



A REPORT
TO THE
ARIZONA LEGISLATURE

Financial Audit Division

Single Audit

Maricopa County

Year Ended June 30, 2005



Debra K. Davenport
Auditor General

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Maricopa County
Single Audit Reporting Package
Year Ended June 30, 2005

Table of Contents	Page
Comprehensive Annual Financial Report	
Issued separately	
Single Audit Section	
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 <i>Government Auditing Standards</i>	1
Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133	3
Schedule of Expenditures of Federal Awards	6
Schedule of Findings and Questioned Costs	
Summary of Auditors' Results	17
Financial Statement Findings	19
Federal Award Findings and Questioned Costs	22
County Responses	
Corrective Action Plan	33
Summary Schedule of Prior Audit Findings	40



**STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL**

DEBRA K. DAVENPORT, CPA
AUDITOR GENERAL

WILLIAM THOMSON
DEPUTY AUDITOR GENERAL

**Independent Auditors' 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***

Members of the Arizona State Legislature

The Board of Supervisors of
Maricopa County, Arizona

We have audited the financial statements of the governmental activities, business-type activities, the discretely presented component unit, each major fund, and aggregate remaining fund information of Maricopa County as of and for the year ended June 30, 2005, which collectively comprise the County's basic financial statements, and have issued our report thereon dated December 18, 2006. Our report was modified for a disclaimer of opinion on the financial statements of the Maricopa Health Plan Fund, the ALTCS Fund, and the business-type activities. In addition, our report was modified to include a reference to our reliance on other auditors; as to consistency because of the implementation of Governmental Accounting Standards Board Statement (GASB) No. 40; and for an emphasis of a matter for the retroactive reporting of the Flood Control District infrastructure assets as part of the implementation of GASB Statement No. 34. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Stadium District, Medical Center, and Housing Authority of Maricopa County, as described in our report on the County's financial statements. This report includes our consideration of the results of the other auditor's testing of internal control over financial reporting and compliance and other matters that are reported on separately by those other auditors. However, this report, insofar as it relates to the results of the other auditors, is based solely on the reports of the other auditors.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the basic financial statements and not to provide an opinion on internal control over financial reporting. However, we and the other auditors noted certain matters involving internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of internal control over financial reporting that, in our judgment, could adversely affect the County's ability to initiate, record, process, and report financial data consistent with the assertions of management in the basic financial statements. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as items 05-01 and 05-02.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the basic financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider item 05-01 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests and those of the other auditors disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we will report to the County's management in a separate letter at a future date.

This report is intended solely for the information and use of the members of the Arizona State Legislature, the Board of Supervisors, 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.

Dennis L. Mattheisen, CPA
Financial Audit Director

December 18, 2006



**STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL**

DEBRA K. DAVENPORT, CPA
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, 2005, except for that portion of the federal programs administered by the Housing Authority of Maricopa County, which includes the following programs: Public and Indian Housing, Resident Opportunity and Supportive Services, Section 8 Housing Choice Vouchers, and Public Housing Capital Fund. The Housing Authority of Maricopa County 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 work of the other auditors.

Maricopa County's basic financial statements include the operations of the Maricopa County Regional School District, which expended \$2,056,865 in federal awards that are not included in the County's Schedule of Expenditures of Federal Awards for the year ended June 30, 2005. Our audit, described below, did not include the operations of the Maricopa County Regional School District because the District engaged another auditor 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 on the County's compliance with those requirements.

As described in the following table, Maricopa County did not comply with certain compliance requirements that are applicable to the following major federal programs. Compliance with such requirements is necessary, in our opinion, for the County to comply with the requirements applicable to those programs.

Program Title (CFDA Number)	Compliance Requirement	Finding Number
HIV Prevention Activities—Health Department Based (93.940)	Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Eligibility, Level of Effort, Earmarking, Reporting, Special Tests and Provisions	05-101, 05-102, 05-103
HIV Emergency Relief Project Grants (93.914)	Allowable Costs/Cost Principles, Eligibility, Earmarking, Subrecipient Monitoring	05-107, 05-108

In our opinion, because of the effects of the noncompliance described in the preceding table for the HIV Prevention Activities—Health Department Based (93.940) program, Maricopa County did not comply in all material respects, with the requirements referred to above that are applicable to that program. Also, in our opinion, based on our audit and the report of the other auditors, except for the noncompliance described in the preceding table for the HIV Emergency Relief Project Grants (93.914) program, 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, 2005. The results of our auditing procedures and the report of the other auditors also disclosed other 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 05-104, 05-105, 05-106, 05-109, and 05-110.

Internal Control over Compliance

The County’s management is responsible for establishing and maintaining effective internal control over compliance with 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 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 and to test and report on internal control over compliance in accordance with OMB Circular A-133.

We and the report of other auditors noted certain matters involving internal control over compliance and its operation that we and the other auditors consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of internal control over compliance that, in our judgment, could adversely affect the County’s ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as items 05-101 through 05-111.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of internal control over compliance would not necessarily disclose all matters in internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider items 05-101, 05-102, 05-103, 05-106, 05-107, and 05-108 to be material weaknesses.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, business-type activities, the discretely presented component unit, each major fund, and aggregate remaining fund information of Maricopa County as of and for the year ended June 30, 2005, and have issued our report thereon dated December 18, 2006. Our report was modified for a disclaimer of opinion on the financial statements of the Maricopa Health Plan Fund, the ALTCS Fund, and the business-type activities. In addition, our report was modified to include a reference to our reliance on other auditors; as to consistency because of the implementation of Governmental Accounting Standards Board Statement (GASB) No. 40; and for an emphasis of a matter for the retroactive reporting of the Flood Control District infrastructure assets as part of the implementation of GASB Statement No. 34. Our audit was performed for the purpose of forming 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 reports of the other auditors, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the members of the Arizona State Legislature, the Board of Supervisors, 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.

Dennis L. Mattheisen, CPA
Financial Audit Director

March 26, 2007, except for the
Schedule of Expenditures of
Federal Awards, for which the
date is December 18, 2006

Maricopa County
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2005

Federal Grantor/Program Title/ Pass-Through Grantor	CFDA Number (Note 2)	Pass-Through Grantor's Number	Expenditures
U.S. Office of National Drug Control Policy			
High Intensity Drug Trafficking Areas, passed through Pima County	07.I3PSAP549	01-11-M-132771-1002, 01-11-M-133327-1002	\$ 171,781
High Intensity Drug Trafficking Areas, passed through Pima County	07.I4PSAP549	01-11-M-134371-1003, 01-11-M-135223-1003	269,337
High Intensity Drug Trafficking Areas, passed through Pima County	07.I5PSAP549	01-11-M-136285-1004	<u>10,343</u>
Total U.S. Office of National Drug Control Policy			<u>451,461</u>
U.S. Department of Agriculture			
Child Nutrition Cluster:			
School Breakfast Program, passed through the Arizona Department of Education	10.553	ED05-0001	246,632
National School Lunch Program, passed through the Arizona Department of Education	10.555	ED05-0001	<u>373,682</u>
Total Child Nutrition Cluster			<u>620,314</u>
Special Supplemental Nutrition Program for Women, Infants, and Children, passed through the Arizona Department of Health Services	10.557	HG361070, HG461508	8,595,323
Child and Adult Care Food Program, passed through the Arizona Department of Education	10.558	C-22-05-113-2	228,665
State Administrative Matching Grants for Food Stamp Program, passed through the Arizona Department of Health Services	10.561	HG361088	158,659
Schools and Roads—Grants to States, passed through the Arizona State Treasurer	10.665	None	<u>121,988</u>
Total U.S. Department of Agriculture			<u>9,724,949</u>
U.S. Department of Housing and Urban Development			
Community Development Block Grants/Entitlement Grants	14.218		3,858,670
Emergency Shelter Grants Program	14.231		112,480
HOME Investment Partnerships Program	14.239		4,517,535
Public and Indian Housing	14.850		2,169,506
Resident Opportunity and Supportive Services— Homeownership and Family	14.870		57,556
Section 8 Housing Choice Vouchers	14.871		11,474,277
Public Housing Capital Fund	14.872		1,624,735

(Continued)

See accompanying notes to schedule.

Maricopa County
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2005
(Continued)

Federal Grantor/Program Title/ Pass-Through Grantor	CFDA Number (Note 2)	Pass-Through Grantor's Number	Expenditures
Lead-Based Paint Hazard Control in Privately-Owned Housing, passed through the City of Phoenix	14.900	104981	\$ 50,455
Total U.S. Department of Housing and Urban Development			<u>23,865,214</u>
U.S. Department of the Interior			
Payments in Lieu of Taxes	15.226		1,813,162
Reclamation Projects	15.9-07-30-L0298		36,453
Taylor Grazing Act, passed through the Arizona State Treasurer	15.unknown	None	8,144
Total U.S. Department of the Interior			<u>1,857,759</u>
U.S. Department of Justice			
Comprehensive Approaches to Sex Offender Management Discretionary Grant (CASOM)	16.203		19,405
Juvenile Accountability Incentive Block Grants, passed through the Office of the Governor	16.523	JB-GRA-02-4182-07, JB-GRA-03-4060-00, JB-GRA-03-5273-06	1,212,239
Gang-Free Schools and Communities— Community-Based Gang Intervention	16.544		53,717
Title V—Delinquency Prevention Program, passed through the Office of the Governor	16.548	J5-CSG-04-5273-001Y1	71,813
Part E—State Challenge Activities, passed through the Office of the Governor	16.549	AD030001-008Y3	97,615
National Institute of Justice Research, Evaluation, and Development Project Grants, passed through the Arizona Criminal Justice Commission	16.560	FDC-04-202, FLC-04-402, FDC-05-202, FLC-05-302	37,208
Crime Victim Assistance, passed through the Arizona Department of Public Safety	16.575	2002-193, 2003-379, 2003-380, 2003-381	176,424
Crime Victim Compensation, passed through the Arizona Criminal Justice Commission	16.576	VC-04-056, VC-05-056	890,810
Edward Byrne Memorial Formula Grant Program, passed through the Arizona Criminal Justice Commission	16.579	AC-020-04, AC-020-05, CRI-04-076, CRI-05-088, PC-020-05	1,460,274
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	16.580		664,587

(Continued)

See accompanying notes to schedule.

Maricopa County
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2005
(Continued)

Federal Grantor/Program Title/ Pass-Through Grantor	CFDA Number (Note 2)	Pass-Through Grantor's Number	Expenditures
Drug Court Discretionary Grant Program	16.585		\$ 120,893
Violence Against Women Formula Grants, passed through the Office of the Governor	16.588	AD030003-006, AD030131-008, ST-WSG-04-6031/004Y1, ST-WSG-04-6031/005Y1	214,263
Grants to Encourage Arrest Policies and Enforcement of Protection Orders, passed through the Office of the Governor	16.590	EA-GRA-04-5242-02	73,799
Local Law Enforcement Block Grants Program	16.592		578,253
Residential Substance Abuse Treatment for State Prisoners, passed through the Arizona Criminal Justice Commission	16.593	RAC-04-300, RAC-05-300, SAT-04-108, SAT-05-108	334,665
Bulletproof Vest Partnership Program	16.607		25,143
Community Prosecution and Project Safe Neighborhoods	16.609		122,240
Public Safety Partnership and Community Policing Grants	16.710		98,703
Gang Resistance Education and Training	16.737		9,865
Edward Byrne Memorial Justice Assistance Grant Program	16.738		2,164
Federal Equitable Sharing Program	16.unknown		<u>110,149</u>
Total U.S. Department of Justice			<u>6,374,229</u>
U.S. Department of Labor			
Welfare-to-Work Grants to States and Localities, passed through the Arizona Department of Economic Security	17.253	E5709062	6,430
Workforce Investment Act (WIA) Cluster: WIA Adult Program, passed through the Arizona Department of Economic Security	17.258	E5703007, E5704007, E5705007	2,473,330
WIA Youth Activities, passed through the Arizona Department of Economic Security	17.259	E5703007, E5704007, E5705007	1,797,599
WIA Dislocated Workers, passed through the Arizona Department of Economic Security	17.260	E5703007, E5704007, E5705007	<u>2,152,899</u>
Total WIA Cluster			<u>6,423,828</u>
WIA Pilots, Demonstrations, and Research Projects	17.261		<u>923,024</u>
Total U.S. Department of Labor			<u>7,353,282</u>

(Continued)

See accompanying notes to schedule.

Maricopa County
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2005
(Continued)

Federal Grantor/Program Title/ Pass-Through Grantor	CFDA Number (Note 2)	Pass-Through Grantor's Number	Expenditures
U.S. Department of Transportation			
Highway Planning and Construction, passed through the Arizona Department of Transportation	20.205	CM-MMA-0(22), CM-MMA-0(44), JPA 98-131, JPA 99-171, JPA 03-122	\$ 502,128
Highway Planning and Construction, passed through Maricopa Association of Governments	20.205	MAG#0098, MAG#262	<u>914,023</u>
Total Highway Planning and Construction			<u>1,416,151</u>
Federal Transit—Formula Grants, passed through the City of Phoenix	20.507	AZ-90-X058, AZ-90-X063, AZ-90-X068	649,067
Job Access—Reverse Commute, passed through the City of Phoenix	20.516	90026	1,613,520
State and Community Highway Safety, passed through the Governor's Office of Highway Safety	20.600	2003-163-017, 2003-410-009	58,884
Interagency Hazardous Materials Public Sector Training and Planning Grants, passed through the Arizona Department of Emergency and Military Affairs	20.703	None	<u>190</u>
Total U.S. Department of Transportation			<u>3,737,812</u>
National Foundation on the Arts and the Humanities			
Grants to States, passed through the Arizona State Library, Archives and Public Records	45.310	231-1-5-(10), 241-03-01-(07)	<u>22,919</u>
U.S. Environmental Protection Agency			
Air Pollution Control Program Support	66.001		1,129,608
Environmental Protection-Consolidated Research	66.500		<u>341,731</u>
Total U.S. Environmental Protection Agency			<u>1,471,339</u>
U.S. Department of Energy			
Weatherization Assistance for Low-Income Persons, passed through the Arizona Department of Commerce	81.042	043-04, 054-03, 055-03	<u>317,705</u>
U.S. Department of Education			
Adult Education—State Grant Program, passed through the Arizona Department of Education	84.002	04FAEABE-470694-01A, 05FAEABE-570694-02A	142,802

(Continued)

See accompanying notes to schedule.

Maricopa County
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2005
(Continued)

Federal Grantor/Program Title/ Pass-Through Grantor	CFDA Number (Note 2)	Pass-Through Grantor's Number	Expenditures
Title I Grants to Local Educational Agencies, passed through the Arizona Department of Education	84.010	04FAADEL-470692-02A, 05FAADEL-570692-03A	\$ 59,097
Special Education—Grants to States, passed through the Arizona Department of Education	84.027	05FESCBG-570692-01A, 05FESPRG-570692-02A, 05FESCBG-560738-04A	94,946
Safe and Drug-Free Schools and Communities—National Programs, passed through the Arizona Department of Education	84.184	05FBPCSG-570696-01A	49,300
Safe and Drug-Free Schools and Communities—State Grants, passed through the Arizona Department of Education	84.186	05FBPIVB-560738-07A	25,507
Even Start—State Educational Agencies, passed through the Arizona Department of Education	84.213	04FECEVS-470694-02A, 05FECEVS-570694-03A	124,083
Fund for the Improvement of Education	84.215		399,741
Twenty-First Century Community Learning Centers, passed through the Arizona Department of Education	84.287	04FSSCCL-460738-03A, 05FBPCCL-570696-04A	230,718
State Grants for Innovative Programs, passed through the Arizona Department of Education	84.298	05FAATVE-560738-03A	30,438
Education Technology State Grants, passed through the Arizona Department of Education	84.318	04FADETD-460738-02A, 05FAAETD-560738-01A	119,880
Reading First State Grants, passed through the Arizona Department of Education	84.357	05FSACRS-570696-05A, 05FSASRS-570696-06A	142,594
Early Reading First, passed through the Arizona State University	84.359	05-549	30,941
English Language Acquisition Grants, passed through the Arizona Department of Education	84.365	05FAAENG-570696-08A	44,866
Mathematics and Science Partnerships, passed through the Arizona Department of Education	84.366	04FAAMSP-470696-06A	500,305
Improving Teacher Quality State Grants, passed through the Arizona Department of Education	84.367	03-67-ED	99,007
Total U.S. Department of Education			<u>2,094,225</u>

(Continued)

See accompanying notes to schedule.

Maricopa County
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2005
(Continued)

Federal Grantor/Program Title/ Pass-Through Grantor	CFDA Number (Note 2)	Pass-Through Grantor's Number	Expenditures
U.S. Department of Health and Human Services			
Aging Cluster:			
Special Programs for the Aging—Title III, Part B— Grants for Supportive Services and Senior Centers, passed through Area Agency on Aging	93.044	2004-33-MHS, 2005-29-MSTS, 2005-29-MCSTS, 2005-30-MCSM	\$ 607,297
Special Programs for the Aging—Title III, Part C—Nutrition Services, passed through the Area Agency on Aging	93.045	2005-29-MSTS, 2005-29-MCSTS, 2005-29-MCH	<u>211,812</u>
Total Aging Cluster			<u>819,109</u>
Project Grants and Cooperative Agreements for Tuberculosis Control Programs, passed through the Arizona Department of Health Services	93.116	HG352247, 152071	278,306
Coordinated Services and Access to Research for Women, Infants, Children, and Youth	93.153		393,479
Telehealth Network Grants	93.211		14,909
Hansen's Disease National Ambulatory Care Program	93.215		38,342
Family Planning—Services, passed through the Arizona Family Planning Council	93.217	None	341,942
Consolidated Health Centers (Health Care for the Homeless)	93.224		2,247,724
Consolidated Knowledge Development and Application (KD&A) Program	93.230		42,021
Substance Abuse and Mental Health Services— Projects of Regional and National Significance	93.243		854,288
Substance Abuse and Mental Health Services— Projects of Regional and National Significance, passed through the University of Arizona	93.243	Y772798	<u>46,529</u>
Total Substance Abuse and Mental Health Services—Projects of Regional and National Significance			<u>900,817</u>
Immunization Grants, passed through the Arizona Department of Health Services	93.268	152043, HG352193, E5H95428	4,562,187
Centers for Disease Control and Prevention— Investigations and Technical Assistance	93.283		148,932

(Continued)

See accompanying notes to schedule.

Maricopa County
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2005
(Continued)

Federal Grantor/Program Title/ Pass-Through Grantor	CFDA Number (Note 2)	Pass-Through Grantor's Number	Expenditures
Centers for Disease Control and Prevention— Investigations and Technical Assistance, passed through the Arizona Department of Health Services	93.283	252031	\$ 1,957,286
Total Centers for Disease Control and Prevention— Investigations and Technical Assistance			<u>2,106,218</u>
Promoting Safe and Stable Families, passed through the Child and Family Resources, Inc.	93.556	C-86-04-057-1, C-86-97-071-1, E4375068	44,416
Promoting Safe and Stable Families, passed through the PREHAB of Arizona, Inc.	93.556	E4372082	<u>1,229</u>
Total Promoting Safe and Stable Families			<u>45,645</u>
Temporary Assistance for Needy Families, passed through the Arizona Department of Economic Security	93.558	E5900018, E6301006	1,000,639
Child Support Enforcement, passed through the Arizona Department of Economic Security	93.563	G 02-04-AZ-4004, G 04-04-AZ-4004	740,717
Low-Income Home Energy Assistance, passed through the Arizona Department of Economic Security	93.568	E6301006	1,016,983
Community Services Block Grant, passed through the Arizona Department of Economic Security	93.569	E6301006	744,714
Refugee and Entrant Assistance—Discretionary Grants, passed through the Arizona Department of Economic Security	93.576	E6305001	617,413
Refugee and Entrant Assistance—Targeted Assistance Grants, passed through the Arizona Department of Economic Security	93.584	E6304017	135,422
Head Start	93.600		18,310,467
Children's Justice Grants to States, passed through the Office of the Governor	93.643	CJ-GRA-04-4366-02, CJ-GRA-05-4366-10	55,691
Social Services Block Grant, passed through the Area Agency on Aging	93.667	2004-33-MHS, 2005-29-MSTS, 2005-29-MCH, 2005-30-MCSM	257,428
Social Services Block Grant, passed through the Arizona Department of Economic Security	93.667	E6301006	<u>337,490</u>
Total Social Services Block Grant			<u>594,918</u>
Health Careers Opportunity Program, passed through Northern Arizona University	93.822	HPE31Y2-04	49,932
HIV Emergency Relief Project Grants	93.914		7,134,546

(Continued)

See accompanying notes to schedule.

Maricopa County
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2005
(Continued)

Federal Grantor/Program Title/ Pass-Through Grantor	CFDA Number (Note 2)	Pass-Through Grantor's Number	Expenditures
HIV Care Formula Grants, passed through the Arizona Department of Health Services	93.917	HG352331, HG454431	\$ 5,764,205
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	93.918		352,415
Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs, passed through the Arizona Department of Health Services	93.919	HG361201	349,620
Healthy Start Initiative	93.926		336,909
Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems, passed through the Arizona Department of Education	93.938	ED04-0052	19,552
HIV Prevention Activities—Health Department Based, passed through the Arizona Department of Health Services	93.940	152004, 152022, 152033, HG352234, HG454447, HG454516	477,239
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance, passed through the Arizona Department of Health Services	93.944	HG352301, HG361140	173,033
Preventive Health Services—Sexually Transmitted Diseases Control Grants, passed through the Arizona Department of Health Services	93.977	05-2012, HG352222, HG354249, HG354255	756,706
Preventive Health and Health Services Block Grant, passed through the Arizona Department of Health Services	93.991	HG354175	118,930
Maternal and Child Health Services Block Grant to the States, passed through the Arizona Department of Health Services	93.994	161026, 161067, 261199, 961111, HG361140, HP361146, HG361221, HP461323, HP461413	972,089
Total U.S. Department of Health and Human Services			<u>51,512,839</u>

(Continued)

See accompanying notes to schedule.

Maricopa County
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2005
(Continued)

Federal Grantor/Program Title/ Pass-Through Grantor	CFDA Number (Note 2)	Pass-Through Grantor's Number	Expenditures
Homeland Security Grant Program Cluster:			
U.S. Department of Justice			
State Domestic Preparedness Equipment Support Program, passed through the Arizona Department of Emergency and Military Affairs	16.007	2003-TE-TX-0196	\$ 111,587
U.S. Department of Homeland Security			
State Domestic Preparedness Equipment Support Program, passed through the Arizona Department of Emergency and Military Affairs	97.004	2004-GE-T4-0051	61,822
State Domestic Preparedness Equipment Support Program, passed through the City of Phoenix	97.004	115440	<u>53,457</u>
Total State Domestic Preparedness Equipment Support Program			<u>115,279</u>
Emergency Management Performance Grants, passed through the Arizona Department of Emergency and Military Affairs	97.042	EMF-2004-GR-0401	62,105
Citizen Corps, passed through the Arizona Department of Emergency and Military Affairs	97.053	EMF-2003-GR-0360	5,560
Homeland Security Grant Program, passed through the Arizona Department of Emergency and Military Affairs	97.067	2005-GE-T5-0030	<u>248,702</u>
Total U.S. Department of Homeland Security			<u>431,646</u>
Total Homeland Security Grant Program Cluster			<u>543,233</u>
U.S. Department of Homeland Security			
Emergency Food and Shelter National Board Program, passed through United Way	97.024	0025600-023	158,652
Cooperating Technical Partners	97.045		208,215
State and Local All Hazards Emergency Operations Planning, passed through the Arizona Department of Emergency and Military Affairs	97.051	EMF-2003-GR-0310	<u>54,070</u>
Total U.S. Department of Homeland Security			<u>964,170</u>
Total Expenditures of Federal Awards			<u>\$ 109,747,903</u>

See accompanying notes to schedule.

Maricopa County
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2005

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 Schools and Roads—Grants to States (10.665), Payments in Lieu of Taxes (15.226), and Taylor Grazing Act (15.unknown). 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 amount reported on the schedule for \$3,357,821 of the Immunization Grants (93.268) and \$5,686,054 of the HIV Care Formula Grants (93.917) are the value of noncash assistance expended for each of the federal programs.

Note 2 - Catalog of Federal Domestic Assistance (CFDA) Numbers

The program titles and CFDA numbers were obtained from the federal or pass-through grantor or the 2005 *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	\$ 2,689,812
Emergency Shelter Grants Program	14.231	75,774
HOME Investment Partnerships Program	14.239	4,248,996
Juvenile Accountability Incentive Block Grants	16.523	585,754
Edward Byrne Memorial Formula Grant Program	16.579	125,711
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	16.580	421,630
Public Safety Partnership and Community Policing Grants	16.710	1,416

(Continued)

Maricopa County
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2005

Program Title	CFDA Number	Amount
WIA Youth Activities	17.259	\$ 1,133,987
WIA Dislocated Workers	17.260	177,917
Highway Planning and Construction	20.205	522,735
Job Access—Reverse Commute	20.516	261,579
Weatherization Assistance for Low-Income Persons	81.042	294,592
Coordinated Services and Access to Research for Women, Infants, Children, and Youth	93.153	349,819
Substance Abuse and Mental Health Services— Projects of Regional and National Significance	93.243	654,752
Temporary Assistance for Needy Families	93.558	305,037
Community Services Block Grant	93.569	433,421
Head Start	93.600	6,354,331
Social Services Block Grant	93.667	336,542
HIV Emergency Relief Project Grants	93.914	4,949,099
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	93.918	334,860
Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs	93.919	198,243
State Domestic Preparedness Equipment Support Program	97.004	56,707
Citizen Corps	97.053	<u>440</u>
 Total Awards to Subrecipients		 <u>\$24,513,154</u>

Maricopa County
 Schedule of Findings and Questioned Costs
 Year Ended June 30, 2005

Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:

Unqualified for all opinion units except for the Maricopa Health Plan Fund, the ALTCS Fund, and business-type activities, which were disclaimers of opinion.

	Yes	No
Material weaknesses identified in internal control over financial reporting?	<u>X</u>	___
Reportable condition identified not considered to be a material weakness?	<u>X</u>	___
Noncompliance material to the financial statements noted?	___	<u>X</u>

Federal Awards

Material weaknesses identified in internal control over major programs?	<u>X</u>	___
Reportable conditions identified not considered to be material weaknesses?	<u>X</u>	___

Type of auditors' report issued on compliance for major programs:

Unqualified for all major programs except for HIV Emergency Relief Project Grants (93.914), which was qualified, and HIV Prevention Activities—Health Department Based (93.940), for which an adverse opinion was expressed.

Any audit findings disclosed that are required to be reported in accordance with Circular A-133 (section .510[a])?	<u>X</u>	___
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Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children
14.218	Community Development Block Grants/Entitlement Grants
14.850	Public and Indian Housing
14.871	Section 8 Housing Choice Vouchers
14.872	Public Housing Capital Fund
16.592	Local Law Enforcement Block Grants Program
66.001	Air Pollution Control Program Support
93.268	Immunization Grants
93.283	Centers for Disease Control and Prevention—Investigations and Technical Assistance
93.600	Head Start
93.914	HIV Emergency Relief Project Grants
93.940	HIV Prevention Activities—Health Department Based

Maricopa County
Schedule of Findings and Questioned Costs
Year Ended June 30, 2005

Dollar threshold used to distinguish between Type A and Type B programs:	\$3,000,000	
Auditee qualified as low-risk auditee?	Yes ___	No <u>X</u>
<i>Other Matters</i>		
Auditee's Summary Schedule of Prior Audit Findings required to be reported in accordance with Circular A-133 (section .315[b])?	<u>X</u>	___

Maricopa County
Schedule of Findings and Questioned Costs
Year Ended June 30, 2005

Financial Statement Findings

05-01

The County should have established effective internal controls to properly administer its healthcare programs

The Maricopa Managed Care Systems (MMCS) administered the Arizona Health Care Cost Containment System (AHCCCS)—Acute Health Care program and AHCCCS—Arizona Long-Term Care System (ALTCS) program during fiscal year 2005:

The MMCS did not have effective internal controls over its healthcare programs for claims adjudication, prepayments made to providers, and the maintenance of related financial information as evidenced by the following significant deficiencies:

- The MMCS contracted with outside service organizations to process and pay all medical, dental, prescription drug, and group home claims that totaled \$193.4 million in fiscal year 2005. However, the MMCS did not require their contracted service organizations to have an effective system of internal controls in place to ensure that payments were accurate and supported. In addition, MMCS did not effectively monitor their contracted service organizations. Auditors noted only one of six outside service organizations received an independent audit of its claims processing system because the MMCS did not include contractual provisions in their service organizations' contracts requiring them. Further, the MMCS failed to review and evaluate the report of the outside service organization that received an audit.
- For one of the MMCS' largest contractors used for processing acute health care claims, the MMCS did not take the necessary steps to ensure that this contractor's claims processing system was properly designed and fully tested prior to processing medical claims for the MMCS. Auditors noted that the MMCS' quality control audit reports revealed the claims processed during the first 8 months of the contract period did not pass their statistical claim accuracy standard. The MMCS paid approximately \$82.4 million during that period and, therefore, medical expenses could be misstated on the Maricopa Health Plan and ALTCS Funds' financial statements.
- The MMCS used their trial balance report to prepare the Maricopa Health Plan and ALTCS Funds' financial statements. However, the MMCS did not reconcile paid claims to the trial balance report monthly to ensure their accounting records were maintained accurately. Auditors noted unreconcilable differences of \$18.6 million for the ALTCS Fund and \$5 million for the Maricopa Health Plan Fund between the paid claims and the financial statements. Also, the MMCS did not reconcile prepayments to claims paid for each provider monthly to ensure the providers were paid the proper amounts and that prepayments were properly accounted for.

Maricopa County
Schedule of Findings and Questioned Costs
Year Ended June 30, 2005

- The MMCS did not identify and recover all overpayments. Prior to fiscal year 2005, the MMCS made significant overpayments and prepayments through their OAO claims processing system to their medical service providers and did not account for all overpayments and outstanding prepayments. During fiscal year 2005, the MMCS hired a consulting firm that developed a methodology to identify overpayments and outstanding prepayments. However, both the MMCS and the firm only analyzed \$130 million (22 percent) of \$586 million in medical providers' claims paid through the OAO system. The remaining 78 percent represents claims that were previously settled with the providers through a written agreement that stated that neither party would seek recovery from the other. Further, the MMCS did not analyze payments to providers between the OAO system and the prior claims processing systems for possible duplicate payments. Because of the failure to analyze and pursue collection efforts for all potential overpayments and outstanding prepayments, the MMCS may not have identified all likely amounts due them. These overpayments and outstanding prepayments represent a gift of public monies since there was no public purpose served and the amounts paid to medical providers exceeded the value received.

Because of the deficiencies noted above, the records for the healthcare programs were not reliable. As a result, the auditors were unable to determine whether medical expenses, prepaid expenses, and medical claims payable reported on the healthcare programs' and the County's financial statements were accurate. These deficiencies are considered to be material internal control weaknesses over financial reporting that resulted in disclaimers of opinion on the financial statements of the Maricopa Health Plan Fund, the ALTCS Fund, and business-type activities. Auditors noted similar findings in the prior year, which also resulted in disclaimers of opinion on those financial statements and the Non-AHCCCS Health Plans fund financial statements.

During fiscal year 2006, the Maricopa County Board of Supervisors transferred the AHCCCS Acute Health Care program to the Maricopa County Special Health Care District and discontinued the AHCCCS ALTCS program effective October 1, 2005. Consequently, Maricopa County terminated the MMCS on October 1, 2005, and appointed the Maricopa Managed Care Systems Run-Out Team to close the MMCS' operations. All the MMCS' liabilities incurred prior to October 1, 2005, remain with the County.

The MMCS should have taken the following steps to correct the deficiencies noted:

- Established contractual provisions requiring contractors to have effective internal control systems that accurately and appropriately processed and paid claims; required all contractors to have independent audits of their claims processing systems; and reviewed and evaluated those audit reports, ensuring corrective action plans for deficiencies noted were in place and proper.
- Required all contractors to have fully tested its claims processing system before implementation by following appropriate standards for system development.
- Developed internal control policies and procedures to reconcile their accounting records to ensure accurate financial information.
- The County should consult with its attorneys regarding the validity of the written agreements with its medical providers for the settlement of claims. If these agreements are void or voidable because they constitute a gift of public monies, the County should then continue to seek recovery. In addition, the County should analyze payments to providers between the OAO system and the prior claims processing systems for duplicate payments and seek to recover any overpayments found.

Maricopa County
Schedule of Findings and Questioned Costs
Year Ended June 30, 2005

The other auditors that audited the Housing Authority of the County reported the following reportable condition:

05-02

The Housing Authority of Maricopa County needs to establish adequate controls over check processing

The other auditors that audited the Housing Authority of Maricopa County noted a lack of internal controls in relation to the Authority's check processing procedures. These inadequate controls resulted because a temporary employee used the wrong signature stamps to sign checks. No improper payments were noted during the audit. See finding No. 05-111 for specific details regarding federal noncompliance.

The other auditors recommend the Authority strengthen the internal controls over disbursements. In particular, they recommend that all checks need to be physically signed by authorized signers.

This finding is considered a reportable condition over financial reporting.

Maricopa County
 Schedule of Findings and Questioned Costs
 Year Ended June 30, 2005

Federal Award Findings and Questioned Costs

Summary of Findings Resulting in an Adverse Opinion for HIV Prevention Activities—Health Department Based (CFDA 93.940)

During fiscal year 2005, the Public Health Department administered the HIV Prevention Activities—Health Department Based program (CFDA 93.940) through three separate contracts with the Arizona Department of Health Services (ADHS), the pass-through grantor. Each contract has its own compliance requirements. The three contracts were Counseling and Testing, Peers Reaching Out and Modeling Intervention Strategies (PROMISE), and Planning, which comprised approximately 58 percent, 30 percent, and 12 percent of the program’s expenditures for the fiscal year, respectively.

Auditors noted five reportable conditions for seven of the program’s nine applicable compliance requirements. Of the five reportable conditions, three were considered material weaknesses and material noncompliance with six of the program’s requirements. As a result, an adverse opinion was expressed on the program because the County did not comply with the program’s requirements for the year ended June 30, 2005.

The following table summarizes the reportable conditions noted by auditors and the affected compliance requirements. Specifically, findings 05-101, 05-102, and 05-103 were considered material weaknesses and material noncompliance with the program’s requirements. Findings 05-104 and 05-105 were considered reportable conditions and immaterial noncompliance with the program’s requirements.

Activities Allowed or Unallowed	Allowable Costs/Cost Principles	Eligibility	Level of Effort, Earmarking	Procurement	Reporting	Special Tests and Provisions
05-101	05-101				05-101	05-101
05-102	05-102	05-102	05-102		05-102	05-102
	05-103					
05-104	05-104					
				05-105		

Maricopa County
Schedule of Findings and Questioned Costs
Year Ended June 30, 2005

05-101

CFDA No.: 93.940 HIV Prevention Activities—Health Department Based

U.S. Department of Health and Human Services

Passed through the Arizona Department of Health Services

Award Year: January 1, 2004 through December 31, 2007

Award Number: HG352234

Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Reporting, and Special Tests and Provisions

Questioned Cost—Unknown

For the Counseling and Testing contract with the Arizona Department of Health Services (ADHS), the Public Health Department did not retain performance reports for 8 of the 12 months required for the fiscal year. These reports described the activities performed and services provided under the contract, as well as how other contract provisions were satisfied. In addition, the Department did not prepare a yearly progress report for the Counseling and Testing contract for the 2004 grant year due on January 15, 2005. Consequently, the Department did not comply with the program's requirements for activities allowed or unallowed, allowable costs/cost principles, reporting, and special tests and provisions.

The Counseling and Testing contract with ADHS is a performance-based contract that comprised \$279,745, or 58 percent, of the program's total expenditures for fiscal year 2005. The contract required the Department to provide HIV counseling, testing, and referrals to eligible participants, and training to its counselors. Specifically, the Department was required to report to ADHS monthly on the following:

- HIV prevention counseling provided to participants seeking testing;
- HIV antibody testing provided;
- HIV positive participants that received referrals;
- Summary of the results of counselor reviews, which are required at least four times a year; and
- Training provided to all staff performing HIV counseling, testing, and referrals, as approved by the grantor.

It was not practical to extend our auditing procedures sufficiently to determine the questioned costs that may have resulted from this finding. This finding is a material weakness and material noncompliance with the program's requirements for activities allowed or unallowed, allowable costs/cost principles, reporting, and special tests and provisions.

To help ensure compliance with the program's requirements and the grant contract, the Department must perform the following:

- Retain the monthly performance reports and other documentation supporting information reported to ADHS that indicate the activities performed and services provided by the Department, as well as its compliance with the program's requirements.
- Prepare the required yearly progress report for each grant year and submit it to ADHS within 15 days of the grant's year end.
- Develop a training plan and monthly calendar of activities and have ADHS approve the plan, materials used, and participants.

Maricopa County
Schedule of Findings and Questioned Costs
Year Ended June 30, 2005

05-102

CFDA No.: 93.940 HIV Prevention Activities—Health Department Based

U.S. Department of Health and Human Services

Passed through the Arizona Department of Health Services

Award Year: March 1, 2004 through December 31, 2007

Award Number: HG454447

Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Eligibility; Level of Effort, Earmarking; Reporting; and Special Tests and Provisions

Questioned Cost—Unknown

For the PROMISE contract with ADHS, the Public Health Department did not retain outreach performance reports for 8 of the required 11 months. These reports described the activities performed and outreach provided under the contract, as well as how level of effort, earmarking, and other contract provisions were satisfied. Consequently, the Department did not comply with the program's requirements for activities allowed or unallowed; allowable costs/cost principles; eligibility; level of effort, earmarking; reporting; and special tests and provisions.

The PROMISE contract with ADHS is a performance-based contract that comprised \$139,420, or 30 percent, of the program's total expenditures for fiscal year 2005. The contract required the Department to provide HIV health education and risk reduction to men who have sex with men (MSM) through targeted outreach, MSM peer advocate trainings and mentoring, referral and referral tracking, and culturally appropriate counseling. Specifically, the Department was required to:

- Perform outreach activities targeted to MSM;
- Obtain seven to ten MSM peer advocates, train the peers, test the proficiency of the peers, and retain at least 70 percent of the peers;
- Ensure that at least 25 percent of the participants served were Hispanic or Latino;
- Distribute at least 100 safe sex kits to the targeted population group; and
- Provide HIV testing and counseling to eligible participants.

It was not practical to extend our auditing procedures sufficiently to determine the questioned costs that may have resulted from this finding. This finding is a material weakness and material noncompliance with the program's requirements for activities allowed or unallowed; allowable costs/cost principles; eligibility; level of effort, earmarking; reporting; and special tests and provisions. The PROMISE contract was terminated in May 2005.

To help ensure compliance with the program's requirements and the grant contract, the Department must retain the monthly performance reports and other documentation supporting information reported to ADHS that indicate the activities performed and services provided by the Department, as well as its compliance with the program's requirements.

Maricopa County
Schedule of Findings and Questioned Costs
Year Ended June 30, 2005

05-103

CFDA No.: 93.940 HIV Prevention Activities—Health Department Based

U.S. Department of Health and Human Services

Passed through the Arizona Department of Health Services

Award Year: January 1, 2004 through December 31, 2007

March 1, 2004 through December 31, 2007

April 1, 2004 through March 31, 2009

Award Number: 152004, 152022, 152033, HG352234, HG454447, and HG454516

Allowable Costs/Cost Principles

Questioned Cost—\$7,364

The Public Health Department did not maintain documentation supporting the distribution of employees' salaries and wages charged to the program for five of nine payroll transactions tested. As a result, the payroll costs for these transactions charged to the program in the amount of \$7,364 were considered unallowable.

The program had 17 employees with payroll costs totaling \$343,517 for the fiscal year; however, it was not practical to extend our auditing procedures sufficiently to determine the amount of additional questioned costs that may have resulted from this finding. This finding is a material weakness and material noncompliance with the program's allowable costs/cost principles requirements.

To help ensure that payroll costs charged to each program are allowable and properly supported in accordance with OMB Circular A-87, Attachment B, (8)(h)(3-5), the Department must maintain the following documentation for the distribution of employees' salaries or wages:

- For employees who work solely on a single federal program, the Department must prepare semiannual certifications that the employees worked solely on that program for the period the certification covered. These certifications must be signed by the employee or supervisor having first-hand knowledge of the work the employee performed.
- For employees who work on multiple federal programs or on both federal and nonfederal activities, the Department must require employees to prepare personnel activity reports, or equivalent documentation, that reflect an after-the-fact distribution of each employee's actual activity and account for the total activity for which each employee is compensated. Employees must prepare these reports at least monthly and sign each report.

Maricopa County
Schedule of Findings and Questioned Costs
Year Ended June 30, 2005

05-104

CFDA No.: 93.940 **HIV Prevention Activities—Health Department Based**

U.S. Department of Health and Human Services

Passed through the Arizona Department of Health Services

Award Year: January 1, 2004 through December 31, 2007

March 1, 2004 through December 31, 2007

April 1, 2004 through March 31, 2009

Award Number: 152004, 152022, 152033, HG352234, HG454447, and HG454516

Activities Allowed or Unallowed and Allowable Costs/Cost Principles

Questioned Cost—\$860

The Public Health Department did not have adequate procedures for ensuring that goods and services purchased for the program using purchase cards (p-cards) were allowable and properly supported. For 3 of 18 p-card purchases tested, the Department did not prepare and maintain documentation supporting that expenditures of \$860 were allowable charges to the program.

P-card purchases for the program totaled \$21,261 for the fiscal year; however, it was not practical to extend our auditing procedures sufficiently to determine the amount of additional questioned costs, if any, that may have resulted from this finding. This finding is a reportable condition and immaterial noncompliance with the program's requirements for activities allowed or unallowed and allowable costs/cost principles.

To ensure that p-card purchases for the program are proper and allowable, the Department should prepare and maintain documentation to support that the expenditures are allowable program charges. In addition, an individual having the necessary knowledge of the program's allowable costs and activities should review and approve p-card purchases for allowability.

05-105

CFDA No.: 93.283 **Centers for Disease Control and Prevention—Investigations and Technical Assistance**

Award Year: August 31, 2003 through August 30, 2004

August 31, 2004 through August 30, 2005

Award Number: 252031

CFDA No.: 93.940 **HIV Prevention Activities—Health Department Based**

Award Year: January 1, 2004 through December 31, 2007

March 1, 2004 through December 31, 2007

Award Number: HG352234 and HG454447

U.S. Department of Health and Human Services

Passed through the Arizona Department of Health Services

Procurement

Questioned Cost—Unknown

The Public Health Department did not retain documentation supporting that the County's procurement procedures for purchases costing less than \$50,000 were followed. For one vendor tested for the Centers for Disease Control and Prevention—Investigations and Technical Assistance program and for another vendor tested for the HIV Prevention Activities—Health Department Based program, the County's

Maricopa County
Schedule of Findings and Questioned Costs
Year Ended June 30, 2005

centralized purchasing department shredded the procurement files since that department's policies and procedures require procurement documentation for purchases less than \$50,000 be retained for only 1 year. As a result, auditors could not verify that the purchases were the most advantageous to the program. Auditors noted that, although such documentation should be retained for at least 3 years as set forth in 45 Code of Federal Regulations (CFR) §92.36(i)(11), the pass-through grantor requires it to be retained for at least 5 years. This finding has the potential to affect other federal programs administered by the County for which goods and services are purchased.

It was not practical to extend our auditing procedures sufficiently to determine the questioned costs, if any, that may have resulted from this finding. This finding is a reportable condition and immaterial noncompliance with the program's procurement requirements.

To help ensure compliance with each program's procurement and record retention requirements as set forth in 45 CFR §92.36(i)(11) and grant agreements, the Department must ensure that procurement documentation is retained in accordance with the most restrictive record retention requirements imposed on its federal programs.

05-106

CFDA No.: 93.914 HIV Emergency Relief Project Grants

U.S. Department of Health and Human Services

Award Year: March 1, 2004 through February 28, 2005

March 1, 2005 through February 28, 2006

Award Number: 6 H89 HA 00031-11-01 and 6 H89 HA 00031-12-05

Allowable Costs/Cost Principles

Questioned Cost: \$38,398

The Public Health Department did not maintain documentation supporting the distribution of employees' salaries and wages charged to the program for one of ten payroll transactions tested. After extending auditing procedures, auditors determined that the Department did not retain this employee's personnel activity reports or timesheets for the entire fiscal year. In addition, auditors were unable to verify that the employee worked solely on the program, since the Department did not prepare semiannual certifications for this employee. As a result, this employee's annual payroll costs of \$38,398 were considered unallowable.

This finding is a material weakness and immaterial noncompliance with the program's allowable costs/cost principles requirements.

To help ensure that payroll costs charged to each program are allowable and properly supported in accordance with OMB Circular A-87, Attachment B, (8)(h)(3-5), the Department must maintain the following documentation for the distribution of employees' salaries or wages.

- For employees who work solely on a single federal program, the Department must prepare semiannual certifications that the employees worked solely on that program for the period covered by the certification. These certifications must be signed by the employee or supervisor having first-hand knowledge of the work the employee performed.

Maricopa County
Schedule of Findings and Questioned Costs
Year Ended June 30, 2005

- For employees who work on multiple federal programs or on both federal and nonfederal activities, the Department must require employees to prepare personnel activity reports, or equivalent documentation, that reflect an after-the-fact distribution of each employee's actual activity and account for the total activity for which each employee is compensated. Employees must prepare these reports at least monthly and sign each report.

05-107

CFDA No.: 93.914 HIV Emergency Relief Project Grants

U.S. Department of Health and Human Services

Award Year: March 1, 2004 through February 28, 2005

March 1, 2005 through February 28, 2006

Award Number: 6 H89 HA 00031-11-01 and 6 H89 HA 00031-12-05

Allowable Costs/Cost Principles and Eligibility

Questioned Cost—\$1,347

The Public Health Department did not maintain documentation supporting some participants' eligibility. For 3 of the 19 participants tested who were served through the Public Health Pharmacy, the Department was unable to locate the participants' files. As a result, services provided to these participants totaling \$1,347 may have been provided to ineligible participants. Auditors were informed that the 3 participants' files were included in 3 boxes that could not be located, and that each box contained an estimated 75 to 100 participant files.

It was not practical to extend our auditing procedures sufficiently to determine the amount of additional questioned costs, if any, that may have resulted from this finding. This finding is a material weakness and material noncompliance with the program's allowable costs/cost principles and eligibility requirements.

To help ensure compliance with the program's requirements, the Public Health Department must retain supporting documentation for the program services provided and the participants served as required by 45 CFR §92.42.

05-108

CFDA No.: 93.914 HIV Emergency Relief Project Grants

U.S. Department of Health and Human Services

Award Year: March 1, 2004 through February 28, 2005

March 1, 2005 through February 28, 2006

Award Number: 6 H89 HA 00031-11-01 and 6 H89 HA 00031-12-05

Subrecipient Monitoring and Earmarking

Questioned Cost—Unknown

During fiscal year 2005, the Public Health Department passed through \$4,949,099, or 69 percent, of the monies received for the HIV Emergency Relief Project Grants program to 14 subrecipients. However, the Department lacked policies and procedures to ensure that subrecipients were in compliance with the following program requirements as prescribed by OMB Circular A-133, Subpart D, §.400(d):

Maricopa County
Schedule of Findings and Questioned Costs
Year Ended June 30, 2005

- The Department's contracts with subrecipients did not identify specific federal award information including the federal program title and CFDA number, federal awarding agency, program requirements, and the specific subrecipient's compliance responsibilities as prescribed by OMB Circular A-133, Subpart D, §.400(d). Consequently, subrecipients were not made aware of the 10 percent administrative earmarking requirement set forth in 42 United States Code (USC) §300ff-14(f).
- The Department's subrecipient monitoring procedures did not include evaluating subrecipients' compliance with the 10 percent earmarking requirement. Thus, the Department did not ensure that the 10 percent requirement was met.
- The Department's contracts with subrecipients did not include provisions to ensure that all obligations incurred under the award were liquidated no later than 90 days after the end of the funding period as required by 45 CFR §92.23(b).
- The Department's contracts with subrecipients did not include OMB Circular A-133 audit requirements. Instead, the contracts referenced OMB Circular A-128 audit requirements, which were rescinded by OMB Circular A-133 in 1996.

The Public Health Department's monitoring reviews of subrecipients disclosed no noncompliance that may have resulted from contractual omissions related to period of availability and OMB Circular A-133 audit requirements. However, because the Department did not comply with certain subrecipient monitoring procedures prescribed by OMB Circular A-133, Subpart D, §.400(d), the Department could not ensure that the subrecipients were complying with all applicable program requirements, including the 10 percent administrative earmarking requirement.

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 a material weakness and material noncompliance with the program's subrecipient monitoring and earmarking requirements. A similar finding was noted for the program in the prior year.

The Department should follow the procedures prescribed by OMB Circular A-133, Subpart D, §.400(d), and establish the following specific subrecipient monitoring procedures:

- Prepare and sign contracts with subrecipients that identify the federal program title and CFDA number, federal awarding agency, all program requirements, and each subrecipient's compliance responsibilities.
- Monitor subrecipients' activities as necessary to ensure compliance with program requirements. Such procedures should include monitoring the 10 percent administrative earmarking requirement.
- Require subrecipients expending \$500,000 or more in federal awards annually to have audits in accordance with OMB Circular A-133, Subpart B, §.200.

Maricopa County
Schedule of Findings and Questioned Costs
Year Ended June 30, 2005

05-109

CFDA No.: 93.914 **HIV Emergency Relief Project Grant**

U.S. Department of Health and Human Services

Award Year: March 1, 2004 through February 28, 2005

March 1, 2005 through February 28, 2006

Award Number: 6 H89 HA 00031-11-01 and 6 H89 HA 00031-12-05

Procurement

Questioned Cost—Unknown

The County did not have adequate internal control policies and procedures to ensure compliance with procurement requirements. Specifically, for one vendor, the County's centralized purchasing department used a contract from a purchasing cooperative without performing due diligence to ensure that the cooperative followed the County's procurement policies and procedures. This finding has the potential to affect other federal programs administered by the County for which goods and services are purchased.

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 a reportable condition and immaterial noncompliance with the program's procurement requirements.

To help ensure that all purchases comply with the County's procurement policies and procedures as required by 45 CFR §92.36, the County should perform due diligence procedures and review purchasing documentation from the purchasing cooperative for contracts it plans to use as well as determine if the County received the best possible price.

05-110

CFDA No.: 93.283 **Centers for Disease Control and Prevention—Investigations and Technical Assistance**

U.S. Department of Health and Human Services

Passed through the Arizona Department of Health Services

Award Year: August 31, 2003 through August 30, 2004

August 31, 2004 through August 30, 2005

Award Number: 252031

Cash Management and Reporting

Questioned Costs—\$2,143

The Public Health Department did not have adequate policies and procedures in place to ensure that all program expenditures were properly recorded in its financial system. Consequently, the Department had difficulty identifying program expenditures and reporting them correctly to the grantor for reimbursement on the Contractor's Expenditure Reports (CERs).

Although the Department designated specific account codes for program expenditures, it recorded nonprogram expenditures in these same account codes. The Department also made numerous adjustments to expenditures charged to this program, some of which were not in accordance with generally accepted accounting principles. Specifically, current year expenditures were incorrectly adjusted for errors related to prior year expenditures. In addition, the Department's CERs contained errors caused

Maricopa County
Schedule of Findings and Questioned Costs
Year Ended June 30, 2005

by current year adjustments that were not detected when the Department reconciled the CERs to its financial system. As a result, auditors noted expenditures of \$6,537 that were reimbursed twice and other allowable expenditures of \$4,394 that were not reported and reimbursed. Additionally, auditors could not verify whether allowable expenditures of \$9,415 were reported to and reimbursed by the grantor.

It was not practical to extend our auditing procedures sufficiently to determine the amount of additional questioned costs, if any, that may have resulted from this finding. This finding is a reportable condition and immaterial noncompliance with the program's cash management and reporting requirements.

To help ensure that program expenditures are properly reported to and reimbursed by the grantor, the Department should separately record and track federally reimbursed program expenditures so that only those expenditures allowable under the program contract are recorded in its financial system under the grant account codes. In addition, department employees should make adjustments to the financial system in accordance with generally accepted accounting principles and ensure that the CERs are adequately supported by and properly reconciled to the financial system. A supervisor should review and approve all adjustments and CERs and related reconciliations.

The other auditors who audited the Housing Authority of Maricopa County reported the following reportable condition:

05-111 CFDA No.: 14.850 Public and Indian Housing U.S. Department of Housing and Urban Development Award Year: July 1, 2004 through June 30, 2005 Award Number: AZ009 Allowable Costs/Cost Principles	Questioned Cost—None
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The Authority must comply with all HUD regulations regarding standards for financial management systems found in 24 CFR Part 85, Section 85.20. Such regulations require standards for financial management systems as follows:

1. accounting records
2. internal control
3. budget control
4. allowable cost
5. source documentation
6. cash management

An appropriate member of management failed to evidence approval by signature of check numbers 9597, 9629, 9642, 9730, 9815, 9844, 9910 and 9914 selected for cash disbursements testing.

Maricopa County
Schedule of Findings and Questioned Costs
Year Ended June 30, 2005

This situation occurred due to a lack of internal controls in relation to check processing. A temporary employee signature-stamped the checks as part of the final processing of the accounts payable function. The accounts payable staff person was on a leave of absence due to illness. As a result, the wrong signatory stamps were used to countersign the checks. This occurred in the time frame of approximately one month (July 2004 to August 2004). No improper payments were noted during the audit.

We recommend the Authority strengthen the internal controls in relation to disbursements. We further recommend that all checks need to be physically signed by authorized signatories.



Maricopa County

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March 26, 2007

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
Deputy Finance Director

**Maricopa County
Corrective Action Plan
Year Ended June 30, 2005**

Financial Statement Findings

05-01

The County failed to establish effective internal controls to properly administer its healthcare programs.

Contact Person: Diane Golat, Maricopa County, Program Manager, (602) 372-7014
Anticipated Completion Date: December 2006

The Maricopa Managed Care Systems (MMCS) implemented new claims processing systems during fiscal year 2005 to address deficiencies with the previous claims processing system. The MMCS established an internal audit, which included making on-site visits to educate, test, and ensure that results were accurate. Although none of the new systems had an independent audit of their internal controls, all had reviews done internally. Had the MMCS continued operations, additional controls would have been developed to assume the correctness and completeness of the contracted services.

The MMCS hired industry experts to assist with the initial implementation and subsequent review of the claims processing system. The MMCS reviewed the output of the claims processing system and controlled the release of claims based upon that review. Although the system was not fully tested prior to implementation, the quality continued to improve until the closure of the MMCS.

The MMCS recognize that the historical and ongoing problems with both the claims payments and reconciling prepayments have led to inaccuracies in the financial statements. The MMCS recognize that errors occurred in the tracking of activity which contributes to a lack of confidence in the financial statements. Prepayments issued in fiscal year 2005 were tracked outside the system and input into the correct claims processing system. The prepayments and system input were reconciled and materially correct by the end of the fiscal year.

The MMCS is aware of the problems created by the previous claims processing system. As a result, the MMCS settled with major providers and both parties agreed to a mutual release of no further liability. Unsettled activity has been turned over to an outside agency that is attempting to identify and/or correct additional payment discrepancies. If overpayments have been identified, the agency is tasked with recovering the excess funds. Not all discrepancies found have been overpayments.

On August 29, 2005, the Maricopa County Board of Supervisors approved the transfer and assignment of the Arizona Health Care Cost Containment System (AHCCCS) – Acute Health Care program to the Maricopa County Special Health Care District, a separate legal entity, effective October 1, 2005. All liabilities prior to the transfer to the District will remain with Maricopa County. Effective September 30, 2005, the Arizona Long-Term Care System (ALTCS) program was discontinued by Maricopa County and all liabilities associated with the operations will remain with Maricopa County.

**Maricopa County
Corrective Action Plan
Year Ended June 30, 2005**

05-02

The Housing Authority of Maricopa County needs to establish adequate controls over check processing.

Contact Person: Karen Mofford, Finance Manager, (602) 257-1113 ext. 217

Anticipated Completion Date: June 30, 2006

The Authority hired a new Finance Manager with Housing Authority experience, who began in November of 2004. This manager has placed controls to include that the signature stamp is held separate from the checks and has to be signed out by the accounts payable staff person each time it is used and then signed back in by the Finance Manager. This control ensures that the correct signature stamp is used. The other control put in place is that check number logs are kept in the Finance Manager's office. The log is reviewed for sequencing of check numbers. The Finance Manager reviews all checks prior to them being placed in the mail. The review consists of check number, payee, amount and signature.

**Maricopa County
Corrective Action Plan
Year Ended June 30, 2005**

Federal Award Findings and Questioned Costs

05-101

CFDA No.: 93.940 HIV Prevention Activities – Health Department Based

Contact Person: Scot Pitcairn, Finance/Budget Supervisor, Maricopa County Department of Public Health, (602) 506-6963

Anticipated Completion Date: May 31, 2007

The Public Health Department will train all program personnel on record retention to ensure that documentation of work done is maintained for the required time period. The program manager is implementing procedures for performance reports. These procedures will require a spreadsheet to be maintained that details all deliverables, due date, and the person responsible. Also, all performance reports will have appropriate documentation and will be signed by a supervisor.

05-102

CFDA No.: 93.940 HIV Prevention Activities – Health Department Based

Contact Person: Scot Pitcairn, Finance/Budget Supervisor, Maricopa County Department of Public Health, (602) 506-6963

Completion Date: May 31, 2005

The County hired an outside consulting firm to help identify and correct errors relating to service and reporting for the PROMISE contract in response to internal audits of this program. The consultants and the County agreed that the errors could not be corrected in a timely and cost effective manner. Therefore, the County consulted with the Arizona Department of Health Services (ADHS) and recommended that the program be defunded. The PROMISE contract is no longer administered by the County.

05-103

CFDA No.: 93.940 HIV Prevention Activities – Health Department Based

Contact Person: Scot Pitcairn, Finance/Budget Supervisor, Maricopa County Department of Public Health, (602) 506-6963

Anticipated Completion Date: May 31, 2007

The Public Health Department will instruct all program personnel to include Personnel Activity Reports (PAR) with each timesheet submitted for employees who work on multiple federal programs or on a federal program and non-federal activities. In addition, the Public Health Department will instruct all program personnel to include certification forms with the timesheets that are submitted every 6 months for employees who work solely on a single federal program. These forms will ensure that time is billed to the proper contract.

**Maricopa County
Corrective Action Plan
Year Ended June 30, 2005**

05-104

CFDA No.: 93.940 HIV Prevention Activities – Health Department Based

Contact Person: Scot Pitcairn, Finance/Budget Supervisor, Maricopa County
Department of Public Health, (602) 506-6963

Anticipated Completion Date: May 31, 2007

The Public Health Department has centralized all p-card travel purchases to ensure that travel is properly approved, documented, and procured. Documentation will be maintained to verify that training meetings and the related travel are allowable. In addition, the Public Health Department's Central Procurement Unit will ensure that procurement policy and procedures are followed for all internet and other purchases. Documentation for internet purchases will be supported by bills of lading, receipts, or other documents to verify what was ordered and that it was properly authorized. Also, all p-card purchases will be requested on a Purchase Request Form that will be approved by the program supervisor who is knowledgeable of the program's allowable costs and activities.

05-105

CFDA No.: 93.283 Centers for Disease Control and Prevention – Investigations and
Technical Assistance

CFDA No.: 93.940 HIV Prevention Activities – Health Department Based

Contact Person: Scot Pitcairn, Finance/Budget Supervisor, Maricopa County
Department of Public Health, (602) 506-6963

Anticipated Completion Date: May 31, 2007

The County's policies and procedures require procurement documentation to be retained for only one year. The County's Materials Management Department is reviewing its policies and procedures to align them with 45 CFR §92.36(i)(11). Procurements done by the Public Health Department will be retained in compliance with 45 CFR §92.36(i)(11). The Public Health Department will consult with the Arizona Department of Health Services (ADHS) regarding their 5 year retention requirement, which exceeds the 3 year federal requirement, to determine if it must use the longer retention period.

05-106

CFDA No.: 93.914 HIV Emergency Relief Project Grants

Contact Person: Scot Pitcairn, Finance/Budget Supervisor, Maricopa County
Department of Public Health, (602) 506-6963

Anticipated Completion Date: May 31, 2007

The Public Health Department centralized the payroll process into its Human Resources Division to better monitor the payroll process and to ensure payroll documentation is retained. In addition, the Public Health Department will instruct all program personnel to include Personnel Activity Reports (PAR) with each timesheet submitted for employees who work on multiple federal programs or on a federal program and non-federal activities. Also, the Public Health Department will instruct all program personnel to

**Maricopa County
Corrective Action Plan
Year Ended June 30, 2005**

include certification forms with the timesheets that are submitted every 6 months for employees who work solely on a single federal program. These forms will ensure that time is billed to the proper contract.

See also corrective action in finding 05-103.

05-107

CFDA No.: 93.914 HIV Emergency Relief Project Grants

Contact Person: Scot Pitcairn, Finance/Budget Supervisor, Maricopa County
Department of Public Health, (602) 506-6963

Anticipated Completion Date: May 31, 2007

The Public Health Department was unable to locate the program files requested by the auditors. The Public Health Department will maintain a log of all files sent for archival to ensure that such files are maintained as required by 45 CFR §92.42.

05-108

CFDA No: 93.914 HIV Emergency Relief Projects Grants

Contact Person: Scot Pitcairn, Finance/Budget Supervisor, Maricopa County
Department of Public Health, (602) 506-6963

Anticipated Completion Date: May 31, 2006

The Public Health Department implemented a monitoring tool on December 1, 2005 to monitor subrecipients for compliance with the program requirements and OMB Circular A-133. As the monitoring tool was implemented in December 2005, the fiscal year 2005 Single Audit revealed the same findings as fiscal year 2004. In addition, the Public Health Department will prepare contracts for the fiscal year 2007 grant year that identifies the specific award, including the program title and CFDA number, federal awarding agency, and all program requirements.

05-109

CFDA No.: 93.914 HIV Emergency Relief Project Grants

Contact Person: Scot Pitcairn, Finance/Budget Supervisor, Maricopa County
Department of Public Health, (602) 506-6963

Anticipated Completion Date: June 30, 2007

The Public Health Department is in discussions with the Materials Management Department regarding the use of cooperative purchasing agreements utilized within the County. The County recognizes the concerns of the auditors and will consider solutions that satisfy all parties involved.

**Maricopa County
Corrective Action Plan
Year Ended June 30, 2005**

05-110

CFDA No: 93.283 Centers for Disease Control and Prevention – Investigations and Technical Assistance

Contact Person: Scot Pitcairn, Finance/Budget Supervisor, Maricopa County Department of Public Health, (602) 506-6963

Anticipated Completion Date: May 31, 2006

The Public Health Department implemented internal procedures to ensure that expenditures shown on the monthly billing statements and Contractor Expenditure Reports (CER) sent to the grantor match the expenditures shown in the County's Advantage financial system. This procedure entails that the program financial manager match the expenditures generated from the Advantage financial system to the amounts reported in the monthly CER. When adjustments are made, the adjustment will be processed in the same fiscal year as the original transaction and will be included in the CER the same month as processed on Advantage. The program supervisor will review the monthly CER submissions and the related documents. During fiscal year 2004, the Grantor determined that some expenditures were unallowed. However, since there were numerous adjustments to program expenditures and as some of the expenditures were not transferred out of the grant accounting string in a timely manner, differences between the CER and Advantage still existed during fiscal year 2005.

05-111

CFDA No.: 14.850 Public and Indian Housing,

See financial statement finding 05-02 for corrective action plan.



Maricopa County

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March 26, 2007

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 have not been corrected.

Sincerely,

Shelby L. Scharbach
Deputy Finance Director

Maricopa County
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2005

Status of Federal Award Findings and Questioned Costs

CFDA No.: 14.850 – Public and Indian Housing
CFDA No.: 14.871 – Section 8 Housing Choice Vouchers
Finding No. 03-103, 04-101
Status: Fully corrected.

CFDA No.: 14.850 – Public and Indian Housing
CFDA No.: 14.872 – Public Housing Capital Fund
Finding No. 04-102
Status: Fully corrected.

CFDA No.: 14.871 – Section 8 Housing Choice Vouchers
Finding No. 04-103
Status: Partially corrected.

The Housing Authority of Maricopa County hired a new finance director who reviews the monthly Housing Assistance Payments (HAP) register for duplicate payments or irregularities. The Authority is no longer writing manual checks for HAP payments. The Authority has collected an additional \$24,427 of the \$87,720 in duplicate payments. There is a balance of \$7,346 that has yet to be collected. The Authority is currently attempting to collect the outstanding amount. Contact person is Karen Mofford, Finance Manager, (602) 257-1113 ext. 217.

CFDA No.: 14.871 – Section 8 Housing Choice Vouchers
Finding No. 04-104
Status: Fully corrected.

CFDA No.: 14.871 – Section 8 Housing Choice Vouchers
Finding No. 04-105
Status: Fully corrected.

CFDA No.: 16.592 – Local Law Enforcement Block Grants Program
Finding No. 04-106
Status: Partially corrected.

The Juvenile Probation Department returned unspent grant funds to the Grantor and properly reported expenditures on Financial Status Reports. In February 2007, the Juvenile Probation Department drafted written procedures for final grant close-out to ensure that all revenues, expenditures, payroll accruals and interest are accounted for and reported to the grantor in a timely manner. This finding was fully corrected by February 2007. Contact person is Tony Weaver, Finance Manager, (602) 506-4338.

Maricopa County
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2005

CFDA No.: 93.153 – Coordinated Services and Access to Research for Women, Infants, Children, and Youth

Finding No. 04-107

Status: Partially corrected.

The Public Health Department did not separately track actual expenditures for reimbursement from July 1, 2004 through May 1, 2005. Effective May 1, 2005, the Maricopa Integrated Health System (MIHS) and the Public Health Department signed new agreements that provided for the reimbursement of actual costs instead of a fixed price per service. The program and subsequent agreement with MIHS ended November 30, 2005. Contact person is Scot Pitcairn, Finance/Budget Supervisor, (602) 506-6963.

CFDA No.: 93.153 – Coordinated Services and Access to Research for Women, Infants, Children, and Youth

Finding No. 03-104, 04-108

Status: Fully corrected.

CFDA No.: 93.283 – Centers for Disease Control and Prevention – Investigations and Technical Assistance

Finding No. 04-109

Status: Partially corrected.

The Public Health Department conducted regular training meetings with program personnel to ensure that only allowable costs and activities were charged to the program. The Public Health Department also implemented internal procedures to ensure that expenditures shown on the monthly billing statements and Contractor Expenditure Reports (CER) sent to the grantor match the expenditures shown in the County's Advantage financial system. This procedure entails that the program financial manager match the expenditures generated from the Advantage financial system to the amounts reported in the monthly CER. This procedure was implemented in December 2003. However, since there were numerous adjustments to program expenditures and as some of the expenditures were not transferred out of the grant accounting string in a timely manner, differences between the CER and Advantage still existed during fiscal year 2005. Contact person is Scot Pitcairn, Finance/Budget Supervisor, (602) 506-6963.

CFDA No.: 93.914 – HIV Emergency Relief Project Grants

Finding No. 04-110

Status: Not corrected.

The Public Health Department implemented a monitoring tool on December 1, 2005 to monitor subrecipients for compliance with the program requirements and OMB Circular A-133. As the monitoring tool was implemented in December 2005, the fiscal year 2005 Single Audit revealed the same findings as fiscal year 2004. In addition, the Public

**Maricopa County
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2005**

Health Department prepared contracts for the fiscal year 2007 grant year that identified the specific award, including the program title and CFDA number, federal awarding agency, and all program requirements. This finding was fully corrected by May 2006. Contact person is Scot Pitcairn, Finance/Budget Supervisor, (602) 506-6963.