



A REPORT
TO THE
ARIZONA LEGISLATURE

Financial Audit Division

Single Audit

Maricopa County

Year Ended June 30, 2009



Debra K. Davenport
Auditor General

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Maricopa County
Single Audit Reporting Package
Year Ended June 30, 2009

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DEBRA K. DAVENPORT, CPA
AUDITOR GENERAL

STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL

WILLIAM THOMSON
DEPUTY AUDITOR GENERAL

**Independent Auditors' Report on Compliance with Requirements
Applicable to Each Major Program and on Internal Control over Compliance in
Accordance with OMB Circular A-133**

Members of the Arizona State Legislature

The Board of Supervisors of
Maricopa County, Arizona

Compliance

We have audited the compliance of Maricopa County with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009, except for that portion of the federal programs administered by the Housing Authority of Maricopa County (Authority). The Authority was audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the compliance of the Authority 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. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit and the report of the other auditors.

Maricopa County's basic financial statements include the operations of the Maricopa County Accommodation Schools, which expended \$680,196 in federal awards that are not included in the County's Schedule of Expenditures of Federal Awards for the year then ended June 30, 2009. Our audit, described below, did not include the operations of the Maricopa County Accommodation Schools because the Accommodation School engaged other auditors to perform an audit in accordance with OMB Circular A-133.

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 provide a reasonable basis for our opinion. Our audit does not provide a legal determination of the County's compliance with those requirements.

As described in items 09-108 and 09-109 in the accompanying Schedule of Findings and Questioned Costs, the County did not comply with the requirements regarding activities allowed or unallowed, allowable costs/cost principles, and reporting that are applicable to its Child Nutrition Cluster. Compliance with such requirements is necessary, in our opinion, for the County to comply with requirements applicable to that program.

In our opinion, because of the effects of the noncompliance described in the preceding paragraph, Maricopa County did not comply in all material respects, with the requirements referred to above that are applicable to the Child Nutrition Cluster. Also, in our opinion, based on our audit and the report of the other auditors, Maricopa County complied, in all material respects, with the requirements referred to above that are applicable to each of its other major federal programs for the year ended June 30, 2009. The results of our auditing procedures and the report of the other auditors also disclosed instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and are described in the accompanying Schedule of Findings and Questioned Costs as items 09-101, 09-102, 09-104, 09-105, 09-107, and 09-110.

Internal Control over Compliance

The County's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 would not necessarily identify all deficiencies in the County's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies and others that we consider to be material weaknesses.

A control deficiency in the County's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the County's internal control. We consider items 09-101 through 09-109 described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the County's internal control. Of the significant deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs, we consider items 09-102, 09-105, 09-106, 09-108, and 09-109 to be material weaknesses.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, aggregate discretely presented component units, each major fund, and aggregate remaining fund information of Maricopa County as of and for the year ended June 30, 2009, and have issued our report thereon dated December 22, 2009. Our report was modified to include a reference to our reliance on other auditors. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the report of the other auditors, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Maricopa County's responses to the findings identified in our audit are presented on pages 29 through 34. We did not audit the County's responses and, accordingly, we express no opinion on them.

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

Jay Zsorey, CPA
Financial Audit Director

March 30, 2010, except for the
Schedule of Expenditures of
Federal Awards, for which the
date is December 22, 2009

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Maricopa County
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2009

Federal Grantor/Program Title/ Pass-Through Grantor	CFDA Number	Pass-Through Grantor's Number	Expenditures
U.S. Office of National Drug Control Policy			
High Intensity Drug Trafficking Areas, passed through the Arizona Criminal Justice Commission	07.18PSAP501Z	HT18-08-0711, HT18-08-0911, HT18-08-1113, HT18-08-1210	\$ 490,637
High Intensity Drug Trafficking Areas, passed through the Arizona Criminal Justice Commission	07.17PSAP501Z	HT17-07-0911, HT17-07-1113, HT17-07-2510	412,617
High Intensity Drug Trafficking Areas, passed through the Arizona Criminal Justice Commission	07.16PSAP501Z	HT16-06-0711, HT16-06-1113, HT16-06-2510	151,359
High Intensity Drug Trafficking Areas, passed through Pima County	07.15PSAP549	01-11-M-136285-1004	14,544
High Intensity Drug Trafficking Areas, passed through Pima County	07.14PSAP549	01-11-M-134371-1003	5,456
Total U.S. Office of National Drug Control Policy			<u>1,074,613</u>
U.S. Department of Agriculture			
Child Nutrition Cluster:			
School Breakfast Program, passed through the Arizona Department of Education	10.553	ED05-0001, ED09-0001	177,275
National School Lunch Program, passed through the Arizona Department of Education	10.555	ED05-0001, ED09-0001	319,189
Total Child Nutrition Cluster			<u>496,464</u>
Special Supplemental Nutrition Program for Women, Infants, and Children, passed through the Arizona Department of Health Services	10.557	HG861080, HG961186, HP661311	10,180,681
Child and Adult Care Food Program, passed through the Arizona Department of Education	10.558	KR02-1170-ALS	234,103
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program, passed through the Arizona Department of Health Services	10.561	HG861075	224,243
WIC Farmers' Market Nutrition Program (FMNP), passed through the Arizona Department of Health Services	10.572	HG861331	1,250
Schools and Roads—Grants to States, passed through the Arizona State Treasurer	10.665	None	566,444
Solid Waste Management Grants	10.762		116,544
Cooperative Law Enforcement Agreement	10.06-LE-11031200-003		160,894
Total U.S. Department of Agriculture			<u>11,980,623</u>
U.S. Department of Housing and Urban Development			
Community Development Block Grants/Entitlement Grants	14.218		2,217,610

(Continued)

See accompanying notes to schedule.

Maricopa County
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2009
(Continued)

Federal Grantor/Program Title/ Pass-Through Grantor	CFDA Number	Pass-Through Grantor's Number	Expenditures
Emergency Shelter Grants Program	14.231		\$ 95,652
HOME Investment Partnerships Program	14.239		4,207,861
Public and Indian Housing	14.850		2,761,100
Resident Opportunity and Supportive Services— Service Coordinators	14.870		50,864
Section 8 Housing Choice Vouchers	14.871		12,810,720
Public Housing Capital Fund	14.872		1,519,240
ARRA—Public Housing Capital Fund Stimulus (Formula) Recovery Act Funded	14.885		46,157
Lead-Based Paint Hazard Control in Privately-Owned Housing, passed through the City of Phoenix	14.900	118265, 125739	104,830
Lead-Based Paint Hazard Control in Privately-Owned Housing, passed through the Southwest Fair Housing Council	14.900	AZLOR001004	<u>6,227</u>
Total Lead-Based Paint Hazard Control in Privately-Owned Housing			<u>111,057</u>
Total U.S. Department of Housing and Urban Development			<u>23,820,261</u>
 U.S. Department of the Interior			
Payments in Lieu of Taxes	15.226		4,097,990
Distribution of Receipts to State and Local Governments, passed through the Arizona State Treasurer	15.227	None	9,884
Partners for Fish and Wildlife	15.631		<u>3,000</u>
Total U.S. Department of the Interior			<u>4,110,874</u>
 U.S. Department of Justice			
Comprehensive Approaches to Sex Offender Management Discretionary Grant (CASOM)	16.203		201,937
Juvenile Accountability Block Grants, passed through the Arizona Governor's Office for Children, Youth and Families	16.523	JB-CSG-07-8274-06, JB-CSG-08-9273-05	314,188
Juvenile Justice and Delinquency Prevention—Allocation to States, passed through the Arizona Governor's Office for Children, Youth and Families	16.540	J2-CSG-08-8182-12, J5-CSG-08-8182-00	137,091
National Institute of Justice Research, Evaluation, and Development Project Grants, passed through the Arizona Department of Public Safety	16.560	2008-154	46,367
Crime Victim Assistance, passed through the Arizona Department of Public Safety	16.575	2006-VA-GX-0013, 2008-116	48,384
Crime Victim Compensation, passed through the Arizona Criminal Justice Commission	16.576	VC-07-056, VC08-056, VC-09-056	311,967
Edward Byrne Memorial Formula Grant Program, passed through the Arizona Criminal Justice Commission	16.579	DC-09-011	321,373

(Continued)

See accompanying notes to schedule.

Maricopa County
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2009
(Continued)

Federal Grantor/Program Title/ Pass-Through Grantor	CFDA Number	Pass-Through Grantor's Number	Expenditures
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	16.580		\$ 164,762
Residential Substance Abuse Treatment for State Prisoners, passed through the Arizona Criminal Justice Commission	16.593	RSAT-09-004, SAT-06-108	57,810
Community Capacity Development Office, passed through the City of Phoenix	16.595	122900, 124973, 124974	16,315
Bulletproof Vest Partnership Program	16.607		69,140
Community Prosecution and Project Safe Neighborhoods, passed through the Arizona Criminal Justice Commission	16.609	PSN-08-1015, PSN-09-009	13,022
Enforcing Underage Drinking Laws Program, passed through the Arizona Governor's Office of Highway Safety	16.727	2007-OJJDP-009	16,039
Edward Byrne Memorial Justice Assistance Grant Program, passed through the Arizona Supreme Court	16.738	AD-08-041, AD-09-041 DC-09-010	297,157
Edward Byrne Memorial Justice Assistance Grant Program, passed through the Arizona Criminal Justice Commission	16.738	AC-08-020, CRI07-08-107, DC-09-027	<u>111,226</u>
Total Edward Byrne Memorial Justice Assistance Grant Program			<u>1,042,003</u>
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742		95,000
Paul Coverdell Forensic Sciences Improvement Grant Program, passed through the Arizona Criminal Justice Commission	16.742	CV-09-003	<u>5,587</u>
Total Paul Coverdell Forensic Sciences Improvement Grant Program			<u>100,587</u>
Anti-Gang Initiative, passed through the Arizona Criminal Justice Commission	16.744	ANTI-GANG-09-001, PSNA-08-1010	91,671
U.S. Marshals Service District Fugitive Apprehension Task Force	16.09-08-0835		1,870
Financial Crimes/Mortgage Fraud Task Force	16.290-PX-C81654		7,037
ITOS I Joint Terrorism Task Force	16.415-PX-A54566-S/LMOU		1,778
Joint Terrorism Task Force	16.66F-PX-A54566-S/LMOU		28,164
Desert Hawk Violent Crime Task Force	16.88A-PX-46088		27,709
Federal Equitable Sharing Agreement	16.unknown		58,574
Southwest Border Prosecution Initiative	16.unknown		748,898
DEA Task Force	16.unknown		<u>12,168</u>
Total U.S. Department of Justice			<u>3,838,854</u>
U.S. Department of Labor			
Workforce Investment Act (WIA) Cluster:			
WIA Adult Program, passed through the Arizona Department of Economic Security	17.258	DE070298001, DE081290001, E5706007	3,670,401

(Continued)

See accompanying notes to schedule.

Maricopa County
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2009
(Continued)

Federal Grantor/Program Title/ Pass-Through Grantor	CFDA Number	Pass-Through Grantor's Number	Expenditures
ARRA-WIA Adult Program, passed through the Arizona Department of Economic Security	17.258	DE091201001	\$ 915
Total WIA Adult Program			<u>3,671,316</u>
WIA Youth Activities, passed through the Arizona Department of Economic Security	17.259	DE070298001, DE081290001, E5706007	2,282,810
ARRA-WIA Youth Activities, passed through the Arizona Department of Economic Security	17.259	DE091201001	559,313
Total WIA Youth Activities			<u>2,842,123</u>
WIA Dislocated Workers, passed through the Arizona Department of Economic Security	17.260	DE070298001, DE081290001, DE081030001	2,261,260
ARRA-WIA Dislocated Workers, passed through the Arizona Department of Economic Security	17.260	DE091201001	14,315
Total WIA Dislocated Workers			<u>2,275,575</u>
Total WIA Cluster			<u>8,789,014</u>
Incentive Grants—WIA Section 503, passed through the Arizona Department of Education	17.267	09FAEHI-970694-05A	50,000
Incentive Grants—WIA Section 503, passed through the Arizona Department of Economic Security	17.267	DE091093-01	111,792
Total Incentive Grants—WIA Section 503			<u>161,792</u>
Total U.S. Department of Labor			<u>8,950,806</u>
U.S. Department of Transportation			
Highway Planning and Construction, passed through the Arizona Department of Transportation	20.205	CM-MMA-0(200), CM-MMA-0(204)X, JPA 03-122, JPA 07-016T, JPA 09-002M	1,501,284
Highway Planning and Construction, passed through the Maricopa Association of Governments	20.205	262, 999-A(043)	1,266,496
Total Highway Planning and Construction			<u>2,767,780</u>
Job Access—Reverse Commute, passed through the City of Phoenix	20.516	AZ-37-X006, AZ-90-X088	1,162,703
Highway Safety Cluster:			
State and Community Highway Safety, passed through the Arizona Governor's Office of Highway Safety	20.600	2007-AL-006, 2009-OP-001	9,995
Alcohol Impaired Driving Countermeasures Incentive Grants I, passed through the Arizona Governor's Office of Highway Safety	20.601	2007-HVE-007, 2008-410-028, 2008-410-047	132,573
Total Highway Safety Cluster			<u>142,568</u>
Interagency Hazardous Materials Public Sector Training and Planning Grants, passed through the Arizona Emergency Response Commission	20.703	None	5,893
Total U.S. Department of Transportation			<u>4,078,944</u>

(Continued)

See accompanying notes to schedule.

Maricopa County
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2009
(Continued)

Federal Grantor/Program Title/ Pass-Through Grantor	CFDA Number	Pass-Through Grantor's Number	Expenditures
U.S. Environmental Protection Agency			
Air Pollution Control Program Support	66.001		\$ 1,099,201
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	66.034		<u>55,386</u>
Total U.S. Environmental Protection Agency			<u>1,154,587</u>
U.S. Department of Energy			
Weatherization Assistance for Low-Income Persons, passed through the Arizona Department of Commerce	81.042	C064-08	<u>244,176</u>
U.S. Department of Education			
Adult Education—Basic Grants to States, passed through the Arizona Department of Education	84.002	09FAEABE-970694-01A, 09FAECIV-970694-03A	221,370
Special Education—Grants to States, passed through the Arizona Department of Education	84.027	08FESSCG-870692-02A, 09FESCBG-960738-04A, 09FESCBG-970692-01A	47,361
Safe and Drug-Free Schools and Communities—State Grants, passed through the Arizona Department of Education	84.186	09FSDIVB-960738-02A	5,728
Fund for the Improvement of Education	84.215		13,704
Twenty-First Century Community Learning Centers, passed through the Arizona Department of Education	84.287	08FSECY5-860738-01A, 08FSECY4-870696-01A, 09FSECY5-970696-01A	86,985
Education Technology State Grants, passed through Pima County	84.318	08FSESTP-860950-10A, 09FETSTP-960950-09A	142,920
English Language Acquisition Grants, passed through the Arizona Department of Education	84.365	08FAAENG-870696-06A, 09FACENG-970696-04A	142,696
Improving Teacher Quality State Grants, passed through the Arizona Department of Education	84.367	08FAAAZE-870696-03A, 09FAAAZE-970696-02A	<u>117,833</u>
Total U.S. Department of Education			<u>778,597</u>
U.S. Department of Health and Human Services			
Special Programs for the Aging—Title III, Part B—Grants for Supportive Services and Senior Centers, passed through Area Agency on Aging	93.044	2008-30-MCSTS, 2009-30-MCH	244,826
Public Health Emergency Preparedness, passed through the Arizona Department of Health Services	93.069	HG754199	3,365,195

(Continued)

See accompanying notes to schedule.

Maricopa County
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2009
(Continued)

Federal Grantor/Program Title/ Pass-Through Grantor	CFDA Number	Pass-Through Grantor's Number	Expenditures
Project Grants and Cooperative Agreements for Tuberculosis Control Programs, passed through the Arizona Department of Health Services	93.116	HG852310	\$ 258,954
Consolidated Health Centers (Health Care for the Homeless) Immunization Grants, passed through the Arizona Department of Health Services	93.224		2,190,869
Substance Abuse and Mental Health Services—Access to Recovery, passed through the Arizona Governor's Office for Children, Youth and Families	93.268	HG352193, HG854288	2,015,993
Drug Abuse and Addiction Research Programs, passed through Arizona State University	93.275	AR-GSA-09-9273-02	432,550
Centers for Disease Control and Prevention—Investigations and Technical Assistance	93.279	09-031	19,833
Promoting Safe and Stable Families, passed through the Child and Family Resources, Inc.	93.283		58,133
Temporary Assistance for Needy Families, passed through the Arizona Department of Economic Security	93.556	C86-06-577-1-02, 4375068	53,374
Child Support Enforcement, passed through the Arizona Department of Economic Security	93.558	E6306005	689,110
	93.563	G 02-04-AZ-4004, G 04-04-AZ-4004, DES060728-1	1,844,862
Low-Income Home Energy Assistance, passed through the Arizona Department of Economic Security	93.568	E6306005	3,313,039
Low-Income Home Energy Assistance, passed through the Arizona Department of Commerce	93.568	C064-07, C056-08	<u>892,362</u>
Total Low-Income Home Energy Assistance			<u>4,205,401</u>
Community Services Block Grant, passed through the Arizona Department of Economic Security	93.569	E6306005	682,604
Refugee and Entrant Assistance—Discretionary Grants, passed through the Arizona Department of Economic Security	93.576	E6305001	1,727,845
Head Start	93.600		19,332,998
Voting Access for Individuals with Disabilities—Grants to States, passed through the Arizona Secretary of State	93.617	HHS-2006-ACF-ADD- VOTE-0135	1,675,393
Social Services Block Grant, passed through Area Agency on Aging	93.667	2008-30-MCSTS, 2009-30-MCH	129,614
Social Services Block Grant, passed through the Arizona Department of Economic Security	93.667	E6306005	<u>97,482</u>
Total Social Services Block Grant			<u>227,096</u>
National Bioterrorism Hospital Preparedness Program, passed through the Arizona Department of Health Services	93.889	HG754199	4,140
HIV Emergency Relief Project Grants	93.914		8,188,931
Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs, passed through the Arizona Department of Health Services	93.919	HG761266	332,944

(Continued)

See accompanying notes to schedule.

Maricopa County
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2009
(Continued)

Federal Grantor/Program Title/ Pass-Through Grantor	CFDA Number	Pass-Through Grantor's Number	Expenditures
Healthy Start Initiative	93.926		\$ 403,358
HIV Prevention Activities—Health Department Based, passed through the Arizona Department of Health Services	93.940	HG454516, HG652198	456,617
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance, passed through the Arizona Department of Health Services	93.944	HG652198	111,105
Preventive Health Services—Sexually Transmitted Diseases Control Grants, passed through the Arizona Department of Health Services	93.977	HG854317, HG854321, HG854504	434,118
Preventive Health and Health Services Block Grant, passed through the Arizona Department of Health Services	93.991	HG854371	110,040
Maternal and Child Health Services Block Grant to the States, passed through the Arizona Department of Health Services	93.994	HG754060, HG861344, HP461413	806,468
Region IX Eliminating Health Disparities Community Project-Center for African American Health, Phoenix Arizona	93.08T090003		<u>2,255</u>
Total U.S. Department of Health and Human Services			<u>49,875,012</u>
U.S. Department of Homeland Security			
Pre-Disaster Mitigation (PDM) Competitive Grants (2004), passed through the Arizona Department of Emergency Management	97.017	PDMC-PL-09-AZ-2008-02	75,000
Emergency Food and Shelter National Board Program, passed through the United Way	97.024	025600-023	17,494
Emergency Management Performance Grants, passed through the Arizona Department of Emergency and Military Affairs	97.042	None	449,612
Homeland Security Grant Program, passed through the Arizona Department of Emergency and Military Affairs	97.067	2006-GE-T6-0007, 2007-GE-T7-0006, 222207-12	142,130
Homeland Security Grant Program, passed through the Arizona Department of Homeland Security	97.067	2006-GE-T6-0007, 444201-01, 222205-05, 333201-02, 333201-03, 333832-01, 222207-08, 333212-01, 333212-02, 333212-03, 333803-01, 333803-02, 333803-03, 333212-04, 333212-05, 444207-01, 444817-01, 444817-02, 444817-03, 444817-04, 444817-05, 444817-06, 444817-07	<u>1,902,402</u>
Total Homeland Security Grant Program			<u>2,044,532</u>

(Continued)

See accompanying notes to schedule.

Maricopa County
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2009
(Continued)

Federal Grantor/Program Title/ Pass-Through Grantor	CFDA Number	Pass-Through Grantor's Number	Expenditures
Homeland Security Biowatch Program	97.091		\$ 355,110
Disaster Housing Assistance Grant	97.109		68,257
Immigration and Customs Enforcement Joint Operations	97.AZ0070000		<u>23,600</u>
Total U.S. Department of Homeland Security			<u>3,033,605</u>
Total Expenditures of Federal Awards			<u>\$ 112,940,952</u>

See accompanying notes to schedule.

Maricopa County
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2009

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 \$25,396 for the HIV Prevention Activities—Health Department Based program (93.940), and \$54,012 for the Preventive Health Services—Sexually Transmitted Diseases Control Grants program (93.977) 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 2009 *Catalog of Federal Domestic Assistance*. When no CFDA number had been assigned to a program, the two-digit federal agency identifier, a period, and the federal contract number were used. When there was no federal contract number, the two-digit federal agency identifier, a period, and the word “unknown” were used.

Note 3 – Subrecipients

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

Program Title	CFDA Number	Amount
Community Development Block Grants/Entitlement Grants	14.218	\$1,729,193
Emergency Shelter Grants Program	14.231	81,000
HOME Investment Partnerships Program	14.239	3,961,708
Comprehensive Approaches to Sex Offender Management Discretionary Grant (CASOM)	16.203	155,256
Juvenile Accountability Block Grants	16.523	129,421
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	16.580	102,509

Maricopa County
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2009

Program Title	CFDA Number	Amount
Edward Byrne Memorial Justice Assistance Grant Program	16.738	\$ 371,171
WIA Youth Activities	17.259	2,196,219
Highway Planning and Construction	20.205	425,786
Weatherization Assistance for Low-Income Persons Consolidated Health Centers (Health Care for the Homeless)	81.042	244,176
Immunization Grants	93.224	44,254
Centers for Disease Control and Prevention— Investigations and Technical Assistance	93.268	194,160
Temporary Assistance for Needy Families	93.283	58,133
Low-Income Home Energy Assistance	93.558	396,065
Community Services Block Grant	93.568	1,187,471
Head Start	93.569	182,779
Social Services Block Grant	93.600	7,107,694
HIV Emergency Relief Project Grants	93.667	97,482
Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs	93.914	6,291,838
Maternal and Child Health Services Block Grant to the States	93.919	229,007
Homeland Security Grant Program	93.994	193,343
Total Awards to Subrecipients	93.067	<u>113,268</u>
		<u>\$25,491,933</u>

Maricopa County
 Schedule of Findings and Questioned Costs
 Year Ended June 30, 2009

Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unqualified	
	Yes	No
Internal control over financial reporting:		
Material weaknesses identified?	<u> X </u>	<u> </u>
Significant deficiencies identified that are not considered to be material weaknesses?	<u> X </u>	<u> </u>
Noncompliance material to the financial statements noted?	<u> </u>	<u> X </u>

Federal Awards

Internal control over major programs:		
Material weaknesses identified?	<u> X </u>	<u> </u>
Significant deficiencies identified that are not considered to be material weaknesses?	<u> X </u>	<u> </u>
Type of auditors' report issued on compliance for major programs:		
Unqualified for all major programs except for the Child Nutrition Cluster which was adverse.		
Any audit findings disclosed that are required to be reported in accordance with Circular A-133 (section .510[a])?	<u> X </u>	<u> </u>

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
10.553, 10.555	Child Nutrition Cluster
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children
14.239	HOME Investment Partnership Program
14.850	Public and Indian Housing
14.871	Section 8 Housing Choice Vouchers
15.226	Payments in Lieu of Taxes
17.258, 17.259, 17.260	WIA Cluster
20.205	Highway Planning and Construction
93.568	Low-Income Home Energy Assistance
93.600	Head Start

Maricopa County
Schedule of Findings and Questioned Costs
Year Ended June 30, 2009

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, 2009

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

09-101 WIA Cluster CFDA No.: 17.258 WIA Adult Program , 17.258 ARRA-WIA Adult Program , 17.259 WIA Youth Activities , 17.259 ARRA-WIA Youth Activities , 17.260 WIA Dislocated Workers , 17.260 ARRA-WIA Dislocated Workers U.S. Department of Labor Passed through the Arizona Department of Economic Security Award Period/Award Numbers: April 1, 2006 through June 30, 2009, E5706007 April 1, 2007 through June 30, 2010, DE070298001 August 27, 2007 through March 31, 2009, DE081030001 April 1, 2008 through June 30, 2011, DE081290001 July 1, 2008 through June 30, 2009, DE091093001 February 17, 2009 through June 30, 2010, DE091201001 Cash Management and Reporting	Questioned Cost: \$55,342
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Criteria: In accordance with 29 Code of Federal Regulations (CFR) §97.20(b)(1-2), accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the grant's financial reporting requirements. Additionally, grantees must maintain records that adequately identify the source and application of monies provided for financially assisted activities. In addition, when entities are funded on a reimbursement basis, program costs must be paid for with entity monies before reimbursement is requested from the federal government.

Condition and context: The County's Department of Human Services did not maintain accurate records to help identify monies to be reimbursed. Specifically, for 1 of 24 funding sources, reimbursements received exceeded expenditures because the Department transferred \$55,342 of expenditures from one funding source to another but requested reimbursement for both funding sources. The error occurred in WIA Youth Activities for contract number E5706007 for funding source WYOUTHYPY06, which had no American Reinvestment and Recovery Act (ARRA) WIA monies.

Effect: The Department received a \$55,342 reimbursement for funding source WYOUTHYPY06 with no corresponding expenditures. This finding is considered a significant deficiency in internal control over compliance and noncompliance with the Cluster's cash management and reporting compliance requirements.

Cause: The Department did not properly reconcile revenues and expenditures between funding sources. Additionally, there was a change in staffing between fiscal years.

Maricopa County
Schedule of Findings and Questioned Costs
Year Ended June 30, 2009

Recommendation: The Department should reconcile revenues to expenditures for each funding source and resolve any discrepancies in a timely manner. In addition, the Department should maintain accurate records of financial transactions to ensure that expenditures have been incurred prior to requesting reimbursement.

09-102

WIA Cluster

CFDA No.: 17.258 **WIA Adult Program**, 17.258 **ARRA-WIA Adult Program**,
17.259 **WIA Youth Activities**, 17.259 **ARRA-WIA Youth Activities**,
17.260 **WIA Dislocated Workers**, 17.260 **ARRA-WIA Dislocated Workers**

U.S. Department of Labor

Passed through the Arizona Department of Economic Security

Award Period/Award Numbers: April 1, 2006 through June 30, 2009, E5706007
April 1, 2007 through June 30, 2010, DE070298001
August 27, 2007 through March 31, 2009, DE081030001
April 1, 2008 through June 30, 2011, DE081290001
July 1, 2008 through June 30, 2009, DE091093001
February 17, 2009 through June 30, 2010, DE091201001

Activities Allowed or Unallowed and Allowable Costs/Cost Principles

Questioned Cost: None

Criteria: In accordance with 2 CFR Appendix B to Part 225 §(8)(h)(1-4) and the County's internal control policies, charges to federal awards for salaries and wages must be supported by payroll documentation that is approved by a responsible official. Further, when employees work on multiple activities or cost objectives, a distribution of their salaries or wages must be supported by personnel activity reports or equivalent documentation that reflects an after-the-fact distribution of the actual activity of each employee and accounts for the total activity for which each employee is compensated. Employees must prepare and sign these reports at least monthly. Furthermore, the County's internal control policies require these certifications to be approved by a supervisor having firsthand knowledge of the work performed by the employee.

Condition and context: The County's Department of Human Services used employee time sheets as its certification that hours worked for the WIA Cluster were accurate. However, the Department did not always follow its internal control policies and procedures to ensure time sheets were properly approved. Specifically, the Department did not maintain evidence of approval for 5 of 15 payroll transactions tested. However, for all 15 payroll transactions tested, auditors noted that employees were documenting their time allocations and the charges appeared reasonable. Further, this finding did not affect any ARRA WIA monies received by the Department since there were no salaries or wages paid for with these monies during fiscal year 2009.

Effect: Unallowable federal charges or improper payments to employees could occur. It was not practical to extend our auditing procedures sufficiently to determine the amount of questioned costs, if any, that may have resulted from this finding. This finding is considered a material weakness in internal control over compliance and noncompliance with the Cluster's activities allowed or unallowed and allowable costs/cost principles compliance requirements. This finding has the potential to affect other federal programs the Department administers.

Maricopa County
Schedule of Findings and Questioned Costs
Year Ended June 30, 2009

Cause: The Department was not following the County's internal control policies because not all employees were aware of the policies and requirements.

Recommendation: The Department should train its employees in its timekeeping policies and requirements and ensure that supervisors approve all time sheets submitted.

09-103

WIA Cluster

CFDA No.: 17.258 **WIA Adult Program**, 17.258 **ARRA-WIA Adult Program**,
17.259 **WIA Youth Activities**, 17.259 **ARRA-WIA Youth Activities**,
17.260 **WIA Dislocated Workers**, 17.260 **ARRA-WIA Dislocated Workers**

U.S. Department of Labor

Passed through the Arizona Department of Economic Security

Award Period/Award Numbers: April 1, 2006 through June 30, 2009, E5706007
April 1, 2007 through June 30, 2010, DE070298001
August 27, 2007 through March 31, 2009, DE081030001
April 1, 2008 through June 30, 2011, DE081290001
July 1, 2008 through June 30, 2009, DE091093001
February 17, 2009 through June 30, 2010, DE091201001

CFDA No.: 93.600 **Head Start**

U.S. Department of Health and Human Services

Award Period/Award Numbers: June 30, 2008 through June 30, 2009, 09CH7096/43
September 30, 2007 through September 29, 2008, 90YD0225/01
September 30, 2008 through September 29, 2009, 90YD0225/02

Activities Allowed or Unallowed and Allowable Costs/Cost Principles

Questioned Cost: None

Criteria: In accordance with the County's internal control policies and procedures, purchasing card transactions must be supported and approved. Specifically, the departments are required to maintain a purchase transaction log; vendor invoice, receipt, or confirmation of the transaction; and monthly bank statement. Approving officials are required to review all cardholder purchases in order to determine if these items were for official use and in accordance with county policy as evidenced by a signature on the purchase transaction log within 14 days of the end of each billing cycle.

Condition and context: The County's Department of Human Services did not always follow the County's internal control policies and procedures to ensure that all purchasing card transactions were approved properly or within 14 days of the end of the billing cycle. Specifically, auditors noted the following:

- For the WIA Cluster, 6 of 15 purchasing card transactions tested did not have the corresponding purchase transaction logs signed and approved until 104 to 322 days after the billing cycle ended.
- For the Head Start program, 1 of 4 purchasing card transactions tested did not have the corresponding purchase transaction log approved. The logs for the other 3 transactions tested were not signed and approved until 228 to 356 days after the billing cycle ended.

Maricopa County
Schedule of Findings and Questioned Costs
Year Ended June 30, 2009

However, auditors were able to determine that the tested expenditures were for allowable activities. Further, this finding did not affect any ARRA WIA monies received by the Department since there were no purchasing card transactions made with these monies during fiscal year 2009.

Effect: Unallowable expenditures could be charged to federal programs. It was not practical to extend our auditing procedures sufficiently to determine the amount of questioned costs, if any, that may have resulted from this finding. This finding is considered a significant deficiency in internal control over compliance with both the WIA Cluster's and Head Start program's activities allowed or unallowed and allowable costs/cost principles compliance requirements. This finding has the potential to affect other federal programs the Department administers.

Cause: The Department did not follow the County's internal control policies and procedures because of a staffing shortage.

Recommendation: The Department should have a supervisor review all cardholder purchases and supporting documents and document this review by signing the purchase transaction log. This review should be performed within 14 days of the end of each billing cycle.

This finding was similar to a prior-year finding.

09-104
CFDA No.: 93.600 Head Start
U.S. Department of Health and Human Services
Award Period/Award Numbers: June 30, 2008 through June 30, 2009, 09CH7096/43
September 30, 2007 through September 29, 2008, 90YD0225/01
September 30, 2008 through September 29, 2009, 90YD0225/02
Eligibility
Questioned Cost: None

Criteria: In accordance with 45 CFR §1305.4(e), a statement signed by an employee of the Head Start program identifying which document was examined to verify income and stating that the child is eligible to participate in the program must be maintained.

Condition and context: The County's Department of Human Services used a preformatted eligibility income verification form to document income determination and approval. However, auditors noted that for 2 of 38 eligibility income verification forms tested, the employee did not circle which document was examined. Auditors did see evidence that the Head Start employees checked and verified participant eligibility for all 38 of the eligibility income verification forms tested.

Effect: The Department is not in compliance with 45 CFR §1305.4(e) requirements for documenting participant eligibility. It was not practical to extend our auditing procedures sufficiently to determine the amount of questioned costs, if any, that may have resulted from this finding. This finding is considered a significant deficiency in internal control over compliance and noncompliance with the program's eligibility compliance requirement.

Maricopa County
Schedule of Findings and Questioned Costs
Year Ended June 30, 2009

Cause: The Head Start employees filling out the forms failed to circle the document that was examined to determine the participant's family income due to oversight. In addition, the supervisor reviewing the form did not identify the error during the review process.

Recommendation: The Department should ensure that all employees circle the type of document examined to determine the participant's family income on the preformatted eligibility income verification form.

09-105

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

U.S. Department of Agriculture

Passed through the Arizona Department of Health Services

Award Period/Award Numbers: October 1, 2007 through September 30, 2008, HP661311

October 1, 2007 through September 30, 2012, HG861080

October 1, 2008 through September 30, 2013, HG961186

CFDA No.: 20.205 **Highway Planning and Construction**

U.S. Department of Transportation

Passed through the Maricopa Association of Governments and the Arizona Department of Transportation

Award Period/Award Numbers: October 1, 2007 through September 30, 2008, 262 amendment 2

October 1, 2008 through September 30, 2009, 262 amendment 3

September 9, 2008 through indefinite, CM MMA – 0(204)

July 1, 2008 through June 30, 2009, 999-A(043)

June 24, 2004 through indefinite, JPA 03-133

August 31, 2007 through indefinite, JPA 07-016T

June 26, 2008 through indefinite, CM MMA 0-(200)

December 30, 2008 through December 30, 2010, JPA 09-002M

CFDA No.: 93.600 **Head Start**

U.S. Department of Health and Human Services

Award Period/Award Numbers: June 30, 2008 through June 30, 2009, 09CH7096/43

September 30, 2007 through September 29, 2008, 90YD0225/01

September 30, 2008 through September 29, 2009, 90YD0225/02

Suspension and Debarment

Questioned Cost: None

Criteria: In accordance with 7 CFR §3017.300 and 2 CFR §180.300, when a nonfederal entity enters into a procurement transaction that is expected to equal or exceed \$25,000 or makes a subaward to a subrecipient regardless of award amount, the nonfederal entity must verify that the entity is not suspended or debarred or otherwise excluded. This verification may be accomplished by checking the *Excluded Parties List System (EPLS)* maintained by the General Services Administration (GSA), obtaining a certification from the vendor or subrecipient, or adding a clause or condition to the contract. Further, 7 CFR §3016.35, 49 CFR §18.35, and 45 CFR §92.35 states that grantees and subgrantees must not make any award to or contract with any party that is debarred or suspended or is otherwise excluded from or ineligible for participation in federal assistance programs.

Maricopa County
Schedule of Findings and Questioned Costs
Year Ended June 30, 2009

Condition and context: The County's Department of Public Health, Department of Transportation, and Department of Human Services did not establish adequate procedures to verify that vendors providing goods and services paid with federal monies had not been suspended or debarred, or otherwise excluded, from federal contracts. Specifically, auditors noted instances of noncompliance with this requirement for all four vendors for the WIC program, three of four vendors for the Highway Planning and Construction program, and seven of eight vendors tested for the Head Start program. Auditors performed additional procedures and did not note any questioned costs as a result of this finding since no payments were made to suspended or debarred vendors.

Effect: Payments could be made to suspended or debarred vendors. This finding is considered a material weakness in internal control over compliance and noncompliance with the WIC, Highway Planning and Construction, and Head Start programs' suspension and debarment compliance requirement. This finding has the potential to affect other federal programs the County administers.

Cause: The departments did not have training on this compliance requirement and there was a lack of communication between county administration and the various departments.

Recommendation: The departments should establish procedures to document their determinations that vendors being paid over \$25,000 in federal monies have not been suspended or debarred from doing business with governmental entities. This verification may be accomplished by checking the *EPLS* maintained by the GSA, obtaining vendor certifications, or adding clauses or conditions to the contracts.

This finding is similar to a prior-year finding for the Head Start program.

09-106

CFDA No.: 20.205 **Highway Planning and Construction**

U.S. Department of Transportation

Passed through the Maricopa Association of Governments and the Arizona Department of Transportation

Award Period/Award Numbers: October 1, 2007 through September 30, 2008, 262 amendment 2

October 1, 2008 through September 30, 2009, 262 amendment 3

September 9, 2008 through indefinite, CM MMA – 0(204)

July 1, 2008 through June 30, 2009, 999-A(043)

June 24, 2004 through indefinite, JPA 03-133

August 31, 2007 through indefinite, JPA 07-016T

June 26, 2008 through indefinite, CM MMA 0-(200)

December 30, 2008 through December 30, 2010, JPA 09-002M

Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Cash Management, and Reporting

Questioned Cost: Unknown

Criteria: In accordance with 49 CFR §18.20(b)(3), effective controls and accountability must be maintained over federal monies to ensure that it is used solely for authorized purposes. Therefore, responsibilities over reporting and cash management should be separated so that no one employee is responsible for compiling, approving, and submitting reports to draw down federal monies.

Maricopa County
Schedule of Findings and Questioned Costs
Year Ended June 30, 2009

Condition and context: The County's Department of Transportation did not establish adequate procedures to ensure that requests for reimbursement were reviewed and approved prior to submission. While gaining an understanding over the program's internal controls, auditors determined that one employee was responsible for compiling, approving, and submitting the reimbursement requests.

Effect: The Department could request reimbursement for unallowed activities and receive federal monies that it is not entitled to. It was not practical to extend our auditing procedures sufficiently to determine the amount of questioned costs, if any, that may have resulted from this finding. This finding is considered a material weakness in internal control over compliance with the program's activities allowed or unallowed, allowable costs/cost principles, cash management, and reporting compliance requirements. This finding has the potential to affect other federal programs the Department administers.

Cause: The Department had no procedures for reviewing reimbursement requests. The Department believed that its reconciliation of cash receipts to the budget for all programs was adequate; however, it did not prepare this reconciliation for individual federal programs.

Recommendation: The Department should assign a second employee to review and approve reimbursement requests for accuracy before they are submitted to the grantor.

09-107

Child Nutrition Cluster

CFDA No.: 10.553 **School Breakfast Program**

10.555 **National School Lunch Program**

U.S. Department of Agriculture

Passed through the Arizona Department of Education

Award Period/Award Number: July 1, 2008 through indefinite, ED09-0001

Questioned Cost: N/A

Criteria: OMB Circular A-133 §.310, requires that the Schedule of Expenditures of Federal Awards (SEFA) present the total federal awards expended for each federal program. In addition, 2 CFR Appendix A to Part 225 §(C)(1)(g) requires costs to be determined in accordance with generally accepted accounting principles.

Condition and context: The Juvenile Probation Department did not correctly report all of its Child Nutrition Cluster expenditures in its fiscal year 2009 general ledger, the source of the County's SEFA.

Effect: The Child Nutrition Cluster expenditures were understated on the SEFA by \$93,968, or approximately 23 percent. However, the County adjusted its SEFA to correct the understatement. This finding is considered a significant deficiency in internal control over compliance and noncompliance with OMB Circular A-133 §.310 and 2 CFR Appendix A to Part 225 §(C)(1)(g) for the Child Nutrition Cluster.

Cause: The Department performed a year-end reconciliation and prepared an adjusting journal entry to correctly report its program expenditures; however, this adjustment was not recorded on the general ledger until fiscal year 2010.

Maricopa County
Schedule of Findings and Questioned Costs
Year Ended June 30, 2009

Recommendation: The Department should perform monthly reconciliations of its Child Nutrition Cluster monies to ensure that revenues and expenditures are reported accurately on the general ledger and in the correct fiscal year.

09-108
Child Nutrition Cluster
CFDA No.: 10.553 **School Breakfast Program**
10.555 **National School Lunch Program**
U.S. Department of Agriculture
Passed through the Arizona Department of Education
Award Period/Award Number: July 1, 2008 through indefinite, ED09-0001
Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Reporting
Questioned Cost: Unknown

Criteria: In accordance with 7 CFR parts 210 and 220, 2 CFR Appendix A to Part 225 §(C)(1)(j), the Arizona Department of Education's (ADE) permanent service agreement, and ADE's *National School Lunch Program and School Breakfast Program Guidance Manual for Residential Child Care Institutions*, Revised 2006, the Juvenile Probation Department is required, at a minimum, to:

- Perform annual on-site reviews of the meal-counting and claiming system for each site within its jurisdiction. These on-site reviews should be performed by the designated official responsible for signing reimbursement claim forms or his assigned representative.
- Perform daily edit checks that compare each site's daily counts of meals against the number of children eligible for meals, times the established attendance factor. Further, documentation must support any meals claimed in excess of the number of eligible children times the attendance factor.
- Conduct and document annual training sessions for those staff members who are involved in the meal-counting process.
- Accurately count the number of meals served and claim reimbursement only for meals served to eligible children. Adult meals are not reimbursable and should be accounted for separately.
- Retain all data, books, and other records relating to the program for a period of 5 years after completing the agreement and retain adequate documentation for the number of meals claimed for reimbursement.

Condition and context: The Department did not perform on-site reviews of meal-counting procedures at the two detention facilities under the County's jurisdiction or perform edit checks of meals counted in accordance with program requirements. In addition, the Department did not document annual training provided to personnel involved in the meal-counting process. While gaining an understanding of internal controls over the requirements for activities allowed or unallowed, allowable costs/cost principles, and reporting, auditors determined that, for one facility, the daily meal count sheets were not retained for fiscal year 2009. Further, based on discussion with employees, this facility had improperly claimed adult meals for reimbursement. For the other facility, auditors examined 20 daily meal count sheets and noted the facility did not retain 1 of the count sheets. In addition, the facility had inaccurately totaled 5 of the 20 count sheets resulting in an undercount of 15 meals. Lastly, the facility failed to claim for reimbursement the special dietary or sack meals served to children reported on the daily count sheets tested, resulting in 692 meals not claimed by the Department.

Maricopa County
Schedule of Findings and Questioned Costs
Year Ended June 30, 2009

Effect: The Department did not comply with the reporting requirement to perform on-site reviews of the meal-counting procedures, analyze meal counts through proper edit checks, and document staff training provided to personnel involved in the meal-counting process. In addition, the Department did not comply with the cost principles requirement to maintain supporting documentation of all meals claimed for reimbursement. Lastly, the Department did not comply with the activities allowed or unallowed requirement since adult meals were claimed for reimbursement and dietary and sack meals were not claimed. As a result, meals claimed for reimbursement were inaccurately reported on the monthly claim forms. It was not practical to extend our auditing procedures sufficiently to determine questioned costs, if any, that may have resulted from this finding. This finding is considered a material weakness in internal control over compliance and material noncompliance with the Cluster's activities allowed or unallowed, allowable costs/cost principles, and reporting requirements.

Cause: The Department did not understand all of the requirements that were necessary for a detention facility to comply with program guidelines. Further, the Department performed inconsistent meal-counting procedures at its two detention facilities because of inadequate policies and procedures and a lack of training and monitoring.

Recommendation: The Department should develop written internal control policies and procedures to comply with program requirements. These written policies and procedures shall include, but need not be limited to, the following:

- Perform an on-site review, at least annually, of the meal-counting procedures for each of the detention facilities and perform edit checks that compare each site's daily counts of meals against the number of children eligible for meals, times an attendance factor. Any excess should be investigated and the reasons should be documented.
- Provide and document training to employees involved in the meal-counting process at least once a year.
- Claim reimbursement only for meals served to eligible children. Adult meals are not reimbursable and should be accounted for separately.
- Retain supporting documentation for 5 years after the agreement's termination.

09-109

Child Nutrition Cluster

CFDA No.: 10.553 **School Breakfast Program**

10.555 **National School Lunch Program**

U.S. Department of Agriculture

Passed through the Arizona Department of Education

Award Period/Award Number: July 1, 2008 through indefinite, ED09-0001

Allowable Costs/Cost Principles and Reporting

Questioned Cost: Unknown

Criteria: The Juvenile Probation Department's permanent service agreement with ADE requires the Department to submit accurate monthly reimbursement claim forms for each breakfast and lunch meal served to juveniles incarcerated in its detention facilities. In addition, the Department is required to submit an accurate annual financial report by October 1. Further, 2 CFR Appendix A to Part 225 §(C)(1)(j) requires costs to be adequately documented.

Maricopa County
Schedule of Findings and Questioned Costs
Year Ended June 30, 2009

Condition and context: The Department did not review and submit accurate monthly reimbursement claim forms to ADE. Specifically, auditors noted that for 1 of 4 monthly claim forms tested, 31 days were claimed for both facilities when there were only 30 days in that month, and for 1 of the other 4 months tested, 4,282 breakfast meals at one facility were not claimed. In addition, auditors noted that the annual financial report was not reviewed and approved prior to submission. Various errors were noted on the report and included the following:

- Data on the annual financial report was inaccurate since \$10,573 was reported in wrong expenditure categories, resulting in an overstatement of salaries and an understatement of transportation and supplies.
- The number of adult worker meals served on the annual financial report was based on the number of meals prepared rather than the number of meals served.
- For three of four journal vouchers tested supporting expenditures claimed on the annual financial report, the Department did not retain the program administrator's approvals of the journal vouchers.

Further, one facility qualified to receive a higher breakfast reimbursement rate. However, since no one followed up with ADE on the rate discrepancy, the facility was reimbursed at the regular rate.

Effect: The Department did not submit accurate claim forms for 2 months, which resulted in a net under-reporting of \$4,649. In addition, the Department lost \$15,189 in reimbursements during the year because the reimbursement rate was inaccurate. Also, the Department provided inaccurate information on its annual financial report that it submitted to ADE. It was not practical to extend our auditing procedures sufficiently to determine the extent of questioned costs resulting from this finding. This finding is a material weakness in internal control over compliance and material noncompliance with the Cluster's allowable costs/cost principles and reporting requirements.

Cause: There was no supervisory review of the monthly claim forms and the annual financial report because of limited resources. In addition, an inquiry was not made to the pass-through grantor regarding the different breakfast reimbursement rates for the two detention facilities since the difference was unnoticed.

Recommendation: The Department should require a supervisor to review the monthly claim forms, the annual financial report, and its underlying support for accuracy before they are submitted to the ADE. Further, this review should be documented.

Maricopa County
Schedule of Findings and Questioned Costs
Year Ended June 30, 2009

The other auditors who audited the federal programs administered by the Housing Authority of Maricopa County reported the following instance of noncompliance:

09-110

Unauthorized Use of HUD Program Funds

Public and Indian Housing – CFDA No. 14.850; Grant period – year ended June 30, 2009

Criteria:

OMB Circular A-87 and the Annual Contribution Contract (ACC) provide guidelines for determining allowable uses of Public Housing program funds and reserves. The use of Public Housing program reserves for non-Public Housing program purposes was in violation of the Annual Contributions Contract (ACC) between HUD and the Authority. Additionally, inter-program receivable and liability account balances should be cleared periodically and at the fiscal year end.

Condition & Cause:

During the fiscal year, the Authority's Public Housing/Capital Fund programs advanced \$357,578 to other federal award programs within the Authority (this calculation includes the change in the Public Housing program inter-program receivable balance due from the Capital Fund Program). As of June 30, 2009, the Section 8 Housing Choice Voucher program is reporting an inter-program payable balance of \$364,591, an increase of \$344,752 from June 30, 2008. As of June 30, 2009 the Section 8 Housing Choice Voucher program did not have funds available to reimburse the Public Housing program.

Recommendation & Corrective Action Plan

The Section 8 Housing Choice Voucher program should develop a repayment plan and reimburse the Public Housing program for the funds borrowed as soon as feasible.

Reply

It was necessary for the Section 8 Housing Choice Voucher program to borrow funds from the Public Housing program to satisfy housing assistance payment obligations, due to difficulties in collecting housing assistance payments and administrative fees due from other housing authorities for tenants ported-in from other PHA's. (As of June 30, 2009 the Authority has fully reserved the receivable due from other PHA's for port-in tenants due to uncertainties regarding collection). Karen Mofford, Deputy Director, has assumed the responsibility of implementing the Corrective Action Plan and reimbursing the Public Housing program by June 30, 2010.

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Maricopa County

Department of Finance

Shelby L. Scharbach

CPA, CGFM

Chief Financial Officer

301 West Jefferson Street

Suite 960

Phoenix, AZ 85003-2143

Phone: 602.506-3561

Fax: 602.506-4451

www.maricopa.gov/finance

March 25, 2010

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 audit finding included in the current year's Schedule of Findings and Questioned Costs.

Sincerely,

Shelby L. Scharbach
Chief Financial Officer

**Maricopa County
Corrective Action Plan
Year Ended June 30, 2009**

Federal Award Findings and Questioned Costs

09-101

Workforce Investment Act Cluster

CFDA No.: 17.258 WIA Adult Program, 17.258 ARRA-WIA Adult Program,
17.259 WIA Youth Activities, 17.259 ARRA-WIA Youth Activities,
17.260 WIA Dislocated Workers, 17.260 ARRA-WIA Dislocated Workers

Department: Maricopa County Human Services Department

Contact person(s): Melba Davidson, Finance Administrator, Maricopa County Human Services Department, (602) 506-2513

Anticipated completion date: June 30, 2010

County Response: Concur

County Corrective Action Plan: The Maricopa County Human Services Department Finance Office will prepare the adjusting entries needed to accurately record the transactions that occurred during the contract period relative to funding source WYOUTHYPY06. The County's grantor, the Arizona Department of Economic Security (ADES), has consented to this measure of the corrective action plan.

The Department will review and strengthen its accounts receivable procedures regarding the WIA Programs to ensure that records of financial activities are accurately reported to ADES and properly recorded within the records of the Department. The procedures will address the reconciliation of revenues and expenditures reports to ADES cash reports.

09-102

Workforce Investment Act Cluster

CFDA No.: 17.258 WIA Adult Program, 17.258 ARRA-WIA Adult Program,
17.259 WIA Youth Activities, 17.259 ARRA-WIA Youth Activities,
17.260 WIA Dislocated Workers, 17.260 ARRA-WIA Dislocated Workers

Department: Maricopa County Human Services Department

Contact person(s): Crystal Schriver, Human Resources Administrator, Maricopa County Human Services Department, (602) 506-4806

Anticipated completion date: July 31, 2009

County Response: Concur

County Corrective Action Plan: The Maricopa County Human Services Department Finance Office and Human Resources Office implemented a streamlined timekeeping and payroll process in July 2009 which meets the requirements of Federal regulations, 2 CFR Appendix B to Part 225 §(8)(h)(1-4), and Maricopa County's internal policies.

Timesheets are signed by each employee, and approved and signed by the responsible manager or designee as certification that hours worked by employees are appropriately accounted for and assigned to the appropriate grant activities.

**Maricopa County
Corrective Action Plan
Year Ended June 30, 2009**

09-103

Workforce Investment Act Cluster

CFDA No.: 17.258 WIA Adult Program, 17.258 ARRA-WIA Adult Program,
17.259 WIA Youth Activities, 17.259 ARRA-WIA Youth Activities,
17.260 WIA Dislocated Workers, 17.260 ARRA-WIA Dislocated Workers

CFDA No.: 93.600 Head Start

Department: Maricopa County Human Services Department

Contact person(s): Steve McCance, Finance Support Supervisor, Maricopa County
Human Services Department, (602) 506-4859

Anticipated completion date: June 30, 2010

County Response: Concur

County Corrective Action Plan: The Maricopa County Human Services Department Finance Office will take immediate steps to ensure that procurement card transaction logs are reviewed within 14 days after the end of each billing cycle. Transaction logs will be signed and dated as evidence of this review.

In addition, the Human Services Department Finance Office is developing a department-wide procurement card policy and procedure which will align with the Maricopa County procurement card policy to ensure proper internal controls are in place for all procurement card transactions. The procedure will also include an additional level of quality-assurance monitoring to assess that critical points of the reconciliation process are followed.

09-104

CFDA No.: 93.600 Head Start

Department: Maricopa County Human Services Department

Contact person(s): Larry Campbell, Program Development Manager, Maricopa County
Human Services Department, (602) 506-5814

Anticipated completion date: June 30, 2010

County Response: Concur

County Corrective Action Plan: The Maricopa County Human Services Department Education Division will implement a new eligibility verification form developed by the Office of Head Start to ensure compliance with 45 CFR §1305.4(e). Furthermore, the department will implement multiple level review procedures to improve internal control and ensure compliance with the requirement that employees document supporting records used to determine eligibility.

The Program Manager will organize a debriefing team and work with managers at multiple levels to review and implement the enhanced procedures. The process will involve identifying new systems (including the possibility of technology/software) that ensure required data is collected and documented in conformance with the policy.

**Maricopa County
Corrective Action Plan
Year Ended June 30, 2009**

09-105

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

CFDA No.:20.205 Highway Planning and Construction

CFDA No.:93.600 Head Start

Department: Maricopa County Department of Public Health; Maricopa County Department of Transportation; Maricopa County Human Services Department

Contact person(s): Scot Pitcairn, Financial Supervisor, Maricopa County Department of Public Health, (602) 506-6963; Cynthia Slaughter, Contracts Specialist, Maricopa County Department of Transportation, (602) 506-8038; Bonnie Williams, Contract Specialist, Maricopa County Department of Transportation, (602) 506-4108; Judy Beechen, Contract Management Administrator, Maricopa County Human Services Department, (602) 372-3805

Anticipated completion date: June 30, 2010

County Response: Concur

County Corrective Action Plan: In September 2008, the Maricopa County Materials Management Department began including a suspension and debarment clause in all County contracts to document the suspension and debarment status of vendors. Also, in September 2009, the Materials Management Department began verifying the vendor status for intergovernmental agreements in the Excluded Parties List System. Further, the Departments will also review the applicable vendor status by checking the Excluded Parties List System.

09-106

CFDA No.:20.205 Highway Planning and Construction

Department: Maricopa County Department of Transportation

Contact person(s): Rodney Rach, Financial Support Supervisor, Maricopa County Department of Transportation, (602) 506-8170

Anticipated completion date: April 30, 2010

County Response: Concur

County Corrective Action Plan: The Maricopa County Department of Transportation has assigned another employee to review the reimbursement requests prior to submitting them to the Arizona Department of Transportation. The program responsibilities have always been separate from the employee responsible for requesting reimbursement.

**Maricopa County
Corrective Action Plan
Year Ended June 30, 2009**

09-107

Child Nutrition Cluster

CFDA No.: 10.553 School Breakfast Program

10.555 National School Lunch Program

Department: Maricopa County Juvenile Probation Department

Contact person(s): Ricardo Barcelo, Financial Supervisor, Maricopa County Superior Court, (602) 372-1866

Anticipated completion date: April 30, 2010

County Response: Concur

County Corrective Action Plan: The Maricopa County Juvenile Probation Department will reconcile the monthly reimbursement check to the expenditures to ensure that revenues and expenditures are reported accurately on the general ledger and in the correct fiscal year. Any variances will be properly adjusted.

09-108

Child Nutrition Cluster

CFDA No.: 10.553 School Breakfast Program

10.555 National School Lunch Program

Department: Maricopa County Juvenile Probation Department

Contact person(s): Ricardo Barcelo, Financial Supervisor, Maricopa County Superior Court, (602) 372-1866

Anticipated completion date: April 30, 2010

County Response: Concur

County Corrective Action Plan: The Maricopa County Juvenile Probation Department will perform the following procedures:

- The Department's designated official signing the claim form will perform an on-site review of the meal counting procedures for each of the detention facilities. The meal counts will be compared with daily occupancy numbers.
- An attendance roster will be completed with all attendee's names at subsequent sessions where employees are trained in the meal counting process.
- Monthly reports will be prepared from the daily count sheets to safeguard against the possibility of staff meals being included in monthly summarized information.
- Daily count sheets will be kept on file in the finance office for five years after the termination of the agreement.

**Maricopa County
Corrective Action Plan
Year Ended June 30, 2009**

09-109

Child Nutrition Cluster

CFDA No.: 10.553 School Breakfast Program

10.555 National School Lunch Program

Department: Maricopa County Juvenile Probation Department

Contact person(s): Ricardo Barcelo, Financial Supervisor, Maricopa County Superior Court, (602) 372-1866

Anticipated completion date: March 31, 2010

County Response: Concur

County Corrective Action Plan: The Maricopa County Juvenile Probation Department will ensure monthly claim forms and annual financial reports and supporting documentation are reviewed for accuracy by a supervisor prior to submission to the Arizona Department of Education.



Maricopa County

Department of Finance

Shelby L. Scharbach

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March 11, 2010

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
Chief Financial Officer

**Maricopa County
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2009**

Status of Federal Award Findings and Questioned Costs

CFDA No.: 10.553 – School Breakfast Program
CFDA No.: 10.555 – National School Lunch Program
Finding No. 07-101
Status: Not corrected.

In order to ensure the accuracy of meal count information, the Juvenile Probation Department has established a process where by a Judicial Clerk Supervisor at each of the Detention Facilities will inspect and confirm the accuracy of the daily meal count sheets prior to their submittal to the Juvenile Probation Finance Unit. A process will also be created to provide a supervisory review of the Child Nutrition Program Web Claim forms prior to its submission to the Arizona Department of Education. Due to staff turnover, the supervisory review process was not always completed. Contact person is Ricardo Barcelo, Financial Supervisor, Maricopa County Superior Court, (602) 372-1866.

CFDA No.: 10.557 – Special Supplemental Nutrition Program for Women, Infants, and Children
Finding No. 08-105
Status: Fully corrected.

CFDA No.: 17.258 – WIA Adult Program
CFDA No.: 17.259 – WIA Youth Activities
CFDA No.: 17.260 – WIA Dislocated Workers
CFDA No.: 93.600 – Head Start
Finding No. 08-101
Status: Not corrected.

The Maricopa County Human Services Department Finance Office has started a review to strengthen its internal control policies and procedures to ensure that all required documentation is properly documented and maintained for purchasing card expenditures. Additionally, the Maricopa County Human Services Department Finance Office will ensure that the appropriate staff are fully trained and adhere to the policies and procedures. As the Single Audit for fiscal year 2008 was not completed until May 2009, the County was unable to fully implement a corrective action plan until fiscal year 2010. This finding is anticipated to be fully corrected by June 30, 2010. Contact person is Melba Davidson, Financial Services Administrator, Maricopa County Human Services Department, (602) 506-2513.

CFDA No.: 17.258 – WIA Adult Program
CFDA No.: 17.259 – WIA Youth Activities
CFDA No.: 17.260 – WIA Dislocated Workers
Finding No. 08-102
Status: Fully corrected.

**Maricopa County
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2009**

CFDA No.: 17.258 – WIA Adult Program
CFDA No.: 17.259 – WIA Youth Activities
CFDA No.: 17.260 – WIA Dislocated Workers
CFDA No.: 20.516 – Job Access – Reverse Commute
CFDA No.: 93.600 – Head Start
Finding No. 06-109, 07-107, 08-103
Status: Partially corrected.

The Maricopa County Human Services Department modified all fiscal year 2009 contracts with vendors and subrecipients by adding a certification statement regarding suspension and debarment to the contract. The Department will also check the Excluded Parties List System to verify vendors and subrecipients are not suspended or debarred. This finding is expected to be fully corrected by June 30, 2010. Contact person is Judy Beechen, Contract Management Administrator, Maricopa County Human Services Department, (602) 372-3805.

CFDA No.: 20.205 – Highway Planning and Construction
Finding No. 07-106
Status: Fully corrected.

CFDA No.: 20.516 – Job Access – Reverse Commute
Finding No. 07-109
Status: Fully corrected.

CFDA No.: 20.516 – Job Access – Reverse Commute
Finding No. 07-110
Status: Fully corrected.

CFDA No.: 93.268 – Immunization Grants
Finding No. 06-105, 07-103
Status: Fully corrected.

CFDA No.: 93.600 – Head Start
Finding No. 07-108
Status: Fully corrected.

CFDA No.: 93.600 – Head Start
Finding No. 08-104
Status: Fully corrected.