

## Maricopa County

### Annual financial statement and compliance audits

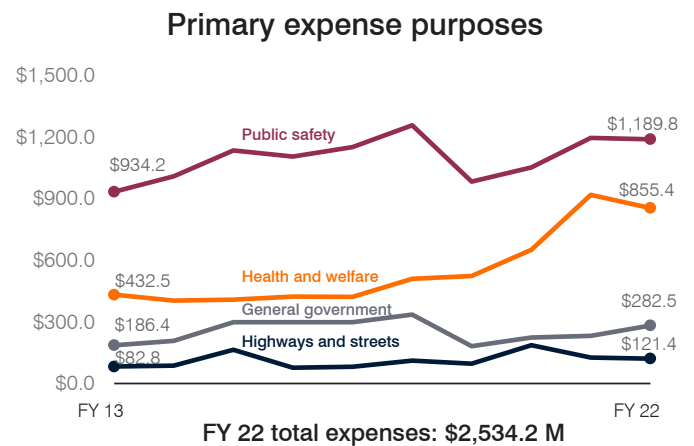
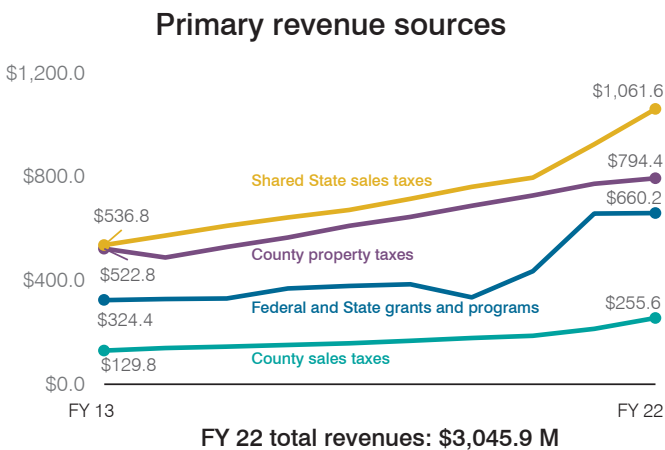
The County's fiscal year 2022 reported financial information is reliable. However, we reported deficiencies and noncompliance over financial reporting and federal programs, summarized on the next page.

#### Audits' purpose

To express our opinions on the County's financial statements and on compliance with certain federal requirements and, if applicable, to report findings over noncompliance with certain laws and regulations or other financial deficiencies.

#### Primary revenue sources and how they were spent

Fiscal years (FY) 2013 through 2022  
(In millions)



Source: Auditor General staff summary of information obtained from the County's financial statements.

#### Largest primary revenue sources FY 2022

- **Shared State sales taxes 34.9%**—Comes from State sales taxes the State of Arizona collects and the Arizona State Treasurer distributes to the County based on the State's statutory distribution formulas.
- **County property taxes 26.1%**—Levied and collected from property owners based on the assessed value of real and personal property within the County.

#### Largest primary expense purposes FY 2022

- **Public safety 46.9%**—Costs for protecting the County's persons and property with the largest portion for County jail operations, County Sheriff's office services, probation services, and Flood Control District operations.
- **Health and welfare 33.8%**—Costs for public assistance and institutional care for individuals who are economically unable to provide for themselves.

#### County's net position increased in FY 2022

County revenues were \$511.7 million greater than its expenses, increasing total net position to \$4.5 billion at June 30, 2022. Net position includes all assets, such as buildings, vehicles, and cash and investments, less all liabilities, such as unpaid pension and other payroll obligations, long-term debt, and accounts payable. None of this net position is unrestricted, meaning some is not in spendable form, and the rest is restricted by external parties.

## Auditor findings and recommendations

Summarized below are our most significant findings and recommendations included in the [Single Audit Report](#) where there is further information and the County's responses. The County needs to:

- Require the County School Superintendent's Office to follow the County's policies and procedures when using purchasing cards and periodically monitor its purchasing card purchases for compliance with County policy. We found that the Office did not review and approve its former Assistant County School Superintendent's 287 purchasing card purchases for services, travel, supplies, software, food, and other items totaling \$227,631; including 64 travel-related purchases totaling \$32,280, 7 food purchases totaling \$3,660, and 2 employee incentive purchases totaling \$606, none of which were authorized and documented in the manner required by County policy.
- Work with the County School Superintendent's Office to either develop and follow a process for separating juvenile detention center education program operations from its accommodation school in accordance with its reporting to the Arizona Department of Education (ADE) or inform ADE that it is not separating program operations from the accommodation school, and ensure the program receives the correct statutory funding. We found that the Office received \$2.8 million in State funding for fiscal years 2020 through 2022 but risks having to return some of it as a result of the Office's not fully separating its program operations from its accommodation school. Further, the Office should work with ADE to identify if the program was overfunded in fiscal years 2020 through 2022 and return any monies to ADE that were in excess of what it was legally entitled to receive, if required.
- Develop and implement policies and procedures for reviewing federal Teacher and School Leader Incentive Grants reimbursement requests to require the reviewer to review or reconcile program expenditures recorded on its financial accounting system to the reimbursement request before approving and submitting it to the federal grantor. We found that the County School Superintendent's Office overdrew \$1,370,113 of program monies on its May 2022 reimbursement request as a result of basing its request on the wrong time period, which was not detected by the Office's reviews of the reimbursement request or report generated to prepare it. Consequently, the Office needs to work with the federal grantor to repay award amounts exceeding what the Office was eligible to receive, if such amounts exist at grant close-out.
- Verify landlord information listed on grant applications is accurate prior to authorizing rental assistance payments for the federal Emergency Rental Assistance (ERA) Program, administered by the Human Services Department, and work with the federal grantor, its legal counsel, and law enforcement, as appropriate, to recover any payments the federal government determines to be improper. County management reported to us that it identified 6 suspicious payments totaling \$135,125 the Department made to potentially fraudulent claimants and \$74,926 was returned by banks or the reported landlord as of the date of our report, but risks repaying any unrecovered payments to the federal grantor. Also, the Department needs to develop and implement policies and procedures to pay subrecipients for ERA program expenditures they incur and request reimbursement for within 30 days of receiving their completed reimbursement requests.
- Train employees on how to implement policies and procedures to identify, classify, and inventory the sensitive data the County holds on its information systems to assess how to protect it. We found that the County's deficiencies in its process for managing risks related to the sensitive information it holds may put its operations and IT systems and data at unintended and unnecessary risk of potential harm. We reported a similar finding in prior years.

## Auditor General website report links

- The June 30, 2022, Maricopa County Annual Comprehensive Financial Report and Single Audit Report that are summarized in these highlights can be found at this [link](#). These reports should be read to fully understand the County's overall financial picture and our reporting responsibilities.
- The County's reports from prior years are available at this [link](#).
- For help in understanding important information presented in these reports, please refer to our user guides at the following links:
  - [Financial Report User Guide for State and Local Governments](#).
  - [Internal Control and Compliance Reports User Guide](#).