

REPORT HIGHLIGHTS SINGLE AUDIT

Subject

The County is responsible for demonstrating accountability for its use of both federal and state monies, maintaining strong internal controls, and complying with federal program requirements. As the auditors, our job is to determine whether the County met its responsibilities.

Our Conclusion

The County maintained adequate internal controls for four of ten federal programs tested and complied with federal compliance requirements. However, auditors found internal control weaknesses and instances of noncompliance with program requirements for six programs. For four federal programs tested, auditors found material internal control weaknesses, and for three federal programs tested, auditors found material noncompliance with program requirements.



2008

Year Ended June 30, 2008

The County Did Not Comply with the Reporting Compliance Requirements for Two Federal Programs

The County's Housing Department did not comply with the Public and Indian Housing and Section 8 Housing Choice Vouchers programs' reporting compliance requirements by not submitting the final Financial Data Schedule for fiscal years 2007 and 2008 timely. The U.S. Department of Housing

and Urban Development uses the schedule to compare housing authorities across the country, to estimate future funding needs, and to evaluate the overall effectiveness of the federal dollars spent for the programs. As a result, auditors expressed adverse opinions for both programs.

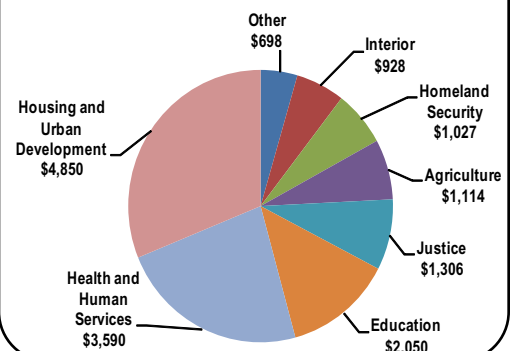
Expenditures of Federal Monies Increased

Overall, the County's expenditures of federal awards increased by approximately \$649 thousand. The increase was the result of the following:

- \$1,041,000 increase in U.S. Department of Housing and Urban Development programs, mostly attributed to the addition of two programs (Supportive Housing Program and Economic Development Initiative Special Project Neighborhood Initiative and Miscellaneous Grants), as well as increases in the Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii for construction of the Dudleyville Community Center and Section 8 Housing Choice Vouchers to provide increased assistance to families.
- \$577 thousand increase in Department of Homeland Security programs, mostly due to the addition of the Emergency Management Performance Grants and increases within the Homeland Security Grant Program for communication equipment purchases.

- \$543 thousand decrease in U.S. Department of Health and Human Services' programs attributed mainly to decreases in the following three programs: Immunization Grants due to a change in the way the vaccine distribution amount is reported to the federal government, Temporary Assistance for Needy Families, and Maternal and Child Health Services Block Grant to the States.
- \$426 thousand net decrease in various other federal programs.

**Federal Expenditures by Awarding Agency
Totaling \$15.6 Million
Fiscal Year 2008
(In Thousands)**



The County Did Not Always Comply with Federal Program Requirements

Auditors identified and tested ten federal programs under the guidelines established by the Single Audit Act. Audit tests included evaluating the County's compliance with each program's federal regulations generally related to expending, monitoring, and reporting federal awards. Auditors noted internal control weaknesses and instances of noncompliance with program requirements for six of the programs tested. For three of the six programs, the instances of noncompliance were considered to be material. As a result, an adverse opinion was expressed for two programs (see page 1), and a qualified opinion was expressed for the Community Development Block

Grants/State's Program and Non-Entitlement Grants in Hawaii. In addition, there were material internal control weaknesses for the following programs and requirements: Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii—Davis-Bacon Act and suspension and debarment; Public and Indian Housing—activities allowed or unallowed, allowable costs/cost principles, and reporting; Section 8 Housing Choice Voucher—activities allowed or unallowed, allowable costs/cost principles, and reporting; and Homeland Security Grant Program—suspension and debarment.

The Single Audit Fact Sheet

- Fifteen weaknesses in federal compliance internal controls, eight of which were material weaknesses in internal controls.
- Twelve instances of noncompliance with federal compliance requirements, five of which were material noncompliance.
- Program costs of \$77,074 were questioned as a result of our audit.

TO OBTAIN MORE INFORMATION

A copy of the full report can be obtained by calling

(602) 553-0333



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

Contact person for
this report:
Tara Erickson

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Year Ended June 30, 2008