

REPORT HIGHLIGHTS SINGLE AUDIT

Subject

Maricopa County spent \$109.7 million of federal monies this past year for 100 programs. The largest federal grants were for housing and community development, child development, healthcare, nutrition, and job training. In return, the County must be accountable for its use of both federal and state monies, maintain strong internal controls, and comply with federal program requirements.

Our Conclusion

The County maintained adequate internal controls over, and complied with, the federal compliance requirements for 10 of the 12 federal programs tested. However, for 2 of the programs tested, auditors found material internal control weaknesses and instances of noncompliance with program requirements. See page 2 for further information.



2005

Year Ended June 30, 2005

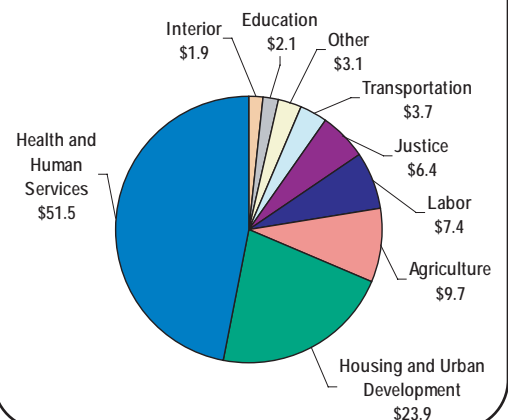
The County Experienced a Decrease in Federal Award Expenditures

During fiscal year 2005, expenditures of federal awards decreased by \$2.8 million. The decrease was primarily the net result of the following:

- \$4.1 million decrease in U.S. Department of Health and Human Services programs, mostly related to Immunization Grants, Centers for Disease Control and Prevention—Investigations and Technical Assistance, Social Services Block Grant, and HIV Emergency Relief Project Grants programs.
- \$1.5 million decrease in U.S. Department of Justice programs, primarily related to the elimination of the State Criminal Alien Assistance Program, which is only funded every other year.
- \$1.7 million increase in various U.S. Department of Education programs.

- \$1.3 million increase in U.S. Department of Agriculture programs, primarily related to the Special Supplemental Nutrition Program for Women, Infants, and Children program.

Federal Expenditures by Awarding Agency
Totaling \$109.7 Million
Fiscal Year 2005
(In Millions)



Late Issuance of the County's Financial Statements Resulted in Delayed Single Audit Report Issuance

The County's single audit report for the year ended June 30, 2005, was issued 1 year after the federal reporting deadline of March 31, 2006. The late issuance resulted from deficiencies in internal control over financial reporting for the County's health plans, which caused a

12-month delay in the issuance of the County's fiscal year 2005 Comprehensive Annual Financial Report (CAFR). Audited financial statements are a required component of the single audit reporting package.

Two of the County's Public Health Department Programs Had Material Noncompliance

HIV Prevention Activities—Health Department Based

Three material deficiencies in internal control and compliance were noted for the HIV Prevention Activities—Health Department Based program. As a result, the County did not comply with six of the program's nine federal requirements. Specifically, auditors reported the following as material weaknesses and material noncompliance:

- For two of the contracts comprising approximately 90 percent of the program's activities, the Department failed to retain performance reports for most of the fiscal year. The performance reports described the activities performed and the services provided, as well as other of the contracts' provisions. As a result, the Department could not demonstrate that the contracts' objectives and the program's compliance requirements were met.
- The Department lacked adequate internal controls for preparing and retaining sufficient documentation for employees' salaries and wages charged to the program. As a result, the Department could not demonstrate that employees' salaries or wages were proper and allowable charges to the program.

HIV Emergency Relief Project Grants

Material deficiencies in internal control and compliance were also noted for the HIV Emergency Relief Project Grants program. As a result, the County did not comply with four of the program's federal requirements. Specifically, auditors reported the following three material weaknesses, two of which were also instances of material noncompliance:

- The Department's monitoring procedures were inadequate to ensure that subrecipients were in compliance with earmarking and certain other program requirements. A similar finding was also noted in the prior year.
- The Department did not retain documentation supporting participants' eligibility.
- The Department did not retain documentation supporting that the salaries and wages for one employee during the fiscal year were proper and allowable charges to the program.

The table below identifies the findings reported in our audit by program and type of compliance requirement for the HIV Prevention Activities—Health Department Based and HIV Emergency Relief Project Grants programs. All findings are considered to be material internal control weaknesses and/or material noncompliance with the programs' requirements, except for the procurement findings which were considered immaterial.

TO OBTAIN MORE INFORMATION

A copy of the full report can be obtained by calling
(602) 553-0333



or by visiting
our Web site at:
www.azauditor.gov

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Single Audit Fact Sheet

- Two weaknesses in financial reporting internal controls—one of these weaknesses was a material internal control weaknesses over financial reporting.
- Eleven weaknesses in federal compliance internal controls—six of these were material internal control weaknesses.
- Ten violations of federal compliance requirements—five of these were material noncompliance.
- Program costs totaling \$50,112 were questioned as a result of our audit.

Type of Compliance Requirement

Program	Activities ¹	Costs ²	Eligibility ³	Earmark ⁴ , Effort ⁵	Report ⁶	Monitor ⁷	Special ⁸	Procurement ⁹
HIV Prevention	X	X	X	X	X		X	X
HIV Emergency		X	X	X		X		X

¹ Activities: Federal monies were expended for unallowable activities.

² Costs: Federal monies were expended for unallowable costs.

³ Eligibility: Benefits were awarded to ineligible participants.

⁴ Earmark: Funding for specified activities was not used as required.

⁵ Effort: A specified level of service was not maintained.

⁶ Report: Reports to federal grantors were not made, or were inaccurate or untimely.

⁷ Monitor: Subrecipients were not monitored to ensure they administered awards in compliance with federal requirements.

⁸ Special: Special program requirements were not complied with.

⁹ Procurement: Procurement regulations were not complied with.

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Year Ended June 30, 2005