that establish 1) restricted funds, such as Housing Assistance Payment reserves, are not to be used for ineligible expenses; 2) cash balances of all programs are monitored to assure that funds are not comingled; and 3) budgets are monitored to assure programs are operating without deficits. Contact person is Irma Hollamby, Administrator, Housing Authority of Maricopa County, (602) 744-4541.

CFDA No.: 14.871 Section 8 Housing Choice Vouchers

Finding No. 12-109

Status: Fully corrected.