



A REPORT  
TO THE  
ARIZONA LEGISLATURE

Financial Audit Division

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Single Audit

# State of Arizona

Year Ended June 30, 2006

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**Debra K. Davenport**  
Auditor General

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State of Arizona  
Single Audit Reporting Package  
Year Ended June 30, 2006

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**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***

The Honorable Janet Napolitano, Governor  
State of Arizona

The Honorable Timothy S. Bee, President  
Arizona State Senate

The Honorable James P. Weiers, Speaker  
Arizona House of Representatives

The Honorable Ruth V. McGregor, Chief Justice  
Arizona Supreme Court

We have audited the financial statements of the governmental activities, business-type activities, aggregate discretely presented component units, each major fund, and aggregate remaining fund information of the State of Arizona as of and for the year ended June 30, 2006, which collectively comprise the State's basic financial statements, and have issued our report thereon dated May 25, 2007. Our report was modified to include references to our reliance on other auditors and for an emphasis of a matter regarding the Healthcare Group of Arizona. 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. The financial statements of the discretely presented component units (except for the Water Infrastructure Finance Authority) and the fiduciary fund financial statements of the Arizona State Retirement System, Public Safety Personnel Retirement System, Corrections Officer Retirement Plan, and Elected Officials' Retirement Plan were not audited by the other auditors in accordance with *Government Auditing Standards*. In addition, other auditors audited the financial statements of the Arizona Department of Transportation, Arizona Health Care Cost Containment System, Arizona Lottery, and Water Infrastructure Finance Authority, as described in our report on the State's financial statements in accordance with *Government Auditing Standards*. This report includes our consideration of the results of the other auditors' 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 State'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 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 State'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 06-01 through 06-07.

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 06-03 to be a material weakness.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the State'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 various state agencies' management in separate letters at a future date. In addition, certain information came to our attention that has not been included in this report because of its sensitive nature. However, this information will be provided to appropriate state officials.

This report is intended solely for your information and use and that of the Chairperson and Vice Chairperson of the Joint Legislative Audit Committee, 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.

Debbie Davenport  
Auditor General

May 25, 2007



**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**

The Honorable Janet Napolitano, Governor  
State of Arizona

The Honorable Timothy S. Bee, President  
Arizona State Senate

The Honorable James P. Weiers, Speaker  
Arizona House of Representatives

The Honorable Ruth V. McGregor, Chief Justice  
Arizona Supreme Court

## **Compliance**

We have audited the compliance of the State of Arizona 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, 2006, except for that portion of the federal programs administered by the Arizona Health Care Cost Containment System, the Arizona Department of Transportation, and the Water Infrastructure Finance Authority. Those agencies were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the compliance of those agencies with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement*, is based solely on the reports of the other auditors. The State'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 State's management. Our responsibility is to express an opinion on the State's compliance based on our audit and the reports of the other auditors.

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 State's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit and the reports of the other auditors provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the State's compliance with those requirements.

As described in the following table, the State 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 State to comply with requirements applicable to those programs.

<u>Program Title (CFDA Number)</u>	<u>Compliance Requirement</u>	<u>Finding Number</u>
Food Stamp Cluster:  Food Stamps (10.551) State Administrative Matching Grants for Food Stamp Program (10.561)	Special Tests and Provisions	06-110, 06-112
Child Nutrition Cluster:  School Breakfast Program (10.553) National School Lunch Program (10.555) Special Milk Program for Children (10.556) Summer Food Service Program for Children (10.559)	Suspension and Debarment, Subrecipient Monitoring	06-103, 06-106
Child and Adult Care Food Program (10.558)	Subrecipient Monitoring	06-106
Homeland Security Grant Program Cluster:  State Domestic Preparedness Equipment Support Program (16.007) State Domestic Preparedness Equipment Support Program (97.004) Citizen Corps (97.053) Homeland Security Grant Program (97.067)	Subrecipient Monitoring, Special Tests and Provisions	06-101, 06-130
Title I Grants to Local Educational Agencies (84.010)	Subrecipient Monitoring	06-106
Migrant Education—State Grant Program (84.011)	Subrecipient Monitoring, Reporting, Special Tests and Provisions	06-106, 06-108
Special Education Cluster (IDEA):  Special Education—Grants to States (84.027) Special Education—Preschool Grants (84.173)	Subrecipient Monitoring, Reporting	06-104, 06-105, 06-106
Rehabilitation Services—Vocational Rehabilitation Grants to States (84.126)	Eligibility, Procurement and Suspension and Debarment	06-113, 06-114
Even Start—State Educational Agencies (84.213)	Subrecipient Monitoring	06-106



<u>Program Title (CFDA Number)</u>	<u>Compliance Requirement</u>	<u>Finding Number</u>
Temporary Assistance for Needy Families (93.558)	Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Eligibility, Special Tests and Provisions	06-110, 06-111
Child Support Enforcement (93.563)	Special Tests and Provisions	06-121
Foster Care—Title IV-E (93.658)	Activities Allowed or Unallowed, Allowable Costs/Cost Principles	06-125
Social Services Block Grant (93.667)	Subrecipient Monitoring	06-118
Disability Insurance/SSI Cluster (96.001)	Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Procurement	06-116, 06-117
Urban Areas Security Initiative (97.008)	Subrecipient Monitoring	06-101

In our opinion, based on our audit and the reports of the other auditors, except for the noncompliance described in the preceding table, the State of Arizona complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006. The results of our auditing procedures 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 06-102, 06-103, 06-107, 06-115, 06-119, 06-120, 06-122, 06-123, 06-124, 06-126, 06-127, 06-128, 06-129, 06-131, and 06-132.

### **Internal Control over Compliance**

The State's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the State'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 noted certain matters involving internal control over compliance 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 compliance that, in our judgment, could adversely affect the State'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 06-101 through 06-132.

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 06-101, 06-102, 06-103, 06-104, 06-105, 06-106, 06-108, 06-109, 06-110, 06-111, 06-112, 06-113, 06-114, 06-116, 06-117, 06-118, 06-121, 06-125, 06-129, and 06-130 to be material weaknesses.

### **Schedule of Expenditures of Federal Awards**

We have audited the financial statements of the governmental activities, business-type activities, aggregate discretely presented component units, each major fund, and aggregate remaining fund information of the State of Arizona as of and for the year ended June 30, 2006, and have issued our report thereon dated May 25, 2007. Our report was modified to include references to our reliance on other auditors and for an emphasis of a matter regarding the Healthcare Group of Arizona. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the State'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 your information and use and that of the Chairperson and Vice Chairperson of the Joint Legislative Audit Committee, 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.

Debbie Davenport  
Auditor General

June 18, 2007, except for the  
Schedule of Expenditures of Federal  
Awards, for which the date is May 25, 2007

State of Arizona  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2006

CFDA/Identifying Number	Federal Grantor/Program Title/ <i>Pass-Through Grantor</i> /Contract Number	Grantee (Appendix)	Expenditures
<b><u>OFFICE OF NATIONAL DRUG CONTROL POLICY</u></b>			
07.I6PSAP549, I5PSA549, I4PSA549	High Intensity Drug Trafficking Areas, <i>Arizona Alliance Planning Committee</i>	AGA	\$ 736,546
07.I3PSAP549, I4PSAP549, I2PSAP549, I5PSAP549, 0111C1362161004, 22005EXECMTG, CNACODE63963	High Intensity Drug Trafficking Areas, <i>Arizona Alliance Planning Committee</i>	PSA	1,129,223
	Total Office of National Drug Control Policy		<u>\$ 1,865,769</u>
<b><u>PEACE CORPS</u></b>			
08.0318120150000, PC-04-8-109, PC-05-8-084	Peace Corps	ASA	\$ 12,872
08.55000827,44001720	Peace Corps Coordinator	NAA	17,157
	Total Peace Corps		<u>\$ 30,029</u>
<b><u>DEPARTMENT OF AGRICULTURE</u></b>			
<b><u>Food Stamp Cluster</u></b>			
10.551	Food Stamps	DEA	\$ 630,184,867
10.561	State Administrative Matching Grants for Food Stamp Program	ASA	16,787
10.561	State Administrative Matching Grants for Food Stamp Program	DEA	29,702,879
10.561	State Administrative Matching Grants for Food Stamp Program	HSA	5,215,278
	10.561 Subtotal		<u>34,934,944</u>
	Food Stamp Cluster Subtotal		<u>665,119,811</u>
<b><u>Child Nutrition Cluster</u></b>			
10.553	School Breakfast Program	DCA	31,362
10.553	School Breakfast Program	DJA	233,681
10.553	School Breakfast Program	EDA	41,002,449
	10.553 Subtotal		<u>41,267,492</u>
10.555	National School Lunch Program	DCA	48,548
10.555	National School Lunch Program	DJA	699,046
10.555	National School Lunch Program	EDA	163,832,108
10.555	National School Lunch Program	SDA	166,431
	10.555 Subtotal		<u>164,746,133</u>
10.556	Special Milk Program for Children	EDA	127,551
10.559	Summer Food Service Program for Children	ASA	31,306
10.559	Summer Food Service Program for Children	EDA	1,028,962
	10.559 Subtotal		<u>1,060,268</u>
	Child Nutrition Cluster Subtotal		<u>207,201,444</u>
<b><u>Emergency Food Assistance Cluster</u></b>			
10.568	Emergency Food Assistance Program (Administrative Costs)	DEA	972,313
10.569	Emergency Food Assistance Program (Food Commodities)	DEA	4,246,420
	Emergency Food Assistance Cluster Subtotal		<u>5,218,733</u>
<b><u>Schools and Roads Cluster</u></b>			
10.665	Schools and Roads—Grants to States	TRA	7,554,714
	Schools and Roads Cluster Subtotal		<u>7,554,714</u>
<b><u>Other Department of Agriculture Programs</u></b>			
10.025	Plant and Animal Disease, Pest Control, and Animal Care	AHA	1,786,252
10.025	Plant and Animal Disease, Pest Control, and Animal Care	GFA	82,024
	10.025 Subtotal		<u>1,868,276</u>
10.164	Wholesale Farmers and Alternative Market Development	ASA	20,012
10.206	Grants for Agricultural Research—Competitive Research Grants	UAA	6,000
10.206	Grants for Agricultural Research—Competitive Research Grants, <i>University of Utah</i> , Contract # 041464001	UAA	1,201
	10.206 Subtotal		<u>7,201</u>

See accompanying notes to schedule.

State of Arizona  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2006

CFDA/Identifying Number	Federal Grantor/Program Title/ <i>Pass-Through Grantor</i> /Contract Number	Grantee (Appendix)	Expenditures
10.210	Food and Agricultural Sciences National Needs Graduate Fellowship Grants	UAA	17,250
10.217	Higher Education Challenge Grants, <i>University of Vermont</i> , Contract # EG3401	UAA	36,375
10.220	Higher Education Multicultural Scholars Program	NAA	38,733
10.224	Fund for Rural America—Research, Education, and Extension Activities	ASA	141,136
10.224	Fund for Rural America—Research, Education, and Extension Activities	UAA	79,199
	10.224 Subtotal		<u>220,335</u>
10.225	Community Food Projects	NAA	78,222
10.303	Integrated Programs	UAA	531,516
10.303	Integrated Programs, <i>University of California—Davis</i> , Contract #s K009607AZ, K009607AZ2	UAA	30,683
	10.303 Subtotal		<u>562,199</u>
10.304	Homeland Security—Agricultural	AHA	11,400
10.435	State Mediation Grants	ASA	105,847
10.450	Crop Insurance, <i>Drake University</i> , Contract # 04IE08310123	NAA	829
10.455	Community Outreach and Assistance Partnership Program	UAA	137,223
10.457	Commodity Partnerships for Risk Management Education	UAA	36,878
10.475	Cooperative Agreements with States for Intrastate Meat and Poultry Inspection	AHA	155,236
10.500	Cooperative Extension Service	UAA	3,629,308
10.500	Cooperative Extension Service, <i>Kansas State University</i> , Contract # S04067	UAA	46,198
10.500	Cooperative Extension Service, <i>National 4-H Council</i> , Contract # EYSC2A20024520101528	UAA	444
10.500	Cooperative Extension Service, <i>National 4-H Council</i> , Contract #s 200305099, 20054520103332	UAA	61,259
10.500	Cooperative Extension Service, <i>University of Utah</i> , Contract # 014198002	UAA	1,883
10.500	Cooperative Extension Service, <i>University of Wyoming</i> , Contract #s UTSTUNV6225, UTSTUNV61306128STATE, UTSTUNV46454AZUTSTUNV	UAA	13,913
10.500	Cooperative Extension Service, <i>Utah State University</i> , Contract #s C029398, C029762, C031370, C031369, UTSTUNV46453	UAA	14,419
10.500	Cooperative Extension Service, <i>Washington State University</i> , Contract #s G001175, 11838G001820	UAA	58,953
	10.500 Subtotal		<u>3,826,377</u>
10.550	Food Donation	EDA	132,276
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	HSA	124,363,042
10.558	Child and Adult Care Food Program	EDA	46,158,859
10.560	State Administrative Expenses for Child Nutrition	EDA	3,673,846
10.565	Commodity Supplemental Food Program	HSA	4,032,722
10.572	WIC Farmers' Market Nutrition Program (FMNP)	HSA	70,771
10.574	Team Nutrition Grants	EDA	104,413
10.580	Food Stamp Program Outreach Grants	GVA	99,409
10.582	Fresh Fruit and Vegetable Program	EDA	119,719
10.652	Forestry Research	ASA	4,858
10.652	Forestry Research	GFA	54,832
10.652	Forestry Research	UAA	26,128
	10.652 Subtotal		<u>85,818</u>
10.664	Cooperative Forestry Assistance	ASA	10,054
10.664	Cooperative Forestry Assistance	LDA	3,853,957
10.664	Cooperative Forestry Assistance	NAA	361,781
10.664	Cooperative Forestry Assistance	UAA	577,355
10.664	Cooperative Forestry Assistance	UAA	91,763
10.664	Cooperative Forestry Assistance, <i>Navajo County Board of Supervisors</i> , Contract # SFA1005	UAA	111,660
	10.664 Subtotal		<u>5,006,570</u>
10.762	Solid Waste Management Grants	NAA	65,947
10.769	Rural Business Enterprise Grants	NAA	18,997
10.771	Rural Cooperative Development Grants	ASA	141,801
10.902	Soil and Water Conservation	AHA	63,736
10.904	Watershed Protection and Flood Prevention	NAA	2,968
10.912	Environmental Quality Incentives Program	AHA	73,734
10.912	Environmental Quality Incentives Program	GFA	15,442
10.912	Environmental Quality Incentives Program	UAA	63,244
10.912	Environmental Quality Incentives Program	UAA	26,382
10.912	Environmental Quality Incentives Program	WCA	381,915
	10.912 Subtotal		<u>560,717</u>
10.960	Technical Agricultural Assistance	ASA	17,878

See accompanying notes to schedule.

State of Arizona  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2006

CFDA/Identifying Number	Federal Grantor/Program Title/ <i>Pass-Through Grantor</i> /Contract Number	Grantee (Appendix)	Expenditures
10.960	Technical Agricultural Assistance, <i>Washington State University</i> , Contract # 105116G001936	UAA	24,277
	10.960 Subtotal		<u>42,155</u>
10.01JV1122165288	Forest Service	GSA	6,889
10.03-DG-11030300-042	Forest Service	NAA	124,282
10.04-CR-11031600-054	Forest Service	NAA	576,417
10.05-CR-11031600-079	Forest Service	NAA	908,940
10.05DG11030121040	Wildfire Risk Reduction Program for Gila County	UAA	37,197
10.05IE08310147	Southwest Risk Management Education for Livestock Forage and Specialty Crop Producers	UAA	70,462
10.6594574035	Delivery of AG Programs	UAA	22,763
10.7294574A016	Wildlife Enhancement—Raymond Ranch	GFA	35,331
10.Unknown	Arizona Nutrition Network—Local Incentive Award, DES Food Stamp Nutritional Education	UAA	155,694
10.Unknown	Farm Filled AG Venture Program	UAA	1,862
10.Unknown	Food Stamp Nutritional Education Program	UAA	47,973
10.Unknown	Arizona Nutrition Network—Local Incentive Award	UAA	53,587
	Total Department of Agriculture		<u>\$ 1,079,002,258</u>
<b><u>DEPARTMENT OF COMMERCE</u></b>			
<b><u>Public Works and Economic Development Cluster</u></b>			
11.307	Economic Adjustment Assistance	NAA	\$ 42,460
	Public Works and Economic Development Cluster Subtotal		<u>42,460</u>
<b><u>Other Department of Commerce Programs</u></b>			
11.302	Economic Development—Support for Planning Organizations	EPA	106,039
11.303	Economic Development—Technical Assistance	UAA	102,717
11.431	Climate and Atmospheric Research	UAA	34,533
11.Unknown	NAU/EDA Economic Development Program	UAA	2,192
	Total Department of Commerce		<u>\$ 287,941</u>
<b><u>DEPARTMENT OF DEFENSE</u></b>			
12.110	Planning Assistance to States	GFA	\$ 92,363
12.113	State Memorandum of Agreement Program for the Reimbursement of Technical Services	EVA	374,656
12.300	Basic and Applied Scientific Research	ASA	9,982
12.300	Basic and Applied Scientific Research	GFA	72,162
	12.300 Subtotal		<u>82,144</u>
12.400	Military Construction, National Guard	MAA	3,464,027
12.401	National Guard Military Operations and Maintenance (O&M) Projects	GFA	48,905
12.401	National Guard Military Operations and Maintenance (O&M) Projects	MAA	26,386,232
	12.401 Subtotal		<u>26,435,137</u>
12.404	National Guard Civilian Youth Opportunities	MAA	2,140,913
12.420	Military Medical Research and Development	ASA	15,835
12.420	Military Medical Research and Development	UAA	30,980
	12.420 Subtotal		<u>46,815</u>
12.431	Basic Scientific Research	ASA	6,857
12.431	Basic Scientific Research, <i>Academy of Applied Sciences</i> , Contract # W911NF-04-1-0001	ASA	14,646
	12.431 Subtotal		<u>21,503</u>
12.610	Community Economic Adjustment Planning Assistance for Joint Land Use Studies	EPA	80,677
12.800	Air Force Defense Research Sciences Program	ASA	112,597
12.800	Air Force Defense Research Sciences Program	GFA	179,358
	12.800 Subtotal		<u>291,955</u>
12.900	Language Grant Program	ASA	5,667
12.901	Mathematical Sciences Grants Program	ASA	195,354
12.901	Mathematical Sciences Grants Program	UAA	4,020
	12.901 Subtotal		<u>199,374</u>
12.DAHA2 00 2 3003, DAHA2 98 3003	Camp Navajo	MAA	7,327,883

See accompanying notes to schedule.

State of Arizona  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2006

CFDA/Identifying Number	Federal Grantor/Program Title/ <i>Pass-Through Grantor</i> /Contract Number	Grantee (Appendix)	Expenditures
12.P1018064	Intergovernmental Personnel Act for Carl Hendricks	UAA	11,199
12.W81XWH0410927	Four Corners Telemedicine and Telehealth Consortium Planning Conference	UAA	22,382
12.W9124R-05-P-1324	Department of Defense—Army	NAA	3,770
12.W9124A-05-D-0002	Business Enterprise Program/FT Huachuca	DEA	3,721,898
12.NAFBA104D0044	Operation Military Kids, <i>Auburn University</i> , Contract # 05ACES539120AZ	UAA	10,224
12.Unknown	4th Child Advent Trip	UAA	1,560
12.Unknown	Intergovernmental Personnel Act for Ronald Weinstein	UAA	5,000
12.Unknown	Intergovernmental Personnel Act Agreement for Ana Maria Lopez	UAA	5,000
12.Unknown	Sonia Kovalevsky High School Mathematics Day, <i>Association for Women in Mathematics</i> , Contract # CK7209	UAA	931
12.Unknown	Uniform Commutation Fund	UAA	38,425
Total Department of Defense			<u>\$ 44,383,503</u>
<b><u>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u></b>			
<b><u>Section 8 Project—Based Cluster</u></b>			
14.195	Section 8 Housing Assistance Payments Program—Special Allocations	HDA	\$ 33,361,437
	Section 8 Project—Based Cluster Subtotal		<u>33,361,437</u>
<b><u>CDBG—Entitlement and (HUD-Administered) Small Cities Cluster</u></b>			
14.218	Community Development Block Grants/Entitlement Grants, <i>City of Phoenix</i> , Contract # 105830	ASA	43,009
	CDBG—Entitlement and (HUD-Administered) Small Cities Cluster Subtotal		<u>43,009</u>
<b><u>Other Department of Housing and Urban Development Programs</u></b>			
14.228	Community Development Block Grants/State's Program	HDA	13,894,613
14.231	Emergency Shelter Grants Program	DEA	807,320
14.235	Supportive Housing Program	HDA	2,024,586
14.238	Shelter Plus Care	HDA	6,690,320
14.239	HOME Investment Partnerships Program	HDA	9,348,652
14.241	Housing Opportunities for Persons with AIDS	HDA	152,004
14.250	Rural Housing and Economic Development	HDA	426,837
14.401	Fair Housing Assistance Program—State and Local	AGA	553,446
14.511	Community Outreach Partnership Center Program	UAA	164,718
14.514	Hispanic-Serving Institutions Assisting Communities	UAA	156,538
14.866	Demolition and Revitalization of Severely Distressed Public Housing, <i>City of Tucson</i> , Contract #s 032906, 033306	UAA	10,596
14.871	Section 8 Housing Choice Vouchers	HDA	246,441
14.CH-ARIZ-49	Department of Housing and Urban Development	NAA	47,582
Total Department of Housing and Urban Development			<u>\$ 67,928,099</u>
<b><u>DEPARTMENT OF THE INTERIOR</u></b>			
<b><u>Fish and Wildlife Cluster</u></b>			
15.605	Sport Fish Restoration	GFA	\$ 5,143,362
15.611	Wildlife Restoration	GFA	4,917,175
	Fish and Wildlife Cluster Subtotal		<u>10,060,537</u>
<b><u>Other Department of the Interior Programs</u></b>			
15.130	Indian Education—Assistance to Schools	EDA	422,754
15.219	Wildlife Habitat Management Technical Assistance	GFA	100,098
15.219	Wildlife Habitat Management Technical Assistance	UAA	42,185
	15.219 Subtotal		<u>142,283</u>
15.224	Cultural Resource Management	ASA	24,290
15.224	Cultural Resource Management	GFA	10,636
15.224	Cultural Resource Management	UAA	24,424
	15.224 Subtotal		<u>59,350</u>
15.227	Distribution of Receipts to State and Local Governments	DTA	161,572
15.228	National Fire Plan—Wildland Urban Interface Community Fire Assistance	LDA	530,008
15.503	Small Reclamation Projects	GFA	53,121
15.504	Water Reclamation and Reuse Program	GFA	53,074
15.615	Cooperative Endangered Species Conservation Fund	GFA	2,528,856
15.616	Clean Vessel Act	GFA	17,909
15.623	North American Wetlands Conservation Fund	GFA	135,310
15.626	Hunter Education and Safety Program	GFA	208,294
15.633	Landowner Incentive	GFA	355,591
15.634	State Wildlife Grants	GFA	1,856,055

See accompanying notes to schedule.

State of Arizona  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2006

CFDA/Identifying Number	Federal Grantor/Program Title/ Pass-Through Grantor /Contract Number	Grantee (Appendix)	Expenditures
15.642	Challenge Cost Share	GFA	17,752
15.808	U.S. Geological Survey—Research and Data Collection	GFA	464,952
15.808	U.S. Geological Survey—Research and Data Collection	GSA	666
15.808	U.S. Geological Survey—Research and Data Collection	LDA	9,311
15.808	U.S. Geological Survey—Research and Data Collection	UAA	60,635
	15.808 Subtotal		535,564
15.809	National Spatial Data Infrastructure Cooperative Agreements Program	NAA	584
15.810	National Cooperative Geologic Mapping Program	ASA	148
15.810	National Cooperative Geologic Mapping Program	GSA	227,439
	15.810 Subtotal		227,587
15.904	Historic Preservation Fund Grants - In-Aid	ASA	44,914
15.904	Historic Preservation Fund Grants - In-Aid	PRA	29,399
15.904	Historic Preservation Fund Grants - In-Aid, <i>Fort McDowell Yavapai Nation</i> , Contract # 04-04-NA-0426	ASA	10,875
	15.904 Subtotal		85,188
15.916	Outdoor Recreation—Acquisition, Development and Planning	PRA	2,910,824
15.923	National Center for Preservation Technology and Training	ASA	5,793
15.00FG320190	Water Conservation Alliance of Southern Arizona (CASA) Membership	UAA	4,979
15.01 FG 32 0100	USDOI/BOR Site Steward Support FFY01	PRA	10,000
15.0401GP291	Tribal Consultation on Ceramic Collection	UAA	8,843
15.04-FC-32-0310	Native Fishes Hatchery Development	GFA	60,534
15.04FG320200	Hubbell Trading Post Irrigation Demonstration Farm	UAA	18,802
15.04FG320210	Arizona Water Resources	UAA	4,203
15.04FG320270	Projects to Enhance Arizona's Environment: Their Functions, Water Requirements	UAA	15,767
15.04-FG-34-0014	O&M Quigley Wildlife Area	GFA	6,079
15.05FC340006	Design and Installation of Water Measurement Structures for the Yuma Mesa Irrigation District	UAA	8,364
15.05FC340007	Bilingual Outreach for Efficient Irrigation on the Yuma Mesa Irrigation District	UAA	4,423
15.05-FC-320430	Bureau of Reclamation	NAA	43,340
15.05FC320560	Bureau of Reclamation	WCA	53,091
15.05FG320410	Evaluation of M&I Water Conservation Measures Through Actual Water Savings and Cost-Benefit Analysis, Phase II	UAA	25,052
15.05FG320590	Water Conservation Alliance of Southern Arizona	UAA	6,510
15.05PG303295	A Weather Network to Provide Reference Evapotranspiration Data for the Bureau of Reclamation's Lower Colorado River ACCT System	UAA	19,827
15.05-PG-321016	Bureau of Reclamation	NAA	7,000
15.06FC340008, 05FC340002	Flat Tailed Horn Lizard Study	GFA	14,794
15.06PH321018	Bureau of Reclamation	NAA	7,057
15.14350104CA32915	Publication of Data from Recent MMS Studies (US Minerals Management Service)	UAA	1,703
15.2006 25950090	BOR Technology Transfer	WCA	11,897
15.201814G900	Arizona Firewise Communities 2003 Workshop in Tucson, Arizona	UAA	5,000
15.201814J875	Fossil Creek	GFA	2,124
15.501814M265	Partners For Amphibian and Reptile Conservation	GFA	1,886
15.507-30-W0330	Bureau of Reclamation Restricted Endowment	ASA	5,999,802
15.99FC320140	Arizona Flood Warning System	WCA	108,981
15.99FC320140	Bureau of Reclamation	WCA	13,667
15.AAA000011AAF030043	Monitoring Data for Rangeland Health Evaluations	UAA	12,401
15.AAA000011AAF040042	Living with Wildfire in Arizona	UAA	61,063
15.AAA000011AAF050041	ADR Conflict Resolution Prevention Program	UAA	5,592
15.AAA030025	BLM IGA Assistance Agreement	PSA	27,897
15.AAA050001	Cienega Creek Gila Chub Population	GFA	617
15.AAA050001	Monitor the Peregrine Falcon	GFA	15,756
15.AAA050003AAF060010	Rangeland Resources Monitoring Technician	UAA	8,611
15.AAA050005	Bureau of Land Management	NAA	7,951
15.AGKR940020LNRPAR	SHPO Site Steward IGA Multipartner	PRA	12,305
15.ASPB IGA 98 148	Site Steward IGA Luke AFB	PRA	10,000
15.CA-1200-99-009	National Park Service	NAA	13,460
15.CA120099009UAZ10	Ripple Rock Nature Center Exhibits—Capital Reef National Park	UAA	4,594
15.CA124800002J124203060	Mission Parks Initiative Project Administration—Publication of Strategic Plan	UAA	16,377
15.CA124800002UAZ81	Publication of Strategic Plan and Website Design for Mission Parks Initiative	UAA	6,624
15.CA124800002UAZ94	NAGPRA Compliance with Nine Tribes Associated	UAA	7,433
15.CA124800002UAZ142	DS-CESU Operations at Historic Smith House	UAA	603
15.CA124800002UAZ147	Architectural Documentation Bates Well Ranch—Organ Pipe Cactus National Monument	UAA	3,232
15.CA124800002UAZ149	PBS Video on the Hummingbird Monitoring Network	UAA	10,017
15.CA124800002UAZ153	Conference on Saving the Wide Open Spaces	UAA	1,115
15.CA124800002UAZ155	KUAT PBS Documentary on the Great Western Drought (Including NW Mexico)	UAA	6,579
15.CA235000010H822705402	Living with Wildfire in Arizona—Educational Materials	UAA	4,700

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State of Arizona  
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CFDA/Identifying Number	Federal Grantor/Program Title/ <i>Pass-Through Grantor</i> /Contract Number	Grantee (Appendix)	Expenditures
15.CA-2670-97-001	National Park Service	NAA	11,887
15.CMK0E020148	Professional Development for Personnel Teaching Indian Children with Special Needs	UAA	158,212
15.H1200040002J1330050051	Preparation Lodge Historic District and Housing Historic District Cultural Landscape Reports—Bryce Canyon National Park	UAA	19,190
15.H1200040002J1350040012	Ripple Rock Nature Center Exhibits—Capital Reef National Park	UAA	11,830
15.H1200040002J7470060C75	Preparation of a Historic Structures Report for Ranger Cabin and Boundary Fence—Walnut Canyon National Monument	UAA	10,964
15.H1200040002J821906099	Preparation of a Historic Structures Report for Four Buildings Village Historic	UAA	3,401
15.H1200040002UAZ12	Historic Structures Report Utah Parks Company Service Station—Bryce Canyon National Park	UAA	19,318
15.H1200040002UAZ14	NAGPRA Compliance with Nine Tribes—Grand Canyon National Park	UAA	21,301
15.H1200050003J124203060	Publication of Strategic Plan and Website Design for Mission Parks Initiative	UAA	516
15.H1200050003J1242060008	Landscape Design for Interpretive Islands at Organ Pipe Cactus National Monument	UAA	1,555
15.H1200040002	National Park Service	NAA	25,055
15.H2380040002	National Park Service	NAA	104,447
15.JSA041002	Bureau of Land Management	NAA	27,518
15.P7700044036	National Park Service	NAA	1,000
15.PAA-01-7002, T03	Bureau of Land Management	NAA	38,563
15.SMK00040537	Gila River Indian Community Archaeological Materials for Transfers to the Tribes	UAA	48,219
15.SMK0E50714	Special Education Program for Teachers and Administrators (SEPTA)	UAA	221,090
15.Unknown	Bilingual Advantage, <i>Seba Dalkai School</i>	NAA	56,595
15.Unknown	Central Arizona Weed Management Operations, <i>National Fish and Wildlife Foundation</i> , Contract #	UAA	12,085
15.Unknown	Department of the Interior	ASA	2,218
15.Unknown	Forestry After-Schools Programs, <i>Coconino County</i> , Contract # CK095020592	UAA	13,920
15.Unknown	Fire Ecology Workshops for PLT, <i>Project Learning Tree</i> , Contract # CK023935	UAA	7,634
15.Unknown	Idea Courses, <i>National Park Service</i> , Contract # 051705182005	UAA	20,347
15.Unknown	Improving Communities Practice, <i>University of New Mexico</i> , Contract # 3R807	NAA	67,073
15.Unknown	Indian Children Program, <i>Utah State University</i> , Contract # C028604	NAA	184,605
Total Department of the Interior			<b>\$ 28,157,201</b>
<b><u>DEPARTMENT OF JUSTICE</u></b>			
16.202	Prisoner Reentry Initiative Demonstration (Offender Reentry)	DJA	\$ 732,487
16.523	Juvenile Accountability Incentive Block Grants	DJA	127,005
16.523	Juvenile Accountability Incentive Block Grants	GVA	1,453,997
16.523	Juvenile Accountability Incentive Block Grants	SPA	71,650
16.523 Subtotal			<b>1,652,652</b>
16.540	Juvenile Justice and Delinquency Prevention—Allocation to States	GVA	746,379
16.540	Juvenile Justice and Delinquency Prevention—Allocation to States	NAA	773
16.540	Juvenile Justice and Delinquency Prevention—Allocation to States	UAA	10,912
16.540 Subtotal			<b>758,064</b>
16.547	Victims of Child Abuse, <i>National CASA</i>	SPA	41,066
16.548	Title V—Delinquency Prevention Program	GVA	233,598
16.549	Part E—State Challenge Activities	GVA	46,224
16.550	State Justice Statistics Program for Statistical Analysis Centers	JCA	63,395
16.554	National Criminal History Improvement Program (NCHIP)	JCA	482,352
16.554	National Criminal History Improvement Program (NCHIP)	PSA	81,893
16.554	National Criminal History Improvement Program (NCHIP)	SPA	16,000
16.554 Subtotal			<b>580,245</b>
16.560	National Institute of Justice Research, Evaluation, and Development Project Grants	JCA	552,699
16.560	National Institute of Justice Research, Evaluation, and Development Project Grants	PSA	551,409
16.560 Subtotal			<b>1,104,108</b>
16.564	Crime Laboratory Improvement—Combined Offender DNA Index System Backlog Reduction	PSA	1,405,584
16.575	Crime Victim Assistance	AGA	108,364
16.575	Crime Victim Assistance	DCA	58,036
16.575	Crime Victim Assistance	DJA	53,740
16.575	Crime Victim Assistance	PSA	6,909,464
16.575 Subtotal			<b>7,129,604</b>
16.576	Crime Victim Compensation	JCA	1,226,669
16.579	Edward Byrne Memorial Formula Grant Program	AGA	1,427,229
16.579	Edward Byrne Memorial Formula Grant Program	JCA	4,988,879

See accompanying notes to schedule.



State of Arizona  
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CFDA/Identifying Number	Federal Grantor/Program Title/ Pass-Through Grantor /Contract Number	Grantee (Appendix)	Expenditures
16.579	Edward Byrne Memorial Formula Grant Program	UAA	2,482
16.579	Edward Byrne Memorial Formula Grant Program, <i>City of Tucson</i> , Contract # 026690	UAA	141,447
	16.579 Subtotal		6,560,037
16.580	Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	PMA	3,563
16.580	Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	PSA	337,015
16.580	Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	SPA	86,421
16.580	Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	UAA	72,980
	16.580 Subtotal		499,979
16.585	Drug Court Discretionary Grant Program, <i>Coconino County</i>	NAA	4,996
16.586	Violent Offender Incarceration and Truth in Sentencing Incentive Grants	DCA	20,530,691
16.588	Violence Against Women Formula Grants	GVA	1,912,011
16.588	Violence Against Women Formula Grants	PSA	15,000
16.588	Violence Against Women Formula Grants	SPA	51,510
	16.588 Subtotal		1,978,521
16.589	Rural Domestic Violence and Child Victimization Enforcement Grant Program	GVA	383,286
16.589	Rural Domestic Violence and Child Victimization Enforcement Grant Program	UAA	36,586
	16.589 Subtotal		419,872
16.590	Grants to Encourage Arrest Policies and Enforcement of Protection Orders	GVA	111,989
16.592	Local Law Enforcement Block Grant Program	JCA	24,888
16.593	Residential Substance Abuse Treatment for State Prisoners	DCA	257,517
16.593	Residential Substance Abuse Treatment for State Prisoners	DJA	361,653
16.593	Residential Substance Abuse Treatment for State Prisoners	JCA	238,537
	16.593 Subtotal		857,707
16.595	Community Capacity Development Office, <i>City of Tucson</i> , Contract # 0361-06	UAA	1,399
16.597	Motor Vehicle Theft Protection Act Program	ATA	1,000
16.606	State Criminal Alien Assistance Program	DCA	971,183
16.607	Bulletproof Vest Partnership Program	ADA	15,302
16.609	Community Prosecution and Project Safe Neighborhoods	JCA	719,955
16.609	Community Prosecution and Project Safe Neighborhoods	PSA	73,897
	16.609 Subtotal		793,852
16.610	Regional Information Sharing Systems	PSA	4,725,383
16.710	Public Safety Partnership and Community Policing Grants	ASA	61,605
16.710	Public Safety Partnership and Community Policing Grants	PSA	464,007
	16.710 Subtotal		525,612
16.727	Enforcing Underage Drinking Laws Program	GHA	179,516
16.727	Enforcing Underage Drinking Laws Program	LLA	190,249
16.727	Enforcing Underage Drinking Laws Program	PSA	25,000
	16.727 Subtotal		394,765
16.742	Paul Coverdell Forensic Science Improvement Grant Program	JCA	552,699
16.2004UMWX005A	Community Oriented Policing Services (COPS) Universal Hiring Program	UAA	84,119
16.66F PX A54566 SLMOU	FBI-Phoenix Joint Terrorism Task Force	PSA	29,977
16.88A PX 46088	FBI Desert Hawk Task Force	PSA	9,870
16.DEA SWAZP 0367H	DEA Organized Crime and Drug Enforcement Task Force	PSA	3,704
16.DOJAG200505,	DEA Marijuana Eradication	PSA	26,796
16.DPS2003-103	U.S. Customs High Intensity Drug Trafficking Area Task Force	PSA	16,773
16.DPS99-326	FBI Violent Street Gang Task Force	PSA	11,861
16.J FBI 03 268	FBI Mitochondrial DNA	PSA	775,309
16.S31-303202	FBI Forensics IGA	PSA	280,799
16.Unknown	RICO Funds	AGA	70,576
16.Unknown	Southwest Border Prosecution Initiative (SWBPI)	AGA	2,638
16.Unknown	Svori Cross Training Initiative, <i>University of Missouri</i> , Contract #s 5334, 5712	UAA	10,387
	Total Department of Justice		\$ 55,266,380
<b><u>DEPARTMENT OF LABOR</u></b>			
<b><u>Employment Services Cluster</u></b>			
17.207	Employment Service/Wagner-Peyser Funded Activities	AFA	\$ 60,347

See accompanying notes to schedule.

State of Arizona  
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CFDA/Identifying Number	Federal Grantor/Program Title/ Pass-Through Grantor /Contract Number	Grantee (Appendix)	Expenditures
17.207	Employment Service/Wagner-Peyser Funded Activities	DEA	13,120,998
17.207	Employment Service/Wagner-Peyser Funded Activities	GVA	1,075,876
	17.207 Subtotal		<u>14,257,221</u>
17.801	Disabled Veterans' Outreach Program (DVOP)	DEA	1,638,834
17.804	Local Veterans' Employment Representative Program	DEA	954,140
	Employment Services Cluster Subtotal		<u>16,850,195</u>
	<b><u>WIA Cluster</u></b>		
17.258	WIA Adult Program	DEA	11,909,714
17.258	WIA Adult Program	EDA	287,869
	17.258 Subtotal		<u>12,197,583</u>
17.259	WIA Youth Activities	DEA	13,525,091
17.259	WIA Youth Activities	GVA	312,648
17.259	WIA Youth Activities	NAA	5,411
	17.259 Subtotal		<u>13,843,150</u>
17.260	WIA Dislocated Workers	DEA	14,094,505
17.260	WIA Dislocated Workers	GVA	583,992
	17.260 Subtotal		<u>14,678,497</u>
	WIA Cluster Subtotal		<u>40,719,230</u>
	<b><u>Other Department of Labor Programs</u></b>		
17.002	Labor Force Statistics	DEA	1,093,108
17.005	Compensation and Working Conditions	ICA	87,116
17.203	Labor Certification for Alien Workers	DEA	204,964
17.225	Unemployment Insurance	DEA	252,075,554
17.235	Senior Community Service Employment Program, <i>National Council on Aging</i> , Contract # AD-10840-00-55-02	DEA	935,775
17.245	Trade Adjustment Assistance	DEA	2,352,804
17.245	Trade Adjustment Assistance	EDA	1,815,028
	17.245 Subtotal		<u>4,167,832</u>
17.250	Job Training Partnership Act	EPA	525,395
17.261	WIA Pilots, Demonstrations, and Research Projects	EPA	908,650
17.266	Work Incentives Grant	DEA	573,502
17.503	Occupational Safety and Health—State Program	ICA	1,691,990
17.504	Consultation Agreements	ICA	567,391
17.505	OSHA Data Initiative	ICA	20,244
17.600	Mine Health and Safety Grants	MIA	226,849
17.ES142450460	Life Skills for Female Offenders, <i>Tonto Natural Resource Conservation District</i> , Contract # ES142450460	UAA	17,583
17.Unknown	Pima County Prisoner Re-Entry Partnership, <i>Primavera Foundation, Inc.</i> , Contract # PE152690660	UAA	14,171
17.Unknown	Program Support Specialist Staff for One Stop Center, <i>Pima County, Arizona</i> , Contract # 0169A1369400705	UAA	36,093
	Total Department of Labor		<u>\$ 320,715,642</u>
	<b><u>DEPARTMENT OF STATE</u></b>		
19.300	Program for Study of Eastern Europe and the Independent States of the Former Soviet Union, <i>American Council of Learned Societies</i> , Contract #s LTR4/18/05, LTR5/11/2006	ASA	\$ 26,192
19.300	Program for Study of Eastern Europe and the Independent States of the Former Soviet Union, <i>Social Science Research Council</i> , Contract #s AGR 04060764, LTR11/01/2005	ASA	30,823
	19.300 Subtotal		<u>57,015</u>
19.415	Professional Exchanges—Annual Open Grant	ASA	152,164
19.Unknown	Educational Partnerships Program	ASA	118,478
	Total Department of State		<u>\$ 327,657</u>
	<b><u>DEPARTMENT OF TRANSPORTATION</u></b>		
	<b><u>Highway Planning and Construction Cluster</u></b>		
20.205	Highway Planning and Construction	ADA	\$ 130,053
20.205	Highway Planning and Construction	DTA	421,091,000
20.205	Highway Planning and Construction	GFA	271,480
20.205	Highway Planning and Construction	PRA	112,236
20.205	Highway Planning and Construction	PSA	339,030
	Highway Planning and Construction Cluster Subtotal		<u>421,943,799</u>

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State of Arizona  
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CFDA/Identifying Number	Federal Grantor/Program Title/ <i>Pass-Through Grantor</i> /Contract Number	Grantee (Appendix)	Expenditures
<b><u>Highway Safety Cluster</u></b>			
20.600	State and Community Highway Safety	DTA	69,403
20.600	State and Community Highway Safety	GHA	2,351,004
20.600	State and Community Highway Safety	LLA	76,523
20.600	State and Community Highway Safety	PSA	317,019
20.600	State and Community Highway Safety	UAA	21,311
	20.600 Subtotal		<u>2,835,260</u>
20.601	Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	ADA	459
20.601	Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	GHA	454,485
20.601	Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	PSA	423,999
	20.601 Subtotal		<u>878,943</u>
20.603	Federal Highway Safety Data Improvements Incentive Grants	GHA	13,756
20.604	Safety Incentive Grants for Use of Seatbelts	GHA	592,216
20.604	Safety Incentive Grants for Use of Seatbelts	PSA	188,419
	20.604 Subtotal		<u>780,635</u>
20.605	Safety Incentives to Prevent Operation of Motor Vehicles by Intoxicated Persons	GHA	1,796,019
20.605	Safety Incentives to Prevent Operation of Motor Vehicles by Intoxicated Persons	PSA	420,880
	20.605 Subtotal		<u>2,216,899</u>
	Highway Safety Cluster Subtotal		<u>6,725,493</u>
<b><u>Other Department of Transportation Programs</u></b>			
20.100	Aviation Education	ASA	185,320
20.106	Airport Improvement Program	DTA	4,338,348
20.215	Highway Training and Education	DTA	545,524
20.215	Highway Training and Education	ASA	1,500
20.215	Highway Training and Education, <i>Arizona Transportation Research Center</i> , Contract # JPA-05-010T	ASA	44,425
20.215	Highway Training and Education, <i>South Carolina State University</i> , Contract # 04-443503-NSTI-ASU-AZ	ASA	5,540
	20.215 Subtotal		<u>596,989</u>
20.217	Motor Carrier Safety	DTA	2,230,926
20.218	National Motor Carrier Safety	PSA	5,049,017
20.219	Recreational Trails Program	DTA	1,206,660
20.219	Recreational Trails Program	PRA	1,248,497
	20.219 Subtotal		<u>2,455,157</u>
20.505	Federal Transit—Metropolitan Planning Grants	DTA	1,146,466
20.509	Formula Grants for Other Than Urbanized Areas	DTA	4,716,754
20.513	Capital Assistance Program for Elderly Persons and Persons with Disabilities	DTA	2,973,731
20.700	Pipeline Safety	CCA	247,684
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants	MAA	165,336
20.DTCG3799P656001	Coast Guard Water Safety Center	PRA	10,078
20.TEA-900-0-191-P	AZSite Database	PRA	7,448
	Total Department of Transportation		<u>\$ 452,792,546</u>
<b><u>DEPARTMENT OF THE TREASURY</u></b>			
21.DPS 2004 058	ATF Black Biscuit Task Force	PSA	\$ 1,336
	Total Department of the Treasury		<u>\$ 1,336</u>
<b><u>EQUAL EMPLOYMENT OPPORTUNITY COMMISSION</u></b>			
30.001	Employment Discrimination—Title VII of the Civil Rights Act of 1964	AGA	\$ 278,460
	Total Equal Employment Opportunity Commission		<u>\$ 278,460</u>
<b><u>GENERAL SERVICES ADMINISTRATION</u></b>			
39.003	Donation of Federal Surplus Personal Property	ADA	\$ 117,105
	Total General Services Administration		<u>\$ 117,105</u>

See accompanying notes to schedule.

State of Arizona  
Schedule of Expenditures of Federal Awards  
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CFDA/Identifying Number	Federal Grantor/Program Title/ <i>Pass-Through Grantor</i> /Contract Number	Grantee (Appendix)	Expenditures
<b><u>NATIONAL AERONAUTICS AND SPACE ADMINISTRATION</u></b>			
43.001	Aerospace Education Services Program	ASA	\$ 87,703
43.001	Aerospace Education Services Program, <i>Space Telescope Science Institute</i> , Contract # NAS526555	ASA	19,994
	43.001 Subtotal		<u>107,697</u>
43.NAG26074	A Series of "Astrobiology Online" Courses for Teachers	UAA	12,871
43.NAG510267	Curriculum and Training Support for Navigators Extra-Solar Planet Research, <i>Jet Propulsion Laboratory</i> , Contract # 1251186	UAA	79,596
43.NAS526555	Understanding Light Through the Eyes of the Hubble Telescope, <i>Space Telescope Science Institute</i> , Contract # HSTEO1063906A	UAA	1,261
43.NAG1302025	National Aeronautics and Space Administration	WCA	157,453
43.Unknown	Space Grant Program	NAA	88,130
43.Unknown	Phoenix Mars Scout Mission	NAA	27,930
43.Unknown	Reach For The Stars, <i>Space Telescope Science Institute</i> , Contract # HST-EO-09794.08-A	NAA	2,640
43.Unknown	Tools for Teaching Cosmology and Galaxy Evolution, <i>Space Telescope Science Institute</i> , Contract # HSTEO0974428A	UAA	8,586
	Total National Aeronautics and Space Administration		<u>\$ 486,164</u>
<b><u>INSTITUTE OF MUSEUM AND LIBRARY SERVICES</u></b>			
45.310	Grants to States	LAA	\$ 3,354,922
45.310	Grants to States	UAA	25,183
	Total Institute of Museum and Library Services		<u>\$ 3,380,105</u>
<b><u>NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES</u></b>			
45.024	Promotion of the Arts—Grants to Organizations and Individuals	ASA	\$ 53,077
45.024	Promotion of the Arts—Grants to Organizations and Individuals	HUA	3,504
45.024	Promotion of the Arts—Grants to Organizations and Individuals	UAA	50,966
45.024	Promotion of the Arts—Grants to Organizations and Individuals, <i>New England Foundation for the Arts (NEFA)</i>	ASA	17,069
45.024	Promotion of the Arts—Grants to Organizations and Individuals, <i>Western States Arts Federation</i>	ASA	2,125
	45.024 Subtotal		<u>126,741</u>
45.025	Promotion of the Arts—Partnership Agreements	ASA	2,700
45.025	Promotion of the Arts—Partnership Agreements	HUA	1,348,816
45.025	Promotion of the Arts—Partnership Agreements	UAA	3,150
	45.025 Subtotal		<u>1,354,666</u>
45.129	Promotion of the Humanities—Federal/State Partnership	PRA	43,773
45.129	Promotion of the Humanities—Federal/State Partnership, <i>Arizona Humanities Council</i>	ASA	5,476
45.129	Promotion of the Humanities—Federal/State Partnership, <i>Arizona Humanities Council</i> , Contract #s GG42-4363-2005, GG54-4363-2005, GG42-4614-2006	NAA	4,624
45.129	Promotion of the Humanities—Federal/State Partnership, <i>Arizona Humanities Council</i> , Contract #s GG0840692004, GG1544832006, GG1644842006, GG2240772004	UAA	8,626
	45.129 Subtotal		<u>62,499</u>
45.130	Promotion of the Humanities—Challenge Grants	UAA	175,728
45.160	Promotion of the Humanities—Fellowships and Stipends	ASA	39,695
45.160	Promotion of the Humanities—Fellowships and Stipends, <i>American Council of Learned Societies</i>	ASA	18,750
	45.160 Subtotal		<u>58,445</u>
45.163	Promotion of the Humanities—Professional Development	ASA	87,310
45.164	Promotion of the Humanities—Public Programs	ASA	1,067
45.301	Museums for America	UAA	172,550
45.301	Museums for America, <i>Greater Western Library Alliance</i> , Contract # LG03011303	UAA	232
	45.301 Subtotal		<u>172,782</u>
45.302	Museum Assessment Program	UAA	1,750
45.303	Conservation Project Support	ASA	7,241
45.304	Conservation Assessment Program	NAA	7,890
45.312	National Leadership Grants	LAA	91,395
45.312	National Leadership Grants	UAA	33,787
45.312	National Leadership Grants, <i>University of Denver</i> , Contract #SC 36059-04-00	NAA	3,500

See accompanying notes to schedule.

State of Arizona  
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CFDA/Identifying Number	Federal Grantor/Program Title/ Pass-Through Grantor /Contract Number	Grantee (Appendix)	Expenditures
	45.312 Subtotal		128,682
45.313	Laura Bush 21st Century Librarian Program	UAA	264,169
45.0177003002	Saving Southwest Traditions: The Pottery Project	UAA	214,117
45.PA5173306	Cold Storage of Historic Cellulose Nitrate Negatives at ASM	UAA	3,883
45.Unknown	The Art of Navajo Weaving	UAA	89
45.Unknown	Retrospective Conversion—Archives OER	UAA	8,422
45.Unknown	2005—Arizona Library Institute	UAA	22,537
45.Unknown	National Leadership Grant	UAA	6,424
45.Unknown	Enrichment of Library Education Aslpar/Sirls Partnership 2006-2007	UAA	20,660
45.Unknown	Tohono O'Odham Collection, 1970-1980	UAA	63
45.Unknown	Medallion Papers Digitization Project	UAA	5,140
45.Unknown	Arizona Sonora Desert Museum Digital Library	UAA	7,317
45.Unknown	Creative Photo Term Endowment	UAA	47,382
45.Unknown	NEA Challenge Permanent Endowment	UAA	70,754
45.Unknown	NEH/ASM Educational Endowment	UAA	405,694
45.Unknown	Arts Education Program	UAA	3,000
	Total National Foundation on the Arts and the Humanities		<u>\$ 3,264,452</u>
<b><u>NATIONAL SCIENCE FOUNDATION</u></b>			
47.041	Engineering Grants	ASA	\$ 4,566
47.041	Engineering Grants	NAA	12,861
47.041	Engineering Grants	UAA	21,828
	47.041 Subtotal		<u>39,255</u>
47.049	Mathematical and Physical Sciences	ASA	42,098
47.049	Mathematical and Physical Sciences	UAA	188,957
	47.049 Subtotal		<u>231,055</u>
47.050	Geosciences	ASA	72,940
47.050	Geosciences	NAA	37,795
47.050	Geosciences	UAA	40,154
47.050	Geosciences, <i>Consortium of Universities for Advancement of Hydrological Science, Inc.</i> , Contract # 0326064	UAA	8,961
	47.050 Subtotal		<u>159,850</u>
47.070	Computer and Information Science and Engineering	UAA	135,129
47.074	Biological Sciences	ASA	151,294
47.074	Biological Sciences	NAA	126,245
47.074	Biological Sciences	UAA	31,200
	47.074 Subtotal		<u>308,739</u>
47.075	Social, Behavioral, and Economic Sciences	ASA	19,867
47.075	Social, Behavioral, and Economic Sciences	UAA	150,121
47.075	Social, Behavioral, and Economic Sciences, <i>U.S. Civilian Research and Development Foundation</i> , Contract # INT-9531001	ASA	2,828
	47.075 Subtotal		<u>172,816</u>
47.076	Education and Human Resources	ASA	6,170,610
47.076	Education and Human Resources	NAA	314,737
47.076	Education and Human Resources	UAA	2,542,854
47.076	Education and Human Resources, <i>University of Miami</i> , Contract # REC-0089231	ASA	18,725
47.076	Education and Human Resources, <i>University of California, San Diego</i> , Contract # 10251211	UAA	40,188
47.076	Education and Human Resources, <i>University of Pittsburgh</i> , Contract # 0104413	UAA	12,618
47.076	Education and Human Resources, <i>University of Puerto Rico</i> , Contract # 995256	UAA	22,307
47.076	Education and Human Resources, <i>University of Nebraska</i> , Contract #s 2505360004002, 2505360001002	UAA	41,027
	47.076 Subtotal		<u>9,163,066</u>
47.079	International Science and Engineering (OISE)	ASA	3,174
47.DEB-0550048	National Science Foundation	NAA	80,635
47.Unknown	Physics Teacher Education Coalition (PhysTEC), <i>American Physical Society</i> , Contract # CK096771	UAA	112,945
47.Unknown	Editorial Services for Reviews Project Linguist—The Linguist List, <i>Eastern Michigan University</i> , Contract # P0002068	UAA	8,955
47.Unknown	Two Catts Fellows to Work for Public and Educational Outreach Department, <i>Aura Inc.</i> , Contract # C10443A	UAA	9,000
	Total National Science Foundation		<u>\$ 10,424,619</u>

**SMALL BUSINESS ADMINISTRATION**

See accompanying notes to schedule.

State of Arizona  
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CFDA/Identifying Number	Federal Grantor/Program Title/ <i>Pass-Through Grantor</i> /Contract Number	Grantee (Appendix)	Expenditures
59.049	Office of Small Disadvantaged Business Certification and Eligibility, <i>Microbusiness Advancement Center</i> , Contract # 04.0627	NAA	\$ 40,616
59.Unknown	Congressional Special Initiative	PSA	16,377
59.Unknown	Congressional Special Initiative	EPA	57,311
	Total Small Business Administration		<u>\$ 114,304</u>
<b><u>DEPARTMENT OF VETERANS AFFAIRS</u></b>			
64.124	All-Volunteer Force Educational Assistance	VSA	\$ 375,179
64.Unknown	VET Headcount	UAA	4,067
	Total Department of Veterans Affairs		<u>\$ 379,246</u>
<b><u>ENVIRONMENTAL PROTECTION AGENCY</u></b>			
66.001	Air Pollution Control Program Support	EVA	\$ 5,691,707
66.001	Air Pollution Control Program Support	NAA	23,739
	66.001 Subtotal		<u>5,715,446</u>
66.032	State Indoor Radon Grants	AEA	58,679
66.034	Surveys, Studies, Investigations, Demonstrations and Special Purpose Activities Relating to the Clean Air Act	ASA	5,300
66.034	Surveys, Studies, Investigations, Demonstrations and Special Purpose Activities Relating to the Clean Air Act	EVA	453,644
66.034	Surveys, Studies, Investigations, Demonstrations and Special Purpose Activities Relating to the Clean Air Act	NAA	35,246
66.034	Surveys, Studies, Investigations, Demonstrations and Special Purpose Activities Relating to the Clean Air Act, <i>Prairie Band Potawatomi Nation</i>	NAA	35,998
	66.034 Subtotal		<u>530,188</u>
66.454	Water Quality Management Planning	EVA	110,685
66.458	Capitalization Grants for Clean Water State Revolving Funds	WFA	6,995,769
66.460	Nonpoint Source Implementation Grants	EVA	2,500,220
66.460	Nonpoint Source Implementation Grants	UAA	115,618
	66.460 Subtotal		<u>2,615,838</u>
66.463	Water Quality Cooperative Agreements	EVA	100,166
66.463	Water Quality Cooperative Agreements	NAA	118,006
	66.463 Subtotal		<u>218,172</u>
66.467	Wastewater Operator Training Grant Program (Technical Assistance)	NAA	6,063
66.468	Capitalization Grants for Drinking Water State Revolving Funds	EVA	1,305,507
66.468	Capitalization Grants for Drinking Water State Revolving Funds	WFA	11,635,862
	66.468 Subtotal		<u>12,941,369</u>
66.474	Water Protection Grants to the States	EVA	161,494
66.500	Environmental Protection—Consolidated Research	GFA	57,282
66.500	Environmental Protection—Consolidated Research, <i>Malcolm Pirnie Inc.</i>	ASA	28,151
	66.500 Subtotal		<u>85,433</u>
66.510	Surveys, Studies, Investigations and Special Purpose Grants within the Office of Research and Development	UAA	18,717
66.511	Office of Research and Development Consolidated Research/Training, <i>Water Environment Research Foundation</i> , Contract # CR-83155901-0	ASA	136,019
66.513	Greater Research Opportunities (GRO) Fellowships for Undergraduate/Graduate Environmental Study	ASA	6,702
66.605	Performance Partnership Grants	EVA	3,877,285
66.606	Surveys, Studies, Investigations and Special Purpose Grants	ASA	44,213
66.606	Surveys, Studies, Investigations and Special Purpose Grants	AGA	2,637
66.606	Surveys, Studies, Investigations and Special Purpose Grants	AHA	73
66.606	Surveys, Studies, Investigations and Special Purpose Grants	EVA	135,042
	66.606 Subtotal		<u>181,965</u>
66.607	Training and Fellowships for the Environmental Protection Agency	AGA	232,356
66.607	Training and Fellowships for the Environmental Protection Agency	ASA	12,646
66.607	Training and Fellowships for the Environmental Protection Agency	NAA	1,839,850
	66.607 Subtotal		<u>2,084,852</u>

See accompanying notes to schedule.

State of Arizona  
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CFDA/Identifying Number	Federal Grantor/Program Title/ Pass-Through Grantor /Contract Number	Grantee (Appendix)	Expenditures
66.608	Environmental Information Exchange Network Grant Program and Related Assistance	EVA	151,571
66.608	Environmental Information Exchange Network Grant Program and Related Assistance	NAA	47,001
	66.608 Subtotal		198,572
66.609	Protection of Children and Older Adults (Elderly) from Environmental Health Risks	EVA	33,271
66.700	Consolidated Pesticide Enforcement Cooperative Agreements	AHA	422,014
66.700	Consolidated Pesticide Enforcement Cooperative Agreements	SBA	136,809
	66.700 Subtotal		558,823
66.708	Pollution Prevention Grants Program	EVA	153,383
66.709	Multi-Media Capacity Building Grants for States and Tribes	EVA	21,346
66.709	Multi-Media Capacity Building Grants for States and Tribes	NAA	85,301
	66.709 Subtotal		106,647
66.801	Hazardous Waste Management State Program Support	EVA	1,835,002
66.802	Superfund State, Political Subdivision, and Indian Tribe Site—Specific Cooperative Agreements	EVA	1,102,673
66.804	State and Tribal Underground Storage Tanks Program	EVA	272,361
66.805	Leaking Underground Storage Tank Trust Fund Program	EVA	1,375,344
66.808	Solid Waste Management Assistance Grants	EVA	8,068
66.808	Solid Waste Management Assistance Grants	NAA	188,303
	66.808 Subtotal		196,371
66.817	State and Tribal Response Program Grants	EVA	840,186
66.931	International Financial Assistance Projects Sponsored by the Office of International Affairs	ASA	5,877
66.931	International Financial Assistance Projects Sponsored by the Office of International Affairs	EVA	3,009
66.931	International Financial Assistance Projects Sponsored by the Office of International Affairs	HSA	2,070
66.931	International Financial Assistance Projects Sponsored by the Office of International Affairs	MAA	2,222
	66.931 Subtotal		13,178
66.951	Environmental Education Grants	UAA	574
66.4D06437-NAEX, QT-RT-04-001702, T-83038801-0, T-97972401-0, T0553AC5265, EP05D000917, T53AC5359, NC-164-06-07E	Environmental Protection Programs	NAA	219,912
66.GE T5 0030	Homeland Security - First Responder Preparedness	EVA	4,970
66.Unknown	Upper Verde River Turbidity Reduction Project	GFA	26,867
66.Unknown	Water Quality Assessment, <i>Fort Peck Tribes</i> , Contract # 57187	NAA	38,784
	Total Environmental Protection Agency		\$ 42,721,594
<b><u>DEPARTMENT OF ENERGY</u></b>			
81.041	State Energy Program	EPA	\$ 659,539
81.042	Weatherization Assistance for Low-Income Persons	EPA	1,096,014
81.049	Office of Science Financial Assistance Program	ASA	190,665
81.049	Office of Science Financial Assistance Program, <i>Sandia National Laboratory</i>	ASA	6,779
	81.049 Subtotal		197,444
81.105	National Industrial Competitiveness through Energy, Environment, and Economics	EPA	32,876
81.106	Transport of Transuranic Wastes to the Waste Isolation Pilot Plant: States and Tribal Concerns, Proposed Solutions	AEA	89,251
81.117	Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance	EPA	74,156
81.117	Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance	NAA	31,488
81.117	Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance, <i>Battelle</i> , Contract # DE-AC05-00OR22725	ASA	5,399
	81.117 Subtotal		111,043
81.119	State Energy Program Special Projects	EPA	503,611
81.119	State Energy Program Special Projects	NAA	30,759
	81.119 Subtotal		534,370

See accompanying notes to schedule.

State of Arizona  
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CFDA/Identifying Number	Federal Grantor/Program Title/ <i>Pass-Through Grantor</i> /Contract Number	Grantee (Appendix)	Expenditures
81.DE-FG65-04WA27047	Department of Energy	NAA	3,195
81.Unknown	Petroleum Escrow Funds	EPA	630,190
81.Unknown	EMSL User Meetings Under EMSL User Agreement #15899, <i>Battelle Memorial Institute</i> , Contract #10319	UAA	422
81.Unknown	Industrial Affiliates Membership, <i>Lawrence Livermore Laboratory</i> , Contract # MEM0503	UAA	5,737
	Total Department of Energy		<u>\$ 3,360,081</u>
<b><u>DEPARTMENT OF EDUCATION</u></b>			
<b><u>Special Education Cluster (IDEA)</u></b>			
84.027	Special Education—Grants to States	ASA	\$ 150,493
84.027	Special Education—Grants to States	DCA	119,682
84.027	Special Education—Grants to States	DJA	129,912
84.027	Special Education—Grants to States	EDA	156,527,684
84.027	Special Education—Grants to States	HSA	1,867
84.027	Special Education—Grants to States	NAA	350,456
84.027	Special Education—Grants to States	SDA	923,921
84.027	Special Education—Grants to States	SPA	169,828
84.027	Special Education—Grants to States	UAA	302,730
84.027	Special Education—Grants to States, <i>Southwest Human Development</i>	NAA	386
	84.027 Subtotal		<u>158,676,959</u>
84.173	Special Education—Preschool Grants	EDA	5,787,783
84.173	Special Education—Preschool Grants	SDA	96,615
	84.173 Subtotal		<u>5,884,398</u>
	Special Education Cluster Subtotal		<u>164,561,357</u>
<b><u>TRIO Cluster</u></b>			
84.042	TRIO—Student Support Services	ASA	425,661
84.042	TRIO—Student Support Services	NAA	265,595
84.042	TRIO—Student Support Services	UAA	178,102
	84.042 Subtotal		<u>869,358</u>
84.044	TRIO—Talent Search	NAA	381,191
84.047	TRIO—Upward Bound	ASA	835,188
84.047	TRIO—Upward Bound	NAA	763,237
	84.047 Subtotal		<u>1,598,425</u>
84.066	TRIO—Educational Opportunity Centers	ASA	640,351
84.066	TRIO—Educational Opportunity Centers	NAA	448,558
	84.066 Subtotal		<u>1,088,909</u>
84.217	TRIO—McNair Post-Baccalaureate Achievement	UAA	181,485
	TRIO Cluster Subtotal		<u>4,119,368</u>
<b><u>Other Department of Education Programs</u></b>			
84.002	Adult Education—State Grant Program	EDA	9,682,648
84.004	Civil Rights Training and Advisory Services	UAA	394,935
84.010	Title I Grants to Local Educational Agencies	ASA	1,359,397
84.010	Title I Grants to Local Educational Agencies	EDA	251,075,030
84.010	Title I Grants to Local Educational Agencies	SDA	261,198
	84.010 Subtotal		<u>252,695,625</u>
84.011	Migrant Education—State Grant Program	ASA	11,276
84.011	Migrant Education—State Grant Program	EDA	5,941,047
	84.011 Subtotal		<u>5,952,323</u>
84.013	Title I Program for Neglected and Delinquent Children	DCA	297,870
84.013	Title I Program for Neglected and Delinquent Children	DJA	435,870
84.013	Title I Program for Neglected and Delinquent Children	EDA	16,435
84.013	Title I Program for Neglected and Delinquent Children	SPA	691,268
	84.013 Subtotal		<u>1,441,443</u>

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84.015	National Resource Centers and Fellowships Program for Language and Area or Language and International Studies	ASA	220,187
84.015	National Resource Centers and Fellowships Program for Language and Area or Language and International Studies	UAA	982,621
	84.015 Subtotal		1,202,808
84.016	Undergraduate International Studies and Foreign Language Programs	ASA	2,299
84.017	International Research and Studies	UAA	14,870
84.019	Overseas—Faculty Research Abroad	ASA	58,655
84.021	Overseas—Group Projects Abroad	UAA	18,955
84.031	Higher Education—Institutional Aid, <i>Cochise College</i> , Contract # P031S030013	UAA	151,623
84.048	Vocational Education—Basic Grants to States	ASA	283,831
84.048	Vocational Education—Basic Grants to States	DJA	263,021
84.048	Vocational Education—Basic Grants to States	EDA	22,806,467
84.048	Vocational Education—Basic Grants to States	NAA	66,876
84.048	Vocational Education—Basic Grants to States	UAA	380,401
	84.048 Subtotal		23,800,596
84.069	Leveraging Educational Assistance Partnership	NAA	34,559
84.069	Leveraging Educational Assistance Partnership	PEA	511,872
	84.069 Subtotal		546,431
84.116	Fund for the Improvement of Postsecondary Education	ASA	60,903
84.116	Fund for the Improvement of Postsecondary Education	UAA	818,106
84.116	Fund for the Improvement of Postsecondary Education, <i>Baylor University</i> , Contract # P116J020002	ASA	9,980
84.116	Fund for the Improvement of Postsecondary Education, <i>University of Cincinnati</i> , Contract # P000030N8700269	UAA	16,966
	84.116 Subtotal		905,955
84.126	Rehabilitation Services—Vocational Rehabilitation Grants to States	ASA	477,884
84.126	Rehabilitation Services—Vocational Rehabilitation Grants to States	DEA	44,893,519
84.126	Rehabilitation Services—Vocational Rehabilitation Grants to States	DJA	14,523
84.126	Rehabilitation Services—Vocational Rehabilitation Grants to States	HSA	32,994
84.126	Rehabilitation Services—Vocational Rehabilitation Grants to States	SDA	487,421
84.126	Rehabilitation Services—Vocational Rehabilitation Grants to States	UAA	82,050
	84.126 Subtotal		45,988,391
84.129	Rehabilitation Long-Term Training	UAA	652,797
84.133	National Institute on Disability and Rehabilitation Research	UAA	96,005
84.133	National Institute on Disability and Rehabilitation Research, <i>Public Health Institute</i> , Contract # 1008956	NAA	6,610
	84.133 Subtotal		102,615
84.153	Business and International Education Projects	NAA	10,490
84.160	Training Interpreters for Individuals Who Are Deaf and Individuals Who Are Deaf-Blind, <i>El Camino College</i> , Contract # CK24350752	UAA	2,779
84.164	Eisenhower Mathematics and Science Education—State Grants	SDA	3,877
84.169	Independent Living—State Grants	DEA	411,878
84.177	Rehabilitation Services—Independent Living Services for Older Individuals Who are Blind	DEA	485,627
84.181	Special Education—Grants for Infants and Families with Disabilities	DEA	8,539,551
84.181	Special Education—Grants for Infants and Families with Disabilities	HSA	748,625
84.181	Special Education—Grants for Infants and Families with Disabilities	SDA	551,674
	84.181 Subtotal		9,839,850
84.184	Safe and Drug-Free Schools and Communities—National Programs	EDA	338,708
84.184	Safe and Drug-Free Schools and Communities—National Programs	UAA	312,316
84.184	Safe and Drug-Free Schools and Communities—National Programs, <i>Washington Elementary School District (WESD)</i>	ASA	272,791
84.184	Safe and Drug-Free Schools and Communities—National Programs, <i>Yuma Elementary School District</i>	ASA	211,610
84.184	Safe and Drug-Free Schools and Communities—National Programs, <i>Vail Unified School District</i> , Contract #s MEM0106, Q184L050306	UAA	123,838
84.184	Safe and Drug-Free Schools and Communities—National Programs, <i>Tucson Unified School District</i> , Contract #s TUSD0000109634, TUSD0000112102	UAA	170,413
	84.184 Subtotal		1,429,676
84.185	Byrd Honors Scholarships	EDA	840,840
84.185	Byrd Honors Scholarships	UAA	277,500
	84.185 Subtotal		1,118,340

See accompanying notes to schedule.

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84.186	Safe and Drug-Free Schools and Communities—State Grants	AGA	202,795
84.186	Safe and Drug-Free Schools and Communities—State Grants	EDA	6,016,580
84.186	Safe and Drug-Free Schools and Communities—State Grants	GVA	1,624,824
84.186	Safe and Drug-Free Schools and Communities—State Grants	NAA	14,687
84.186	Safe and Drug-Free Schools and Communities—State Grants	SPA	1,636
84.186	Safe and Drug-Free Schools and Communities—State Grants	UAA	17,216
	84.186 Subtotal		<u>7,877,738</u>
84.187	Supported Employment Services for Individuals with Severe Disabilities	DEA	512,837
84.195	Bilingual Education—Professional Development	ASA	137,577
84.195	Bilingual Education—Professional Development	NAA	616,379
84.195	Bilingual Education—Professional Development	UAA	313,999
	84.195 Subtotal		<u>1,067,955</u>
84.196	Education for Homeless Children and Youth	EDA	1,101,131
84.203	Star Schools, <i>Gallup-McKinley County School</i>	ASA	92,489
84.213	Even Start—State Educational Agencies	EDA	3,746,187
84.214	Even Start—Migrant Education	EDA	367,160
84.215	Fund for the Improvement of Education, <i>Young Men's Christian Association</i> , Contract # Q215R040754	UAA	335,423
84.215	Fund for the Improvement of Education, <i>Flagstaff Unified School District</i> , Contract # P601305	NAA	26,351
	84.215 Subtotal		<u>361,774</u>
84.224	Assistive Technology	NAA	501,710
84.243	Tech-Prep Education	EDA	2,318,747
84.243	Tech-Prep Education, <i>Valley Academy for Career and Technology Education</i> , Contract # 04FCTDTP-470045-01A	ASA	13,162
	84.243 Subtotal		<u>2,331,909</u>
84.246	Rehabilitation Short-Term Training	NAA	52,039
84.264	Rehabilitation Training—Continuing Education, <i>San Diego State University Foundation</i> , Contract #s 52010DP12087806212, 52010EP12087806212	UAA	73,887
84.265	Rehabilitation Training—State Vocational Rehabilitation Unit In-Service Training	DEA	103,066
84.282	Charter Schools	ASA	1,220,570
84.282	Charter Schools, <i>Arizona School for the Arts</i>	NAA	387
	84.282 Subtotal		<u>1,220,957</u>
84.287	Twenty-First Century Community Learning Centers	EDA	15,001,422
84.295	Ready-To-Learn Television, <i>Corporation for Public Broadcasting</i>	ASA	7,377
84.295	Ready-To-Learn Television, <i>Public Broadcasting Service</i> , Contract # R295A000002	UAA	9,699
	84.295 Subtotal		<u>17,076</u>
84.298	State Grants for Innovative Programs	DCA	14,329
84.298	State Grants for Innovative Programs	DJA	2,673
84.298	State Grants for Innovative Programs	EDA	4,310,258
84.298	State Grants for Innovative Programs	SDA	1,042
84.298	State Grants for Innovative Programs	SPA	4,332
	84.298 Subtotal		<u>4,332,634</u>
84.299	Indian Education—Special Programs	ASA	304,115
84.299	Indian Education—Special Programs	NAA	279,622
84.299	Indian Education—Special Programs, <i>Hopi Tribe</i> , Contract # 8299B030017	NAA	11,733
84.299	Indian Education—Special Programs, <i>Little Singer Community School</i> , Contract # E299B040019	NAA	140,915
	84.299 Subtotal		<u>736,385</u>
84.305	Education, Research, Development, and Dissemination, <i>American Psychological Association</i> , Contract # R305U030004	ASA	43,033
84.315	Capacity Building for Traditionally Underserved Populations	NAA	225,175
84.318	Education Technology State Grants	EDA	9,271,224
84.318	Education Technology State Grants	SDA	4,696
	84.318 Subtotal		<u>9,275,920</u>
84.323	Special Education—State Personnel Development	EDA	1,116,420
84.323	Special Education—State Personnel Development	NAA	16,655
84.323	Special Education—State Personnel Development	UAA	1,990

See accompanying notes to schedule.

State of Arizona  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2006

CFDA/Identifying Number	Federal Grantor/Program Title/ Pass-Through Grantor /Contract Number	Grantee (Appendix)	Expenditures
	84.323 Subtotal		1,135,065
84.324	Research in Special Education	ASA	274,258
84.324	Research in Special Education	SDA	7,325
84.324	Research in Special Education, <i>University of Maryland</i> , Contract # H324J990003	ASA	42,477
	84.324 Subtotal		324,060
84.325	Special Education—Personnel Preparation to Improve Services and Results for Children with Disabilities	ASA	212,441
84.325	Special Education—Personnel Preparation to Improve Services and Results for Children with Disabilities	NAA	486,736
84.325	Special Education—Personnel Preparation to Improve Services and Results for Children with Disabilities	UAA	1,900,579
84.325	Special Education—Personnel Preparation to Improve Services and Results for Children with Disabilities, <i>Pennsylvania College of Optometry</i> , Contract # 57201	UAA	86,413
84.325	Special Education—Personnel Preparation to Improve Services and Results for Children with Disabilities, <i>University of North Carolina</i> , Contract # H325B000003	UAA	15,090
	84.325 Subtotal		2,701,259
84.326	Special Education—Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities	EDA	4,919
84.326	Special Education—Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities	SDA	170,457
84.326	Special Education—Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities, <i>University of Colorado-Denver</i> , Contract # H326E020003	ASA	34,880
	84.326 Subtotal		210,256
84.329	Special Education—Studies and Evaluations	NAA	68,448
84.330	Advanced Placement Program	EDA	298,615
84.331	Grants to States for Incarcerated Youth Offenders	DCA	332,944
84.332	Comprehensive School Reform Demonstration	EDA	5,762,222
84.333	Demonstration Projects to Ensure Students with Disabilities Receive a Higher Education	UAA	133,189
84.334	Gaining Early Awareness and Readiness for Undergraduate Programs	NAA	1,906,916
84.334	Gaining Early Awareness and Readiness for Undergraduate Programs	SDA	81,403
84.334	Gaining Early Awareness and Readiness for Undergraduate Programs	UAA	905,768
84.334	Gaining Early Awareness and Readiness for Undergraduate Programs, <i>Sacaton School District</i>	ASA	5,073
84.334	Gaining Early Awareness and Readiness for Undergraduate Programs, <i>Tucson Unified School District</i> , Contract # TUSD10000107481	UAA	105,684
	84.334 Subtotal		3,004,844
84.335	Child Care Access Means Parents in School	ASA	149,365
84.335	Child Care Access Means Parents in School	UAA	267,984
	84.335 Subtotal		417,349
84.336	Teacher Quality Enhancement Grants	ASA	3,764,817
84.336	Teacher Quality Enhancement Grants	EDA	1,171,127
84.336	Teacher Quality Enhancement Grants	GVA	751,860
84.336	Teacher Quality Enhancement Grants	NAA	482,736
84.336	Teacher Quality Enhancement Grants	UAA	171,744
	84.336 Subtotal		6,342,284
84.342	Preparing Tomorrow's Teachers to Use Technology	NAA	14,649
84.346	Vocational Education—Occupational and Employment Information State Grants	EDA	130,425
84.349	Early Childhood Educator Professional Development	ASA	452,630
84.349	Early Childhood Educator Professional Development	GVA	11,075
84.349	Early Childhood Educator Professional Development, <i>Navajo Nation</i>	ASA	211,274
	84.349 Subtotal		674,979
84.350	Transition to Teaching	ASA	10,893
84.350	Transition to Teaching	EDA	297,390
84.350	Transition to Teaching	NAA	50,377
	84.350 Subtotal		358,660
84.351	Arts in Education, <i>Phoenix Union High School District</i>	ASA	14,141
84.357	Reading First State Grants	ASA	478,137
84.357	Reading First State Grants	EDA	21,943,885
	84.357 Subtotal		22,422,022
84.358	Rural Education	EDA	713,009
84.359	Early Reading First	ASA	431,225

See accompanying notes to schedule.

State of Arizona  
 Schedule of Expenditures of Federal Awards  
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CFDA/Identifying Number	Federal Grantor/Program Title/ Pass-Through Grantor /Contract Number	Grantee (Appendix)	Expenditures
84.360	Dropout Prevention Programs	EDA	3,270
84.363	School Leadership	ASA	201,140
84.363	School Leadership, <i>Creighton Elementary School District</i> , Contract # U215X030354	ASA	6,506
	84.363 Subtotal		<u>207,646</u>
84.365	English Language Acquisition Grants	EDA	16,945,561
84.366	Mathematics and Science Partnerships	EDA	2,478,534
84.366	Mathematics and Science Partnerships, <i>Yavapai County Education Service Agency</i>	NAA	3,162
	84.366 Subtotal		<u>2,481,696</u>
84.367	Improving Teacher Quality State Grants	ASA	184,458
84.367	Improving Teacher Quality State Grants	BRA	808,522
84.367	Improving Teacher Quality State Grants	DCA	20,620
84.367	Improving Teacher Quality State Grants	DJA	188,185
84.367	Improving Teacher Quality State Grants	EDA	49,795,169
84.367	Improving Teacher Quality State Grants	NAA	263,902
84.367	Improving Teacher Quality State Grants	SDA	22,000
84.367	Improving Teacher Quality State Grants	SPA	209,332
84.367	Improving Teacher Quality State Grants	UAA	170,912
	84.367 Subtotal		<u>51,663,100</u>
84.369	Grants for State Assessments and Related Activities	EDA	2,833,245
84.815	Troops to Teachers	EDA	128,098
84.938	Hurricane Education Recovery	EDA	1,211,018
84.567A 8735 S1591	Pacific DBTAC	ADA	9,278
84.Unknown	ITQ: Teacher Excellence and Achievement	NAA	3,197
84.Unknown	NCES—National Center for Educational Statistics	EDA	160,781
84.Unknown	Arizona Tech Prep Online Collaboration, <i>Arizona Tech Prep</i> , Contract # 01VACTE48100	NAA	14,163
84.Unknown	Crossing Educational Divide, <i>Arizona Western College</i>	NAA	5,992
84.Unknown	Dysart Unified School District	ASA	45,001
84.Unknown	Los Angeles County Office of Education	ASA	11,612
84.Unknown	School Leadership Program, <i>Sunnyside Unified School District</i> , Contract # S363A020176	NAA	18,220
84.Unknown	National Writing Project 2005, <i>National Writing Project Corporation</i> , Contract # 92AZ03	NAA	43,379
84.Unknown	Pacific Disability and Business Technical Assistance Center, <i>Public Health Institute</i> , Contract # 1010294	NAA	12,527
84.Unknown	Pennsylvania State University	ASA	6,913
84.Unknown	Application for National Writing Project Matching Funds, <i>National Writing Project</i> , Contract # 92AZ03	UAA	200,989
84.Unknown	National Middle East Resource Center (NMELRC) Language Development, <i>Brigham Young University</i> , Contract # LTR DTD 081605	UAA	1,173
84.Unknown	Network of Colleges and Universities, <i>Education Development Center</i> , Contract # CK#54215	UAA	7,932
	Total Department of Education		<u>\$ 696,143,131</u>
<b><u>SCHOLARSHIP AND FELLOWSHIP FOUNDATIONS</u></b>			
85.400	Morris K. Udall Scholarship Program	UAA	\$ 660,506
85.601	Smithsonian Institution Fellowship Program	ASA	3,244
85.FY03WP	Morris K. Udall Workplan FY 2003	UAA	16,095
85.FY04WP	Morris K. Udall Workplan FY 2004	UAA	32,597
85.MEM0305	Morris K. Udall Workplan FY 2005	UAA	238,244
	Total Scholarship and Fellowship Foundations		<u>\$ 950,686</u>
<b><u>NATIONAL ARCHIVES AND RECORDS ADMINISTRATION</u></b>			
89.003	National Historic Publications and Records Grants	LAA	\$ 416
	Total National Archives and Records Administration		<u>\$ 416</u>
<b><u>ELECTION ASSISTANCE COMMISSION</u></b>			
90.401	Help America Vote Act Requirements Payments	STA	\$ 9,162,942
	Total Election Assistance Commission		<u>\$ 9,162,942</u>
<b><u>DEPARTMENT OF HEALTH AND HUMAN SERVICES</u></b>			
<b><u>Aging Cluster</u></b>			
93.044	Special Programs for the Aging—Title III, Part B—Grants for Supportive Services and Senior Centers	DEA	\$ 8,233,360

See accompanying notes to schedule.

State of Arizona  
Schedule of Expenditures of Federal Awards  
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CFDA/Identifying Number	Federal Grantor/Program Title/ <i>Pass-Through Grantor</i> /Contract Number	Grantee (Appendix)	Expenditures
93.045	Special Programs for the Aging—Title III, Part C—Nutrition Services	DEA	8,243,254
93.053	Nutrition Services Incentive Program	DEA	1,978,839
	Aging Cluster Subtotal		<u>18,455,453</u>
	<b><u>CCDF Cluster</u></b>		
93.575	Child Care and Development Block Grant	DEA	49,706,119
93.575	Child Care and Development Block Grant	GVA	434,147
93.575	Child Care and Development Block Grant	HSA	753,356
93.575	Child Care and Development Block Grant	NAA	1,546
93.575	Child Care and Development Block Grant	UAA	179,586
	93.575 Subtotal		<u>51,074,754</u>
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	DEA	61,102,209
	CCDF Cluster Subtotal		<u>112,176,963</u>
	<b><u>Medicaid Cluster</u></b>		
93.775	State Medicaid Fraud Control Units	AGA	655,326
93.776	Hurricane Katrina Relief	HCA	406,000
93.777	State Survey and Certification of Health Care Providers and Suppliers	BNA	544,200
93.777	State Survey and Certification of Health Care Providers and Suppliers	HSA	3,981,248
	93.777 Subtotal		<u>4,525,448</u>
93.778	Medical Assistance Program	DEA	67,089,567
93.778	Medical Assistance Program	HCA	4,325,486,000
93.778	Medical Assistance Program	HSA	700,056
93.778	Medical Assistance Program	NAA	34,799
	93.778 Subtotal		<u>4,393,310,422</u>
	Medicaid Cluster Subtotal		<u>4,398,897,196</u>
	<b><u>Other Department of Health and Human Services Programs</u></b>		
93.003	Public Health and Social Services Emergency Fund	HSA	3,888,524
93.003	Public Health and Social Services Emergency Fund	UAA	66,323
	93.003 Subtotal		<u>3,954,847</u>
93.006	State and Territorial and Technical Assistance Capacity Development Minority HIV/AIDS Demonstration	HSA	10,754
93.018	Strengthening Public Health Services at the Outreach Offices of the U.S.-Mexico Border Health Commission	HSA	8,328
93.041	Special Programs for the Aging—Title VII, Chapter 3—Programs for Prevention of Elder Abuse, Neglect, and Exploitation	DEA	100,098
93.042	Special Programs for the Aging—Title VII, Chapter 2—Long Term Care Ombudsman Services for Older Individuals	DEA	276,003
93.043	Special Programs for the Aging—Title III, Part D—Disease Prevention and Health Promotion Services	DEA	258,658
93.048	Special Programs for the Aging—Title IV—and Title II—Discretionary Projects	DEA	420,927
93.052	National Family Caregiver Support	DEA	3,112,588
93.104	Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	HSA	10,958
93.107	Model State-Supported Area Health Education Centers	UAA	447,472
93.110	Maternal and Child Health Federal Consolidated Programs	GVA	89,668
93.110	Maternal and Child Health Federal Consolidated Programs	HSA	8,971
93.110	Maternal and Child Health Federal Consolidated Programs	UAA	839,567
93.110	Maternal and Child Health Federal Consolidated Programs, <i>University of Alaska Anchorage, Contract #s PO324593, PO324591</i>	UAA	7,499
93.110	Maternal and Child Health Federal Consolidated Programs, <i>University of Colorado, Contract # FY04003004</i>	UAA	7,875
	93.110 Subtotal		<u>953,580</u>
93.113	Environmental Health	UAA	12,000
93.116	Project Grants and Cooperative Agreements for Tuberculosis Control Programs	HSA	1,753,028
93.127	Emergency Medical Services for Children	HSA	80,609
93.130	Primary Care Services Resource Coordination and Development	HSA	234,780
93.136	Injury Prevention and Control Research and State and Community Based Programs	ASA	70,998
93.136	Injury Prevention and Control Research and State and Community Based Programs	HSA	787,525
93.136	Injury Prevention and Control Research and State and Community Based Programs	UAA	357,958
	93.136 Subtotal		<u>1,216,481</u>
93.142	NIEHS Hazardous Waste Worker Health and Safety Training, <i>University of California-Los Angeles, Contract #s 5U45ES06173-10R, 5U45ES06173-14R</i>	ASA	215,725
93.145	AIDS Education and Training Centers, <i>University of California San Francisco, Contract # 2943SC</i>	UAA	189,496

See accompanying notes to schedule.

State of Arizona  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2006

CFDA/Identifying Number	Federal Grantor/Program Title/ <i>Pass-Through Grantor</i> /Contract Number	Grantee (Appendix)	Expenditures
93.150	Projects for Assistance in Transition from Homelessness (PATH)	HSA	803,082
93.157	Centers of Excellence	UAA	632,001
93.165	Grants to States for Loan Repayment Program	HSA	73,546
93.172	Human Genome Research	ASA	14,919
93.189	Health Education and Training Centers	UAA	144,348
93.191	Allied Health Special Projects	NAA	155,930
93.192	Quentin N. Burdick Programs for Rural Interdisciplinary Training	ASA	4,455
93.192	Quentin N. Burdick Programs for Rural Interdisciplinary Training	UAA	264,858
	93.192 Subtotal		<u>269,313</u>
93.197	Childhood Lead Poisoning Prevention Projects—State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	HSA	138,186
93.211	Telehealth Network Grants	UAA	247,697
93.217	Family Planning—Services, <i>Arizona Family Planning Council</i> , Contract # 5FPHA091701-23-00	ASA	217,399
93.230	Consolidated Knowledge Development and Application (KD&A) Program	HSA	76,488
93.230	Consolidated Knowledge Development and Application (KD&A) Program	UAA	3,522
93.230	Consolidated Knowledge Development and Application (KD&A) Program, <i>University of California-Los Angeles</i> , Contract # 5UD1T113594	ASA	29,779
93.230	Consolidated Knowledge Development and Application (KD&A) Program, <i>Codac Behavioral Health Services of Pima County</i> , Contract # H79T112145	UAA	3,528
93.230	Consolidated Knowledge Development and Application (KD&A) Program, <i>Empact - SPC</i> , Contract # KD1T111892	UAA	8,045
93.230	Consolidated Knowledge Development and Application (KD&A) Program, <i>University of California—Los Angeles</i> , Contract # 2000GCW044	UAA	260,220
	93.230 Subtotal		<u>381,582</u>
93.231	Epidemiology Cooperative Agreements, <i>Inter Tribal Council of Arizona, Incorporated</i> , Contract #s U26IHA300007, U26IHS300007	UAA	60,700
93.235	Abstinence Education Program	HSA	1,033,224
93.235	Abstinence Education Program	UAA	58,862
	93.235 Subtotal		<u>1,092,086</u>
93.239	Policy Research and Evaluation Grants	HSA	230,100
93.240	State Capacity Building	HSA	177,964
93.243	Substance Abuse and Mental Health Services—Projects of Regional and National Significance	ASA	94,334
93.243	Substance Abuse and Mental Health Services—Projects of Regional and National Significance	DCA	70,625
93.243	Substance Abuse and Mental Health Services—Projects of Regional and National Significance	GVA	828,079
93.243	Substance Abuse and Mental Health Services—Projects of Regional and National Significance	HSA	1,196,630
93.243	Substance Abuse and Mental Health Services—Projects of Regional and National Significance	NAA	2,319
93.243	Substance Abuse and Mental Health Services—Projects of Regional and National Significance	UAA	2,828,826
93.243	Substance Abuse and Mental Health Services—Projects of Regional and National Significance, <i>Pima County Juvenile Courts</i> , Contract # 1118A1318181102	UAA	3,419
	93.243 Subtotal		<u>5,024,232</u>
93.247	Advanced Education Nursing Grant Program	ASA	1,021,174
93.247	Advanced Education Nursing Grant Program	NAA	530
93.247	Advanced Education Nursing Grant Program	UAA	774,400
	93.247 Subtotal		<u>1,796,104</u>
93.250	Geriatric Academic Career Awards, <i>Janet M. Campion</i> , Contract # K01HP00124	UAA	40,112
93.251	Universal Newborn Hearing Screening	HSA	200,209
93.251	Universal Newborn Hearing Screening	SDA	7,607
	93.251 Subtotal		<u>207,816</u>
93.252	Healthy Communities Access Program	UAA	25,961
93.252	Healthy Communities Access Program, <i>Mariposa Community Health Center</i> , Contract # 1G90A037270100	UAA	11,501
	93.252 Subtotal		<u>37,462</u>
93.253	Poison Control Stabilization and Enhancement Grants	UAA	218,808
93.256	State Planning Grants Health Care Access for the Uninsured	HCA	80,000
93.259	Rural Access to Emergency Devices Grant	HSA	174,110
93.263	Occupational Safety and Health—Training Grants	UAA	11,705
93.264	Nurse Faculty Loan Program (NFLP)	UAA	90,000
93.268	Immunization Grants	HSA	53,046,455

See accompanying notes to schedule.

State of Arizona  
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CFDA/Identifying Number	Federal Grantor/Program Title/ <i>Pass-Through Grantor</i> /Contract Number	Grantee (Appendix)	Expenditures
93.283	Centers for Disease Control and Prevention—Investigations and Technical Assistance	ASA	34,091
93.283	Centers for Disease Control and Prevention—Investigations and Technical Assistance	HSA	23,605,226
93.283	Centers for Disease Control and Prevention—Investigations and Technical Assistance	SDA	10,438
93.283	Centers for Disease Control and Prevention—Investigations and Technical Assistance	UAA	1,118,239
93.283	Centers for Disease Control and Prevention—Investigations and Technical Assistance, <i>Association of Schools of Public Health</i> , Contract # A36292323	UAA	112,650
93.283	Centers for Disease Control and Prevention—Investigations and Technical Assistance, <i>Association of Teachers of Preventive Medicine</i> , Contract #s TS0733, TS1360	UAA	27,624
93.283	Centers for Disease Control and Prevention—Investigations and Technical Assistance, <i>University of Colorado</i> , Contract # U27CCU813109	UAA	38,211
	93.283 Subtotal		24,946,479
93.286	Discovery and Applied Research for Technological Innovations to Improve Human Health	UAA	50,069
93.301	Small Rural Hospital Improvement Grant Program	UAA	126,339
93.307	Minority Health and Health Disparities Research	UAA	1,236,754
93.307	Minority Health and Health Disparities Research, <i>University of Texas at El Paso</i> , Contract # 26140650	UAA	20,350
	93.307 Subtotal		1,257,104
93.333	Clinical Research	UAA	291,730
93.358	Advanced Education Nursing Traineeships	ASA	76,958
93.358	Advanced Education Nursing Traineeships	NAA	19,716
93.358	Advanced Education Nursing Traineeships	UAA	65,359
	93.358 Subtotal		162,033
93.359	Nurse Education, Practice and Retention Grants	ASA	17,369
93.389	National Center for Research Resources	UAA	269,937
93.389	National Center for Research Resources, <i>University of Medicine &amp; Dentistry of New Jersey</i> , Contract # R25RR018490	UAA	25,696
	93.389 Subtotal		295,633
93.393	Cancer Cause and Prevention Research	HSA	6,059
93.393	Cancer Cause and Prevention Research	UAA	8,219
	93.393 Subtotal		14,278
93.395	Cancer Treatment Research	UAA	5,245
93.398	Cancer Research Manpower	UAA	221,370
93.399	Cancer Control, <i>National Surgical Adjuvant Breast and Bowel Project Foundation, Incorporated</i> , Contract # MIN21ARZ	UAA	95,806
93.399	Cancer Control, <i>University of Alabama</i> , Contract # R01CA86311	UAA	986
	93.399 Subtotal		96,792
93.448	Food Safety and Security Monitoring Project	HSA	108,523
93.556	Promoting Safe and Stable Families	DEA	10,308,197
93.556	Promoting Safe and Stable Families, <i>Navajo Nation</i>	ASA	138,155
	93.556 Subtotal		10,446,352
93.558	Temporary Assistance for Needy Families	DEA	219,373,648
93.558	Temporary Assistance for Needy Families	GVA	73,406
	93.558 Subtotal		219,447,054
93.563	Child Support Enforcement	DEA	47,978,022
93.564	Child Support Enforcement Research	DEA	55,218
93.566	Refugee and Entrant Assistance—State-Administered Programs	DEA	5,799,586
93.568	Low-Income Home Energy Assistance	DEA	6,930,567
93.568	Low-Income Home Energy Assistance	EPA	1,243,930
	93.568 Subtotal		8,174,497
93.569	Community Services Block Grant	DEA	5,328,723
93.570	Community Services Block Grant—Discretionary Awards, <i>National Youth Sports Program Fund</i>	ASA	71,400
93.570	Community Services Block Grant—Discretionary Awards, <i>National Youth Sports Program Fund</i> , Contract # 03-211	NAA	39,456
93.570	Community Services Block Grant—Discretionary Awards, <i>National Collegiate Athletic Association</i> , Contract #s NYSPF051149, NYSPF041010, CK4630	UAA	22,394

See accompanying notes to schedule.

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CFDA/Identifying Number	Federal Grantor/Program Title/ Pass-Through Grantor /Contract Number	Grantee (Appendix)	Expenditures
93.570	Community Services Block Grant—Discretionary Awards, <i>National Youth Sports Program Fund</i> , Contract # 06002	UAA	27,525
	93.570 Subtotal		<u>160,775</u>
93.571	Community Services Block Grant Formula and Discretionary Awards Community Food and Nutrition Programs	DEA	77,032
93.576	Refugee and Entrant Assistance—Discretionary Grants	DEA	874,540
93.576	Refugee and Entrant Assistance—Discretionary Grants	EDA	277,058
	93.576 Subtotal		<u>1,151,598</u>
93.584	Refugee and Entrant Assistance—Targeted Assistance Grants	DEA	1,147,353
93.586	State Court Improvement Program	SPA	153,499
93.590	Community-Based Child Abuse Prevention Grants	DEA	933,469
93.597	Grants to States for Access and Visitation Programs	DEA	165,652
93.599	Chafee Education and Training Vouchers Program (ETV)	DEA	492,146
93.600	Head Start	GVA	224,862
93.617	Voting Access for Individuals with Disabilities—Grants to States	STA	313,416
93.623	Basic Center Grant	GVA	130,985
93.623	Basic Center Grant	NAA	13,914
	93.623 Subtotal		<u>144,899</u>
93.630	Developmental Disabilities Basic Support and Advocacy Grants	DEA	1,438,464
93.632	University Centers for Excellence in Developmental Disabilities Education, Research, and Service	NAA	495,043
93.632	University Centers for Excellence in Developmental Disabilities Education, Research, and Service	UAA	75,000
	93.632 Subtotal		<u>570,043</u>
93.643	Children's Justice Grants to States	GVA	231,476
93.643	Children's Justice Grants to States	NAA	66,937
	93.643 Subtotal		<u>298,413</u>
93.645	Child Welfare Services—State Grants	DEA	6,088,139
93.648	Child Welfare Services Training Grants	ASA	176,029
93.648	Child Welfare Services Training Grants	NAA	132,210
	93.648 Subtotal		<u>308,239</u>
93.658	Foster Care—Title IV-E	ASA	2,921,624
93.658	Foster Care—Title IV-E	DEA	89,410,460
	93.658 Subtotal		<u>92,332,084</u>
93.659	Adoption Assistance	DEA	34,052,870
93.667	Social Services Block Grant	ADA	191,886
93.667	Social Services Block Grant	DEA	50,153,398
	93.667 Subtotal		<u>50,345,284</u>
93.669	Child Abuse and Neglect State Grants	DEA	236,518
93.669	Child Abuse and Neglect State Grants	UAA	13,157
	93.669 Subtotal		<u>249,675</u>
93.671	Family Violence Prevention and Services/Grants for Battered Women's Shelters—Grants to States and Indian Tribes	HSA	1,567,920
93.674	Chafee Foster Care Independence Program	DEA	2,507,853
93.767	State Children's Insurance Program	HCA	99,505,000
93.822	Health Careers Opportunity Program	NAA	271,566
93.822	Health Careers Opportunity Program	UAA	197,522
	93.822 Subtotal		<u>469,088</u>
93.837	Heart and Vascular Diseases Research	UAA	75,671
93.853	Extramural Research Programs in the Neurosciences and Neurological Disorders	ASA	19,330
93.856	Microbiology and Infectious Diseases Research	UAA	5,000
93.859	Biomedical Research and Research Training	ASA	41,838
93.880	Minority Access to Research Careers	ASA	10,635
93.884	Grants for Training in Primary Care Medicine and Dentistry	UAA	521,006
93.888	Specially Selected Health Projects	UAA	891,440
93.896	Predoctoral Training in Primary Care (Family Medicine, General Internal Medicine / General Pediatrics)	UAA	8,033
93.912	Rural Health Care Services Outreach and Rural Health Care Network Development Program	UAA	630,662

See accompanying notes to schedule.



State of Arizona  
Schedule of Expenditures of Federal Awards  
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CFDA/Identifying Number	Federal Grantor/Program Title/ Pass-Through Grantor /Contract Number	Grantee (Appendix)	Expenditures
93.913	Grants to States for Operation of Offices of Rural Health	UAA	146,969
93.917	HIV Care Formula Grants	HSA	11,594,696
93.918	Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	UAA	249,999
93.919	Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection	HSA	2,322,649
93.923	Disadvantaged Health Professions Faculty Loan Repayment (FLRP) and Minority Fellowship Program	NAA	116
93.928	Special Projects of National Significance	UAA	29,844
93.933	Demonstration Projects for Indian Health, <i>Hualapai Tribe</i> , Contract # CK38591	UAA	21,052
93.933	Demonstration Projects for Indian Health, <i>Inter Tribal Council of Arizona, Incorporated</i> , Contract # U269400011	UAA	98,387
	93.933 Subtotal		<u>119,439</u>
93.938	Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems	EDA	173,985
93.938	Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems, <i>National 4H Council</i> , Contract # U87CCU318437	UAA	95,262
	93.938 Subtotal		<u>269,247</u>
93.940	HIV Prevention Activities—Health Department Based	HSA	3,156,835
93.944	Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	HSA	716,169
93.945	Assistance Programs for Chronic Disease Prevention and Control, <i>Migrant Health Promotion</i> , Contract # CK12293	UAA	101,588
93.952	Trauma Care Systems Planning and Development	HSA	41,157
93.958	Block Grants for Community Mental Health Services	HSA	7,868,838
93.959	Block Grants for Prevention and Treatment of Substance Abuse	HSA	31,980,687
93.969	Geriatric Education Centers	ASA	25,236
93.969	Geriatric Education Centers	UAA	384,653
	93.969 Subtotal		<u>409,889</u>
93.970	Health Professions Recruitment Program for Indians	ASA	293,288
93.970	Health Professions Recruitment Program for Indians	UAA	366,568
93.970	Health Professions Recruitment Program for Indians, <i>Phoenix Area Indian Health Service</i>	ASA	7,361
	93.970 Subtotal		<u>667,217</u>
93.977	Preventive Health Services—Sexually Transmitted Diseases Control Grants	HSA	1,542,868
93.984	Academic Administrative Units in Primary Care	UAA	24,771
93.988	Cooperative Agreements for State-Based Diabetes Control Programs and Evaluation of Surveillance Systems	HSA	178,958
93.991	Preventive Health and Health Services Block Grant	HSA	1,272,462
93.994	Maternal and Child Health Services Block Grant to the States	GVA	52,048
93.994	Maternal and Child Health Services Block Grant to the States	HSA	6,796,196
	93.994 Subtotal		<u>6,848,244</u>
93.996	Bioterrorism Training and Curriculum Development Program, <i>University of New Mexico</i> , Contract #	UAA	333,047
93.0600-98-32781, 0600-03-	Enumeration at Birth	HSA	130,286
93.200-1998-07255	National Death Index	HSA	14,251
93.200-2000-07202	Vital Statistics Cooperative Program	HSA	426,148
93.233030107	National Centers of Excellence in Women's Health	UAA	152,396
93.1G90A037270100	Technical Assistance and Evaluation to Increase Community Access to Health Care, <i>Mariposa Community Health Center</i> , Contract # 1G90A037270100	UAA	7,500
93.1H79TI1586301	Eon Evaluation, <i>Pima County Health Dept.</i> , Contract # 0701A1338890903	UAA	6,430
93.467MZ401583	Support for Knowledge River Library School Internships	UAA	47,579
93.5H79TI1586303	Eon Capacity Enhancement to Improve and Integrate Culturally Relevant Substance Abuse and HIV/AIDS Services, <i>Pima County Health Dept.</i> , Contract # 1801A1375480905	UAA	75,763
93.6H79SP12923011	South Tucson Drug Free Communities, <i>City of South Tucson</i> , Contract # H79SP12923	UAA	14,309
93.HHSP233200500290A	Travel to Sustainability of National Centers of Excellence in Women's Health (COE) Workshop	UAA	2,211
93.HHSH230200432004C	U.S. Mexico Border Center of Excellence Consortium, <i>University of Texas Health Science Center San Antonio</i> , Contract # 120390119810	UAA	32,658
93.N01LM13515	Tribal Connections Four Corners Go Local, <i>Houston Academy of Medicine—Texas Medical Center Library</i> , Contract # N01LM13515	UAA	25,006
93.N01LM13517	Access to Health Information for Arizona's Tribal Nations II, <i>University of California—Los Angeles</i> , Contract # 5415GFB174N01LM13517	UAA	1,195
93.N01LM13517	Arizona Go Local: National Network of Libraries of Medicine, <i>University of California—Los Angeles</i> , Contract # 5415GB050	UAA	24,999
93.Unknown	American Indian/Alaska Native and Hispanic Program, <i>Courtesy Associates</i> , Contract # CK95O002371	UAA	35,122
93.Unknown	Cancer Information Service of Region 12 Rocky Mountain, <i>Penrose St. Francis Health Services</i> , Contract # N02C051111AZ2	UAA	79,980
93.Unknown	Drug Abuse Warning Network (DAWN), <i>Westat, Inc.</i> , Contract # 030064A	UAA	11,845
93.Unknown	Evaluation of Community-Based Mental Health Services for Elderly, <i>Jewish Family and Children's Service</i> , Contract # SM02009	UAA	11,069

See accompanying notes to schedule.

State of Arizona  
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CFDA/Identifying Number	Federal Grantor/Program Title/ Pass-Through Grantor /Contract Number	Grantee (Appendix)	Expenditures
93.Unknown	EWIDS (Early Warning Infectious Disease Surveillance) Border-Wide Needs Assessment Tool, <i>University of Southern California, San Diego</i> , Contract #s 0376197A01, 10258983	UAA	58,137
93.Unknown	Family Drug Court and Court Assisted Treatment Services Program, <i>Pima County Juvenile Courts</i> , Contract # 0718A1318841102	UAA	45,922
93.Unknown	Infant Adoption Awareness Training Program, <i>Arizona Children's Association</i> , Contract # USIOA0000301	UAA	71,732
93.Unknown	Mental Health Support for Guardians, <i>Arizona Children's Association</i> , Contract # CK11003	UAA	10,526
93.Unknown	Project Match Data and Evaluation Services	UAA	32,188
93.Unknown	School-Based Diabetes Education Activities for the Prevention of Diabetes in American Indian Youth, <i>Association of American Indian Physicians</i> , Contract # CK12583	UAA	603
93.Unknown	Steps to a Healthier Cochise County, <i>Cochise County, Arizona</i> , Contract # HG461290	UAA	15,885
93.Unknown	Strengthening Communities, <i>Codac Behavioral Health Services of Pima County</i> , Contract # 325	UAA	219,468
93.Unknown	Tribal Connections Four Corners, <i>University of Utah</i> , Contract # 200615008	UAA	51,515
93.Unknown	Violence Against Women Electronic Network, <i>Pennsylvania Coalition Against Domestic Violence</i> , Contract # CK057466	UAA	49,090
Total Department of Health and Human Services			<u>\$ 5,301,404.907</u>
<b><u>CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</u></b>			
<b><u>Foster Grandparent/Senior Companion Cluster</u></b>			
94.011	Foster Grandparent Program	DEA	\$ 198,323
94.011	Foster Grandparent Program	NAA	300,194
	94.011 Subtotal		<u>498,517</u>
94.016	Senior Companion Program	NAA	196,550
	Foster Grandparent/Senior Companion Cluster Subtotal		<u>695,067</u>
<b><u>Other Corporation for National and Community Service Programs</u></b>			
94.002	Retired and Senior Volunteer Program	NAA	58,746
94.003	State Commissions	GVA	242,270
94.003	State Commissions	NAA	5,411
	94.003 Subtotal		<u>247,681</u>
94.004	Learn and Serve America—School and Community Based Programs	ASA	516
94.004	Learn and Serve America—School and Community Based Programs	EDA	414,735
	94.004 Subtotal		<u>415,251</u>
94.006	AmeriCorps	GVA	1,417,231
94.006	AmeriCorps	NAA	349,128
94.006	AmeriCorps, <i>Jumpstart for Young Children Inc.</i>	ASA	41,146
	94.006 Subtotal		<u>1,807,505</u>
94.007	Planning and Program Development Grants	GVA	24,090
94.009	Training and Technical Assistance	GVA	125,731
94.009	Training and Technical Assistance	NAA	31,693
94.009	Training and Technical Assistance	UAA	106,910
	94.009 Subtotal		<u>264,334</u>
94.013	Volunteers in Service to America	ASA	677
Total Corporation for National and Community Service			<u>\$ 3,513,351</u>
<b><u>SOCIAL SECURITY ADMINISTRATION</u></b>			
<b><u>Disability Insurance/SSI Cluster</u></b>			
96.001	Social Security—Disability Insurance	DEA	\$ 23,883,900
	Disability Insurance/SSI Cluster Subtotal		<u>23,883,900</u>
96.008	Social Security—Work Incentives Planning and Assistance Program	ASA	123,710
Total Social Security Administration			<u>\$ 24,007,610</u>
<b><u>DEPARTMENT OF HOMELAND SECURITY</u></b>			
97.008	Urban Areas Security Initiative	AHA	\$ 402,771
97.008	Urban Areas Security Initiative	EVA	159,455
97.008	Urban Areas Security Initiative	MAA	11,534,374
	97.008 Subtotal		<u>12,096,600</u>

See accompanying notes to schedule.

State of Arizona  
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CFDA/Identifying Number	Federal Grantor/Program Title/ <i>Pass-Through Grantor</i> /Contract Number	Grantee (Appendix)	Expenditures
97.012	Boating Safety Financial Assistance	GFA	710,608
97.017	Pre-Disaster Mitigation (PDM) Competitive Grants	MAA	864,597
97.021	Hazardous Materials Assistance Program	MAA	6,345
97.023	Community Assistance Program State Support Services Element (CAP-SSSE)	WCA	134,066
97.032	Crisis Counseling	HSA	172,013
97.032	Crisis Counseling	MAA	172,013
	97.032 Subtotal		<u>344,026</u>
97.035	Individual and Family Grants	MAA	12,571
97.036	Disaster Grants—Public Assistance (Presidentially Declared Disasters)	GFA	13,620
97.036	Disaster Grants—Public Assistance (Presidentially Declared Disasters)	MAA	9,087,094
97.036	Disaster Grants—Public Assistance (Presidentially Declared Disasters)	PSA	22,082
	97.036 Subtotal		<u>9,122,796</u>
97.039	Hazard Mitigation Grant	MAA	18,001
97.041	National Dam Safety Program	WCA	29,002
97.042	Emergency Management Performance Grants	MAA	2,019,586
97.044	Assistance to Firefighters Grant	UAA	169,537
97.066	Homeland Security Information Technology and Evaluation Program	MAA	135,920
97.070	Map Modernization Management Support	WCA	22,194
97.071	Metropolitan Medical Response System	MAA	116,968
97.071	Metropolitan Medical Response System, <i>City of Tucson</i> , Contract # 23396	UAA	88,981
	97.071 Subtotal		<u>205,949</u>
97.074	Law Enforcement Terrorism Prevention Program (LETPP)	MAA	265,009
97.Unknown	Emergency and Weapons of Mass Destruction (WMD) Exercise Costs, <i>Pima County Health Dept.</i> , Contract # 0101A1362260904	UAA	2,081
97.Unknown	Guadalajara Summary Schedule, <i>City of Tucson</i> , Contract # HS554010	UAA	16,423
	Total Department of Homeland Security		<u>\$ 26,175,311</u>
<b><u>UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT</u></b>			
98.001	USAID Foreign Assistance for Programs Overseas	ASA	\$ 57,774
98.002	Cooperative Development Program (CDP), <i>Association Liaison Office for University Cooperation in Development</i> , Contract # HNEA00970005900	ASA	226,491
98.EDH-00-03-00004-00	Cooperative Association of States for Scholarships (CASS) Program, <i>Georgetown University Medical Center</i> , Contract # EDH-00-03-00004-00	ASA	343,622
98.EDHA00030000400	Cooperative Association of States for Scholarships (CASS) Program, <i>Georgetown University</i> , Contract # UARRX205085204M1, UARRX205085205D1	UAA	314,330
98.HNEA00970005900	Development of Human Resource Training Capabilities in Emerging Areas of Agricultural Production and Processing in Mexico, <i>American Council on Education</i> , Contract # 05122002	UAA	35,659
98.HNEA0097005900	The Transborder Collaboration to Strengthen the Public Health Infrastructure, <i>American Council on Education</i> , Contract # LTR DTD 040104	UAA	56,627
98.Unknown	World Learning—Transit Europe	ASA	\$ 30,325
	Total United States Agency for International Development		<u>\$ 1,064,828</u>
<b><u>MISCELLANEOUS FEDERAL AGENCIES</u></b>			
99.Unknown	U.S. Government	UAA	\$ 55,976
	Total Miscellaneous Federal Agencies		<u>\$ 55,976</u>
<b><u>HOMELAND SECURITY GRANT PROGRAM CLUSTER</u></b>			
<b><u>U.S. Department of Justice</u></b>			
16.007	State Domestic Preparedness Equipment Support Program	DCA	\$ 249,675
16.007	State Domestic Preparedness Equipment Support Program	LLA	247,038
16.007	State Domestic Preparedness Equipment Support Program	MAA	332,326
16.007	State Domestic Preparedness Equipment Support Program	PSA	42,800
16.007	State Domestic Preparedness Equipment Support Program, <i>Pima County Health Department</i> , Contract # 0101A1377421205	UAA	33,190
	16.007 Subtotal		<u>905,029</u>

See accompanying notes to schedule.

State of Arizona  
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CFDA/Identifying Number	Federal Grantor/Program Title/ <i>Pass-Through Grantor</i> /Contract Number	Grantee (Appendix)	Expenditures
<b><u>Department of Homeland Security</u></b>			
97.004	State Domestic Preparedness Equipment Support Program	AEA	170,667
97.004	State Domestic Preparedness Equipment Support Program	ASA	6,699
97.004	State Domestic Preparedness Equipment Support Program	MAA	28,692,579
97.004	State Domestic Preparedness Equipment Support Program	NAA	25,226
97.004	State Domestic Preparedness Equipment Support Program	PSA	1,541,068
	97.004 Subtotal		<u>30,436,239</u>
97.053	Citizen Corps	GVA	86,316
97.053	Citizen Corps	MAA	1,213
	97.053 Subtotal		<u>87,529</u>
97.067	Homeland Security Grant Program	AHA	146,899
97.067	Homeland Security Grant Program	EVA	182,532
97.067	Homeland Security Grant Program	GVA	159,457
97.067	Homeland Security Grant Program	MAA	6,165,696
97.067	Homeland Security Grant Program	PSA	312,402
	97.067 Subtotal		<u>6,966,986</u>
	Total Homeland Security Grant Program Cluster		<u>\$ 38,395,783</u>
<b><u>STUDENT FINANCIAL AID CLUSTER</u></b>			
<b><u>Department of Education</u></b>			
84.007	Federal Supplemental Educational Opportunity Grants	ASA	\$ 2,882,615
84.007	Federal Supplemental Educational Opportunity Grants	NAA	482,207
84.007	Federal Supplemental Educational Opportunity Grants	UAA	837,854
	84.007 Subtotal		<u>4,202,676</u>
84.033	Federal Work-Study Program	AGA	38,911
84.033	Federal Work-Study Program	ASA	1,664,749
84.033	Federal Work-Study Program	NAA	681,589
84.033	Federal Work-Study Program	UAA	1,819,538
	84.033 Subtotal		<u>4,204,787</u>
84.038	Federal Perkins Loan Program—Federal Capital Contributions	NAA	171,812
84.038	Federal Perkins Loan Program—Federal Capital Contributions	UAA	55,740
	84.038 Subtotal		<u>227,552</u>
84.063	Federal Pell Grant Program	ASA	31,054,188
84.063	Federal Pell Grant Program	NAA	11,965,585
84.063	Federal Pell Grant Program	UAA	17,538,678
	84.063 Subtotal		<u>60,558,451</u>
<b><u>Department of Health and Human Services</u></b>			
93.342	Health Professions Student Loans, Including Primary Care Loans/Loans for Disadvantaged Students	UAA	16,589
93.925	Scholarships for Health Professions Students from Disadvantaged Backgrounds	ASA	296,556
93.925	Scholarships for Health Professions Students from Disadvantaged Backgrounds	NAA	37,842
93.925	Scholarships for Health Professions Students from Disadvantaged Backgrounds	UAA	32,368
	93.925 Subtotal		<u>366,766</u>
	Total Student Financial Aid Cluster		<u>\$ 69,576,821</u>
<b><u>RESEARCH AND DEVELOPMENT CLUSTER</u></b>			
<b><u>Department of Agriculture</u></b>			
10.RD	Cooperative State Research, Education, and Extensive Service	NAA	\$ 451,945
10.RD	Department of Agriculture	ASA	845,544
10.RD	Department of Agriculture	UAA	8,590,106
10.RD	Economic Research Office	UAA	16,693
10.RD	Forest Service	ASA	14,816
10.RD	Forest Service	NAA	1,298,387
10.RD	Forest Service	UAA	766,741
10.RD	Natural Resources Conservation Service	UAA	1,578
10.RD	Santa Fe National Forest	UAA	92,928
10.RD	USDA-ARS	UAA	40,199
10.RD	Arizona State Land Department, Contract #s SFA 2002, SFA 3005	NAA	200,441

See accompanying notes to schedule.

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CFDA/Identifying Number	Federal Grantor/Program Title/ Pass-Through Grantor /Contract Number	Grantee (Appendix)	Expenditures
10.RD	Auburn University, Contract # 2004-35204-14689	ASA	43,403
10.RD	Biotechnology Research and Development, Contract # 367567	UAA	53,539
10.RD	Boyce Thompson Research Institute for Plant Research, Contract # 0502	UAA	14,034
10.RD	California Polytechnic State University, Contract # P622753/2004-34101-14559	ASA	13,521
10.RD	CASE Western Reserve University, Contract # 2002-35102-12489	NAA	863
10.RD	Colorado State University, Contract # G14061	UAA	177,338
10.RD	Crownpoint Institute of Technology, Contract # 32474-1	NAA	1,003
10.RD	Crowpointe Institute of Technology, Contract # CK045531	UAA	6,599
10.RD	INBIOS International, Contract # CK52145	UAA	18,119
10.RD	Mississippi State University, Contract # 32094601050003	UAA	12,445
10.RD	New Mexico State University, Contract #s H37Q01013, NMSUBD10, NMSUSUBG18Q00907, NMSUSUBH29Q00977, NMSUSUBH30Q00979, NMSUSUBI41Q01032, NMSUBI42Q01033, NMSUSUBI43Q01034, SWC03N05, SWC04N07	UAA	94,112
10.RD	North Carolina State University, Contract # 2004157802	UAA	45,423
10.RD	Oceanic Institute, Contract #s 20023880801345, 20043880802142	UAA	345,131
10.RD	Oregon State University, Contract # RD010A11	UAA	93,466
10.RD	Penn State University, Contract # 3044-NAU-USDA-6179	NAA	2,260
10.RD	Purdue University, Contract # 591055701	UAA	57,161
10.RD	Rousseau Farming Company, Contract # 06055153	ASA	25,891
10.RD	Rutgers University, Contract # 02IE08310229	ASA	26,576
10.RD	Rutgers, The State University of New Jersey, Contract # 2004AZ001BPD	UAA	4,212
10.RD	University of California—Davis, Contract #s 00RA2416AZ, 0200777IC, 05017ETX, 05021ETX, K00779704, K00675401	UAA	77,992
10.RD	University of Guam, Contract # 51R662150R53233	UAA	15,550
10.RD	University of Haifa, Contract # 03R25	UAA	9,006
10.RD	University of Idaho, Contract # GRK107	UAA	17,093
10.RD	University of Missouri—Columbia; Food & Ag Policy Research, Contract # C00007111-1	ASA	169,963
10.RD	University of Tennessee, Contract #s 85706, 91527	UAA	17,389
10.RD	University of Washington, Contract #s 423298, 748581, 913638	UAA	8,821
10.RD	University of Wisconsin	ASA	856
10.RD	Utah State University, Contract #s 051687005, C026020, C027004	UAA	102,085
10.RD	Washington State University, Contract #s 11838G001821, G001946	UAA	49,513
10.RD	Weizmann Institute of Science, Contract # 04DG11132463019	UAA	5,098
	Subtotal Department of Agriculture		13,827,840
<b><u>Department of Commerce</u></b>			
11.RD	Department of Commerce	UAA	21,291
11.RD	Economic Development Administration	UAA	5,457
11.RD	National Institute of Standards and Technology	UAA	77,164
11.RD	National Oceanic and Atmospheric Administration	UAA	1,515,838
11.RD	National Weather Service	UAA	14,962
11.RD	Pacific Marine Environmental Lab	UAA	66,132
11.RD	National Storage Industry Consortium, Contract # 70NANB1H3056	UAA	268,019
11.RD	Seagate, Contract # 70NANB1H3056	UAA	83,201
11.RD	University Corporation for Atmospheric Research, Contract # S0344674	UAA	61,850
11.RD	University of Georgia, Contract # RC7140467513357	UAA	13,699
11.RD	University of Washington, Contract # 875565	UAA	25,926
	Subtotal Department of Commerce		2,153,539
<b><u>Department of Defense</u></b>			
12.RD	Army Corps of Engineers	ASA	60,969
12.RD	Army, Research Development and Engineering Command Public Communications Office	UAA	58,051
12.RD	Defense Advanced Research Projects Agency	ASA	481,802
12.RD	Defense Advanced Research Projects Agency	UAA	1,945,404
12.RD	Department of the Air Force	UAA	6,849,943
12.RD	Department of the Army	NAA	953,763
12.RD	Department of the Army	ASA	148,645
12.RD	Department of the Army	UAA	1,518,804
12.RD	Department of the Army—Army Aviation Applied Technology Directorate	ASA	97,690
12.RD	Department of the Army—Army Construction Engineering Research Laboratory	ASA	17,256
12.RD	Department of the Army—Army Research Institute for the Behavioral & Social Science	ASA	207,967
12.RD	Department of the Army—Army Research Laboratory	ASA	113,823
12.RD	Department of the Army—Army Research Office	ASA	11,062,663
12.RD	Department of Defense	UAA	47,703
12.RD	Department of Defense—Air Force Office of Scientific Research	ASA	2,271,624
12.RD	Department of Defense—Air Force Research Laboratory	ASA	18,610
12.RD	Department of Defense—Air Force Research Laboratory	UAA	2,061
12.RD	Department of Defense—Space and Naval Warfare Systems Center	ASA	64,593
12.RD	Department of the Navy	ASA	73,617
12.RD	Department of the Navy	NAA	2,757

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CFDA/Identifying Number	Federal Grantor/Program Title/ Pass-Through Grantor /Contract Number	Grantee (Appendix)	Expenditures
12.RD	Department of the Navy	UAA	1,226,630
12.RD	Department of the Navy—Naval Research Laboratory	NAA	59,804
12.RD	Department of the Navy—Naval Research Laboratory	ASA	216,567
12.RD	Department of the Navy—Office of Naval Research	ASA	2,671,190
12.RD	Department of the Navy—Office of Naval Research	NAA	238,499
12.RD	Marine Corps Systems Command	UAA	371,822
12.RD	National Imagery and Mapping Agency	UAA	7,776
12.RD	National Security Agency	ASA	468,364
12.RD	National Security Agency	UAA	27,664
12.RD	U.S. Army Materiel Command	UAA	389,143
12.RD	U.S. Army Medical Command	UAA	1,666,371
12.RD	Advanced Ceramics Research Incorporated, Contract # A0334	UAA	20,397
12.RD	AirLaunch LLC., Contract # AL1100	UAA	6,121
12.RD	Allied Signal—Honeywell	ASA	17,085
12.RD	Aptima, Inc., Contract # W74V8H-06-C-0004	ASA	10,735
12.RD	California Institute of Technology, Contract #s 38A1077196, 68A1058601	UAA	141,103
12.RD	California State University, Long Beach, Contract # DAAD19-02-1-0355	ASA	115,544
12.RD	Call / Recall Incorporated, Contract # W9113M04C0086	UAA	46,990
12.RD	Carnegie Mellon University, Contract # MARCO 2003-CT-888	ASA	103,809
12.RD	CDM Optics, INC., Contract # 82405	UAA	33,000
12.RD	Cognitive Engineering Research Institute, Contract # FA8650-04-2-6442	ASA	32,355
12.RD	Corporation for National Research Initiatives, Contract #s NBCH2030002, NBCH2030002TO1	UAA	263,761
12.RD	Crawdad Technologies, Contract # F49620-03-0082/USAF	ASA	125,484
12.RD	Dow Corning Corporation, Contract # N00014-05-C-0324	ASA	15,019
12.RD	Duke University, Contract # W911NF0510248	ASA	135,006
12.RD	Electronic Bio Sciences, Contract # FA955006C0006	ASA	422,890
12.RD	Georgia Institute of Technology, Contract # E216WGG1	UAA	95,603
12.RD	Global Technologies, Inc., Contract # 263-01	ASA	165,164
12.RD	Gulde Consortium (Carnegie Mellon Univ.), Contract # F33615-01-C-2186	ASA	32,605
12.RD	Heat, Light, and Sound Research, Inc., Contract # N00014-05-M-0224	ASA	21,217
12.RD	High Performance Technologies, Inc., Contract # GS04T01BFC0061	ASA	178,555
12.RD	IFOS, Inc., Contract # N0001405M0259	UAA	20,000
12.RD	Intelligent Automation, Inc. (IAI), Contract # HQ0006-02-C-7277	ASA	33,000
12.RD	Iowa State University, Contract # 4212553	UAA	63,527
12.RD	Kansas State University, Contract # S06011	UAA	181,839
12.RD	L3 Communications Aerospace Electronics Division, Contract # N0001403C0228	ASA	139,510
12.RD	L3 Communications Link Simulation and Training, Contract # F41624-97-D-50000017	ASA	25,080
12.RD	Lockheed Martin Aeronautics, Contract # FA8650-06-C-7605	ASA	23,993
12.RD	Luna Innovations, Inc., Contract # FA9550-04-C-0088	ASA	8,143
12.RD	Massachusetts Institute of Technology, Contract # 3074290	UAA	877
12.RD	Massachusetts Institute of Technology, Contract # N000140110758	ASA	76,777
12.RD	Maxdem Incorporated, Contract # N0001405M0232	ASA	23,092
12.RD	Microelectronics Research and Development Corporation, Contract # FA9453-06-C-0227	ASA	14,713
12.RD	Mission Research Corporation, Contract #s F29601-00-D-0244, FA9453-04-C-0208	ASA	211,398
12.RD	New Jersey Institute of Technology, Contract # P405586	UAA	195,407
12.RD	North Carolina State University, Contract # N00014-01-1-0716	ASA	56,814
12.RD	Northrop Grumman Space Technology Sector, Contract # ACIMSSC04033	UAA	453,312
12.RD	Princeton University, Contract # N000140110741	ASA	97,484
12.RD	QuantTera, Contract # FA955005C0122	ASA	47,893
12.RD	Raytheon Company, Contract #s 2599, 4200020837	UAA	85,269
12.RD	Raytheon Missile Systems, Contract #s N00014-04-C-0437, F4962002C0055	ASA	111,419
12.RD	Ridgetop Group, Inc., Contract # N00164-02-D-6599	ASA	67,297
12.RD	Rush-Presbyterian—St. Luke's Medical Center, Contract # F30602-01-2-0584	ASA	9,291
12.RD	Scientific Monitoring Inc, Contract # FA8650-05-C-3506	ASA	50,938
12.RD	Signal Solutions, Inc., Contract # W9128Z-04-R-0004	ASA	1,459
12.RD	University of Cincinnati, Contract # DAAD190210227	ASA	96,976
12.RD	University of Dayton, Contract # RSC04015	UAA	3,245
12.RD	University of Illinois—Chicago, Contract #s DAAD190110462, FA9550-05-1-0443, N00173061G006	ASA	209,127
12.RD	University of Iowa, Contract #s 4000508757, 4000516859, 4000514479	UAA	143,857
12.RD	University of Michigan, Contract #s F005004, F012443	UAA	70,627
12.RD	University of Minnesota, Contract # R6636360302	UAA	49,914
12.RD	University of New Mexico, Contract # DTRA01-03-D-0009	ASA	146,802
12.RD	University of New Mexico, Contract #s 707195873W, 707588873W	UAA	313,183
12.RD	University of South Florida, Contract # 2130003200H	ASA	49,963
12.RD	University of Southern California, Contract # 907959	ASA	78,754
12.RD	University of Southern California, Contract # 080120	UAA	22,566
12.RD	University of Texas MD Anderson Cancer Center, Contract # DAMD179919505	UAA	15,602
12.RD	University of Virginia, Contract # F496020110352	ASA	126,088
12.RD	URS Corp., Contract # LV03A002054023A	UAA	66,589
12.RD	Vanderbilt University, Contract # FA9550-05-1-0306	ASA	135,422

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12.RD	Washington State University, Contract #s F29601-02-2-0299, N00015-04-1-0644	ASA	90,961
12.RD	Waveband Corporation, Contract # W911NF04C0051	UAA	95,399
12.RD	Whitehead Institute for Biomedical Research, Contract # 1214230102	UAA	12,800
12.RD	Wingler & Sharp Architects & Planners, Inc., Contract # 05114041	ASA	77,625
12.RD	Zona Technology Inc., Contract # NNLO4AA07C	ASA	1,220
12.RD	Zonge Engineering & Research Organization, Contract # 202264RD1309	UAA	8,236
	Subtotal Department of Defense		<u>39,137,506</u>
<b><u>Department of Housing and Urban Development</u></b>			
14.RD	Department of Housing and Urban Development	UAA	10,684
14.RD	City of Phoenix, Contract # 109609	ASA	3,277
	Subtotal Department of Housing and Urban Development		<u>13,961</u>
<b><u>Department of the Interior</u></b>			
15.RD	Bureau of Land Management	ASA	70,589
15.RD	Bureau of Land Management	NAA	881,093
15.RD	Bureau of Land Management	UAA	72,543
15.RD	Bureau of Reclamation	ASA	603,997
15.RD	Bureau of Reclamation	NAA	72,068
15.RD	Bureau of Reclamation	UAA	242,929
15.RD	Department of the Interior	UAA	29,769
15.RD	National Fish and Wildlife Foundation	NAA	606
15.RD	National Park Service	ASA	66,724
15.RD	National Park Service	NAA	1,021,839
15.RD	National Park Service	UAA	1,239,962
15.RD	U.S. Fish and Wildlife Service	ASA	16,723
15.RD	U.S. Fish and Wildlife Service	NAA	4,728
15.RD	U.S. Fish and Wildlife Service	UAA	112,760
15.RD	U.S. Geological Survey	ASA	74,906
15.RD	U.S. Geological Survey	NAA	912,521
15.RD	U.S. Geological Survey	UAA	2,846,080
15.RD	Louisiana State University and Agricultural and Mechanical College, Contract # R138636	UAA	16,123
15.RD	National Fish and Wildlife Foundation, Contract #s 20040060000, 2004011500, 20050186000	UAA	19,903
15.RD	Northern Arizona University, Contract # CSE35FY99175HS020	UAA	1,165
15.RD	Pacific States Marine Fisheries Commission, Contract # 0645	UAA	15,222
15.RD	Partners in Parks	NAA	19,188
15.RD	Penn State University, Contract # 2840-NAU-GTU-1620	NAA	124,019
15.RD	State of Utah, Contract # 976475	NAA	5,178
15.RD	University of Arizona, Contract # 01HQGR0113	ASA	16,459
15.RD	University of Arizona, Contract # Y413957	NAA	6,877
	Subtotal Department of the Interior		<u>8,493,971</u>
<b><u>Department of Justice</u></b>			
16.RD	Department of Justice	ASA	1,051,206
16.RD	Department of Justice	NAA	180,503
16.RD	Federal Bureau of Investigation	NAA	273,122
16.RD	National Institute of Justice	ASA	4,849
16.RD	National Institute of Justice	UAA	288,283
16.RD	Eastern Kentucky University, Contract # 06210	UAA	388
16.RD	The Institute for Genomic Research, Contract # TIGR-04-017	NAA	128,270
16.RD	University of California—Riverside, Contract # 2000-DT-CX-K0022	ASA	43,852
16.RD	University of Pittsburgh, Contract # 2000-MU-0007	ASA	223,997
	Subtotal Department of Justice		<u>2,194,470</u>
<b><u>Department of Labor</u></b>			
17.RD	U.S. Department of Labor	ASA	93,075
17.RD	M.H. West and Co., Contract # DOLJ061A20310	ASA	63,007
	Subtotal Department of Labor		<u>156,082</u>
<b><u>Department of State</u></b>			
19.RD	Department of State	UAA	18,072
19.RD	National Council for Eurasian & East European Research, Contract # 820-1	ASA	16,271
	Subtotal Department of State		<u>34,343</u>
<b><u>Department of Transportation</u></b>			
20.RD	Federal Aviation Administration	ASA	111,599
20.RD	Federal Highway Administration	UAA	67,577
20.RD	National Cooperative Highway Research Program	ASA	53,228
20.RD	National Highway Traffic Safety Administration	ASA	69,903
20.RD	National Highway Traffic Safety Administration	UAA	1,817

See accompanying notes to schedule.

State of Arizona  
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CFDA/Identifying Number	Federal Grantor/Program Title/ Pass-Through Grantor /Contract Number	Grantee (Appendix)	Expenditures
20.RD	Aerospace Corporation, Contract # 4600002667	UAA	13,063
20.RD	Arizona Department of Transportation, Contract #s JPA06007T, KR040720TRN, KR031090TRN, KR040168TRN	ASA	62,864
20.RD	Arizona Department of Transportation, Contract #s JPA04001T, JPA05008T, JPA0281, JPA05015T, JPA05013T	UAA	285,557
20.RD	Maricopa Association of Governments, Contract # 244	ASA	2,937
20.RD	Northern Taiga Ventures Inc., Contract # 05-093566	ASA	44,981
20.RD	Ohio State University Research Foundation, Contract # 60003341RF01009706	UAA	220,223
20.RD	Siemens Intelligent Transportation Systems, Contract #s CK0051142941, S557070554E	UAA	42,377
20.RD	Texas A & M Research Foundation, Contract # NAS 118 HR-17-29	ASA	24,988
	Subtotal Department of Transportation		<u>1,001,114</u>
<b><u>Department of the Treasury</u></b>			
21.RD	United States Department of Treasury	UAA	86,009
	Subtotal Department of Treasury		<u>86,009</u>
<b><u>Office of Personnel Management</u></b>			
27.RD	National Institute of Standards & Technology	ASA	16,218
27.RD	VA Long Beach Healthcare System	ASA	13,953
	Subtotal Office of Personnel Management		<u>30,171</u>
<b><u>National Aeronautics and Space Administration</u></b>			
43.RD	Ames Research Center	ASA	238,040
43.RD	Ames Research Center	NAA	25,721
43.RD	Ames Research Center	UAA	1,234,946
43.RD	George C. Marshall Space Flight Center	ASA	176,070
43.RD	Goddard Space Flight Center	ASA	2,690,638
43.RD	Goddard Space Flight Center	NAA	156,306
43.RD	Goddard Space Flight Center	UAA	39,327,343
43.RD	John C. Stennis Space Center	UAA	71,044
43.RD	John H. Glenn Research Center, Lewis Field	ASA	129,305
43.RD	Kennedy Space Center	UAA	10,375
43.RD	Langley Research Center	ASA	1,138
43.RD	Langley Research Center	UAA	129,885
43.RD	Lewis Research Center	UAA	18,604
43.RD	Lyndon B. Johnson Space Center	ASA	114,686
43.RD	Marshall Space Flight Center	UAA	54,385
43.RD	National Aeronautics and Space Administration	UAA	1,385,417
43.RD	NASA Glenn Research Center	UAA	225,637
43.RD	NASA Johnson Space Center	UAA	2,492
43.RD	California Institute of Technology, Contract #s 21062198, 65P1080063	UAA	1,079,189
43.RD	Carnegie Institution of Washington, Contract #s DTM325002, DTM325008 (PHASE E)	UAA	225,504
43.RD	California Space Grant Foundation, Contract # PO CSGF 00201601R1	ASA	28,902
43.RD	Center for Cultural & Technical Interchange, Contract # HC11795	UAA	41,635
43.RD	Cornell University, Contract # JPL No. 1223696	ASA	759,449
43.RD	Georgia Institute of Technology, Contract # G35C14G3	UAA	61,031
43.RD	Harvey Mudd College, Contract # NNG05GA56G	UAA	36,523
43.RD	Jackson Laboratory, Contract # 562359	UAA	11,195
43.RD	Jet Propulsion Laboratory (JPL), Contract #s 1207213, 1208566, 1216369, 1224768, 1224769, 1226582, 1228726, 1230836, 1235383, 1236412, 1241125, 1243073, 1245833, 1251189, 1252566, 1254354, 1254722, 1254724, 1254725, 1255094, 1255219, 1255566, 1255596, 1255670, 1256318, 1256424, 1258748, 1258909, 1260022, 1261947, 1264726, 1268552, 1270067, 1270499, 1272218, 1272250, 1272252, 1273630, 1274577, 1275373, 1275618, 1275917, 1276541, 1278118, 1278361, 1278445, 1278446, 1278815, 1278821, 1278822, 1278848, 1279363, 1279650, 1279652, 1279653, 1279654, 1279656, 1281170, 1282224, 1282867, 960173, 961160, 961163, 961165, 961166, 961167	UAA	21,889,740
43.RD	Jet Propulsion Laboratory (JPL), Contract #s NAS7-03001, NMO710076, NAS7-1407, NMO710819, NMO710209, NMO710741, NM0710830, NMO710764, NM0710837, NM0710805	ASA	6,651,460
43.RD	Johns Hopkins University, Contract # 782694	UAA	3,456
43.RD	Lockheed Martin Corporation, Contract # R051	UAA	9,675
43.RD	Longhill Technologies, Inc., Contract # 01-2-S1.05-9324	ASA	53,548
43.RD	National Space Biomedical Research Institute, Contract # NCC958166HPF00403	UAA	24,143
43.RD	Northwestern University, Contract # NNJ04HG05G/SUP4	ASA	19,441
43.RD	Northwestern University, Contract # 0720300J446	UAA	97,498
43.RD	Ohio Aerospace Institute, Contract # 021422	ASA	39,481
43.RD	Paragon Space Development Corporation, Contract # NNJ06JD56C	UAA	2,724
43.RD	Pennsylvania State University, Contract # 2587-NAU-NASA-2275	NAA	33,225
43.RD	Science Application International Corporation, Contract # NAS9-19180	ASA	38,692
43.RD	Seti Institute, Contract # 132803002	UAA	24,870
43.RD	SJT Micropower Inc., Contract # NNC06CB36C	ASA	16,321
43.RD	Smithsonian Astrophysical Observatory, Contract # NAS8-03060	ASA	68,538
43.RD	Smithsonian Astrophysical Observatory, Contract # PF560041	UAA	85,062
43.RD	Southwest Research Institute, Contract #s 699051X, 83818	UAA	294,034
43.RD	Space Telescope Science Institute, Contract #s NAS5-26555, HST-GO-10180.06-A	ASA	233,581



State of Arizona  
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CFDA/Identifying Number	Federal Grantor/Program Title/ Pass-Through Grantor /Contract Number	Grantee (Appendix)	Expenditures
43.RD	Space Telescope Science Institute, Contract #s GO081960197A, HSRGO0974101A, HSTAR0952106A, HSTAR0991082A, HSTAR1030801A, HSTAR1031801, HSTAR1063901A, HSTAR1064701A, HSTAR1066104A, HSTAR1066501A, HSTAR1066601A, HSTAR1067507A, HSTGO0828601A, HSTGO0916101A, HSTGO0935501, HSTGO0936603A, HSTGO0938301A, HSTGO0943305A, HSTGO945507, HSTGO0972501A, HSTGO0974405A, HSTGO0974420A, HSTGO0974502A, HSTGO0974503A, HSTGO0976802A, HSTGO0977110A, HSTGO0978103A, HSTGO0980301A, HSTGO0980307A, HSTGO0980308A, HSTGO0982204A, HSTGO0983901A, HSTGO0984601A, HSTGO1008101A, HSTGO1012601A, HSTGO1014501A, HSTGO1014903A, HSTGO1016702A, HSTGO1016901A, HSTGO1017603A, HSTGO1017701A, HSTGO1018275A, HSTGO1019001A, HSTGO1019201A, HSTGO1023505A, HSTGO1023701, HSTGO1026803A, HSTGO1041701A, HSTGO1050509A, HSTGO1050509A, HSTGO1051301A, HSTGO1052703A, HSTGO1055703A, HSTHF0115602A, HSTHF0116001, HSTHF0118201A,	UAA	1,430,155
43.RD	Spitzer Science Center, Contract # 1277283	ASA	17,392
43.RD	Stanford University, Contract # NAG5-12673	ASA	811
43.RD	Universities Space Research Association, Contract #s 07605003036, 07065003056	UAA	144,745
43.RD	University of Arizona, Contract #s NGT5-40082, NNG05GE72H	ASA	143,106
43.RD	University of California—Berkeley, Contract # SA480610604	UAA	11,611
43.RD	University of California—Los Angeles, Contract # 1000GGC071	UAA	14,011
43.RD	University of Colorado, Contract # 1534722	UAA	29,539
43.RD	University of Colorado—Boulder, Contract #s NAG512279, NNG04GJ62G	ASA	43,087
43.RD	University of Hawaii, Contract # NNG04GL88G	UAA	34,818
43.RD	University of Illinois at Urbana—Champaign, Contract # NNC05CB04C	ASA	32,167
43.RD	University of Maryland, Contract # NNG04GK29G	ASA	41,788
43.RD	University of Maryland, Contract # Z667706	UAA	32,886
43.RD	University of Michigan, Contract #s F006453, F007004	UAA	43,831
43.RD	University of Missouri, Contract # C000094401	UAA	27,446
43.RD	University of New Mexico, Contract # 3413517810	UAA	239,492
43.RD	University of Texas, Contract # UTA03-066	NAA	105,420
43.RD	University of Washington, Contract # 426389	UAA	36,564
	Subtotal National Aeronautics and Space Administration		80,249,818
<b><u>National Foundation on the Arts and the Humanities</u></b>			
45.RD	National Endowment for the Humanities	ASA	1,289
45.RD	National Endowment for the Humanities	UAA	106,221
45.RD	Arizona Humanities Council, Contract #s GG0342792005, GG03447262006, GG0442802005, GG0544772006, OA0244962006	ASA	10,972
45.RD	World Monuments Fund, Contract # PI-50007-04	ASA	82,810
	Subtotal National Foundation on the Arts and the Humanities		201,292
<b><u>National Science Foundation</u></b>			
47.RD	National Science Foundation	ASA	30,030,706
47.RD	National Science Foundation	NAA	3,970,641
47.RD	National Science Foundation	UAA	41,641,034
47.RD	American Museum of Natural History, Contract # 052002	UAA	191
47.RD	Arctic Research Consortium of the United States, Inc., Contract # OPP0101279	UAA	41,104
47.RD	Arizona State University, Contract #s 04-417, 06-604	NAA	61,311
47.RD	Arizona State University, Contract #s 03039, 04418, KDM52761142F05UR019, KMD52761137S04UR004, KMD52761139F04UR015, KMD52761140S05UR011, KMD52761140S05UR012, KMD52761140S05UR013, KMD52761140S05UR015, KMD52761140S05UR016, KMD52761140S05UR017, KMD52761140S05UR018, KMD52761141V05UR003, KMD52761141V05UR004, KMD52761141V05UR005, KMD52761141V05UR007, KMD52761141V05UR008, KMD52761141V05UR011, KMD52761142F05UR009, KMD52761142F05UR017, KMD52761142F05UR018, KMD52761142F05UR023, KMD52761143S06UR002, KMD52761143S06UR003, KMD52761143S06UR007, KMD52761143S06UR014, KMD52761143S06UR015, KMD52761143S06UR019, KMD52761143S06UR024, KMD52761144F05AN002, KMD52761145S05AN010	UAA	76,177
47.RD	Aura, Inc., Contract #s C10409A, C10464A, C10480A, C10485A, C10486N, C10509A, C10517A, P47109A, P49473A, P49491A	UAA	88,440
47.RD	Bio Science Curriculum Studies	NAA	87,753
47.RD	Carleton College, Contract # CK 169286	UAA	18,109
47.RD	Carnegie Mellon University, Contract # DUE-0442618	ASA	9,479
47.RD	Case Western Reserve University, Contract # CCR-0329910	ASA	67,250
47.RD	Cold Spring Harbor Lab, Contract # 22140111	UAA	700,519
47.RD	Columbia University, Contract # ONE(1)	UAA	7,007
47.RD	Cornell University, Contract # BES-0109936	ASA	32,168
47.RD	Cornell University, Contract # 397616663	UAA	42,205
47.RD	Florida International University, Contract # SES-0433947	ASA	117,479
47.RD	Harvard University, Contract # ATM-0304213, REC-0532446	ASA	119,275
47.RD	Incorporated Research Institutions for Seismology, Contract #s 0350030, 0323309	ASA	97,390
47.RD	Incorporated Research Institutions for Seismology, Contract # 38103	UAA	4,036
47.RD	Iowa State University, Contract #s ECS-0428040, EEC-0439175	ASA	47,099
47.RD	Iowa State University, Contract # 4206131	UAA	104,993
47.RD	Joint Oceanic Institution, Contract # JSA50T310A50	UAA	28,013

See accompanying notes to schedule.

State of Arizona  
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CFDA/Identifying Number	Federal Grantor/Program Title/ Pass-Through Grantor /Contract Number	Grantee (Appendix)	Expenditures
47.RD	Kansas State University, Contract # DEB-0218210	ASA	23,746
47.RD	LG Synoptic Survey Telescope Corp., Contract #s C44007L, C44022L	UAA	204,857
47.RD	Maricopa Community Colleges, Contract # ES1-053469	ASA	62,860
47.RD	Michigan State University, Contract # DMR-0304391	ASA	65,307
47.RD	Michigan State University, Contract # 612113A	UAA	6,362
47.RD	National Optical Astronomy Observatories, Contract #s C10487A, C10488A, P15317A	UAA	39,927
47.RD	New York University, Contract # PHY-0428662-01	ASA	34,599
47.RD	New York University, Contract #s F563601, F597901	UAA	45,116
47.RD	North Carolina State University, Contract #s 2001093304, 2001093307	UAA	82,792
47.RD	North Dakota State University, Contract # 497102	UAA	48,927
47.RD	Ohio State University Research Foundation, Contract # 746607RF01012560	UAA	12,759
47.RD	Pennsylvania State University, Contract # 2359ASUNSF3702	ASA	4,017
47.RD	Pennsylvania State University, Contract #s 1921UANSF8052, 2205UANSF9156, 2501UANSF3772	UAA	36,610
47.RD	Planetary Science Institute, Contract # 3901	UAA	16,454
47.RD	Portland State University, Contract # EIA-0085952	ASA	72,987
47.RD	Purdue University, Contract # 501159701	UAA	658,399
47.RD	Rockefeller University, Contract # DMS0443803	UAA	28,299
47.RD	Rutgers, The State University of New Jersey, Contract # 1494	UAA	8,827
47.RD	Science Education Selections, Inc.	NAA	353
47.RD	Social Science Research Council, Contract # REC0355353	ASA	303,624
47.RD	Southern California Earthquake Center, Contract # 0106924	ASA	646
47.RD	SRI International, Contract # SBE-0354453	ASA	189,240
47.RD	State University of New York—Buffalo, Contract # DMR-0305242	ASA	41,189
47.RD	State University of New York—Stony Brook, Contract #s EAR-0135554, PHY0428662	ASA	146,570
47.RD	Teravision Incorporated, Contract # PO00001	UAA	21,815
47.RD	Texas A&M Research Foundation, Contract # OCE-9320477	ASA	270
47.RD	Texas Technology University, Contract # DMR-0304640	ASA	61,810
47.RD	University of Arizona, Contract #s EAR9876800, EEC9523338, SES-0241559	ASA	188,825
47.RD	University of California—Berkeley, Contract # ESI-0334199	ASA	98,731
47.RD	University of California—Davis, Contract # K013269	UAA	1,300
47.RD	University of California—Irvine, Contract # CNS-0326606	ASA	1,588
47.RD	University of California—Riverside, Contract # S00050	UAA	26,331
47.RD	University of Chicago, Contract # 25340	UAA	1,670
47.RD	University of Cincinnati, Contract # CTS-0403897	ASA	26,593
47.RD	University of Colorado Boulder, Contract # SES03455604	ASA	106,396
47.RD	University of Delaware, Contract # SES0550208	ASA	15,506
47.RD	University of Florida, Contract #s SC00011513, UF03070	UAA	79,934
47.RD	University of Georgia, Contract # RR3730206236467	UAA	111,220
47.RD	University of Kentucky Research Foundation, Contract # UKRF46683904024	UAA	7,779
47.RD	University of Michigan, Contract # CCR-0205227	ASA	133,642
47.RD	University of Minnesota, Contract #s X4056459301, 048769-8747	NAA	41,086
47.RD	University of Minnesota Twin Cities Campus, Contract # DMS-0439734	ASA	20,881
47.RD	University of Missouri, Contract # C000040794	UAA	536,204
47.RD	University of New Mexico, Contract # DBI-0225665	ASA	27,872
47.RD	University of Notre Dame, Contract # 46735	UAA	36,112
47.RD	University of Oklahoma—Health Science Center, Contract # HRD-0225228	ASA	19
47.RD	University of Oregon, Contract # 204991A	UAA	14,512
47.RD	University of Tennessee, Contract # OR87800111	ASA	3,413
47.RD	University of Texas at Austin, Contract # CTS-0352552	ASA	81,591
47.RD	University of Texas at Dallas, Contract #s ANI-0105985, ANI-0220001	ASA	217,211
47.RD	University of Texas, Contract # Y417724	NAA	15,199
47.RD	University of Vermont, Contract # DEB0450537	UAA	7,268
47.RD	University of Virginia, Contract # BES-0403963	ASA	11,737
47.RD	University of Washington, Contract #s ECS-0300537, BCS-0508002	ASA	93,578
47.RD	University of Washington, Contract # 594594	UAA	649,718
47.RD	University of Wisconsin, Contract # 0514592	ASA	72,974
47.RD	Utah State University, Contract # ESI-0352570	ASA	24,674
47.RD	Vassar College, Contract # BCS-0218609	NAA	1,550
47.RD	Virginia Polytechnic Institute, Contract # ECS-0224701	ASA	31,746
47.RD	Washington University, Contract # WU-06-184	UAA	625,501
47.RD	Wayne State University, Contract # WSU01160	UAA	3,888
	Subtotal National Science Foundation		<u>82,926,990</u>
<b><u>Smithsonian Institution</u></b>			
60.RD	Smithsonian Astrophysical Observatory	UAA	1,082,796
60.RD	Smithsonian Institution	UAA	5,665
	Subtotal Smithsonian Institution		<u>1,088,461</u>
<b><u>Department of Veterans Affairs</u></b>			
64.RD	Department of Veterans Affairs	ASA	39,475

State of Arizona  
Schedule of Expenditures of Federal Awards  
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CFDA/Identifying Number	Federal Grantor/Program Title/ Pass-Through Grantor /Contract Number	Grantee (Appendix)	Expenditures
64.RD	Veterans Administration	UAA	625,578
64.RD	Harvard University, Contract # 04105913	UAA	69,934
	Subtotal Department of Veterans Affairs		734,987
<b><u>Environmental Protection Agency</u></b>			
66.RD	Environmental Protection Agency	ASA	1,207,086
66.RD	Environmental Protection Agency	NAA	6,613
66.RD	Environmental Protection Agency	UAA	619,792
66.RD	Battelle Memorial Institute, Contract # Lab68C00185	ASA	60,963
66.RD	Case Western Reserve University, Contract # GL97590101	NAA	390
66.RD	Health Effects Institute, Contract # 4728RFP046051	UAA	51,961
66.RD	Metropolitan Water District of Southern California, Contract # CR3111040	ASA	24,849
66.RD	Michigan State University, Contract # 613383D	UAA	66,043
66.RD	Naco Fire District, Contract #s BF969921901, BP989066010	ASA	41,984
66.RD	New Mexico State University, Contract # Q01057	UAA	9,990
66.RD	Southwest Center for Environmental Research, Contract # XA 83099401-0	ASA	8,012
66.RD	State University of New York, Research Foundation, Contract # RD-83090601	ASA	70,196
66.RD	University of New Mexico, Contract # RD-83159601	ASA	12,993
66.RD	University of New Mexico, Contract # 3422617810	UAA	1,414
66.RD	University of Texas at Austin, Contract # X3-83235101	ASA	16,014
66.RD	University of Utah, Contract # XA 83099401-0	ASA	120,525
	Subtotal Environmental Protection Agency		2,318,825
<b><u>Department of Energy</u></b>			
81.RD	Department of Energy	ASA	2,510,301
81.RD	Department of Energy	NAA	485,351
81.RD	Department of Energy	UAA	4,051,558
81.RD	Argonne National Laboratory, Contract # W-31-109-ENG-38	ASA	206,668
81.RD	Argonne National Laboratory	UAA	47,112
81.RD	Awwa Research Foundation	ASA	83,601
81.RD	Awwa Research Foundation, Contract # 3083	UAA	39,015
81.RD	Battelle Memorial Institute, Contract # 661820195	UAA	31,850
81.RD	Battelle Pacific Northwest Laboratories, Contract #s 18907, 401592A3E	UAA	327,361
81.RD	Bechtel Nevada, Contract # 66924	NAA	60,544
81.RD	Bechtel Corporation, Contract # 64494	UAA	59,983
81.RD	Bonneville Power Administration	ASA	19,541
81.RD	BP Exploration, (Alaska) Inc., Contract # 4748	UAA	251,540
81.RD	Brookhaven National Laboratory, Contract # DE-AC02-98CH10886	ASA	35,173
81.RD	Brookhaven National Laboratory, Contract #s 101340, 4054, 74201, 85587	UAA	413,935
81.RD	Brookhaven Science Associates, Contract #s 96923, 107946	UAA	17,224
81.RD	Carnegie Institution of Washington, Contract # DE-FC03-03NA00144	ASA	11,261
81.RD	Case Western Reserve University, Contract # DE-FC28-04RW12252	ASA	129,565
81.RD	Fermi National Accelerator Laboratory, Contract #s 550814, 557734	UAA	29,261
81.RD	Gas Technology Institute, Contract # DE FC2605NT42450	ASA	26,132
81.RD	Georgia Institute of Technology, Contract # G35A01G1	UAA	2,505
81.RD	Howard University, Contract # 633254-192523	NAA	73,651
81.RD	Krell Institute	ASA	308
81.RD	Lawrence Berkeley National Laboratory, Contract # DE-AC02-05CH11231	ASA	102,068
81.RD	Lawrence Livermore Laboratory, Contract #s B527959, B552874, B556909	UAA	297,180
81.RD	Los Alamos National Laboratory, Contract # W-7405-ENG-36	ASA	159,910
81.RD	Los Alamos National Laboratory, Contract #s 70926-002-053C, 93061-001-04, 13235-001-05, 27669-001-05	NAA	373,211
81.RD	Los Alamos National Laboratory, Contract #s 2493700105, 2514600105, 67198001033C, 84240001033V	UAA	130,367
81.RD	National Energy Technology Laboratory	ASA	300,771
81.RD	National Nuclear Security Administration	UAA	79,446
81.RD	National Renewable Energy Laboratory (formerly SERI), Contract # DEAC36-99-G010337	ASA	59,962
81.RD	National Renewable Energy Laboratory, Contract #s XAM-4-44835-01, XEE-5-55887-01	NAA	151,553
81.RD	New Mexico Institute of Mining and Technology, Contract # DE-FC26-05NT42439	ASA	38,042
81.RD	Oak Ridge National Laboratory	UAA	41,574
81.RD	Oak Ridge National Laboratory, Contract # 4000045451	UAA	48,488
81.RD	Radiation Monitoring Devices, Inc, Contract # C0519	UAA	50,753
81.RD	Rollins College, Environmental Studies Department, Contract # DEFC3604G014225	ASA	36,739
81.RD	Sandia National Laboratories	ASA	204,114
81.RD	Sandia National Laboratories, Contract # 122248	NAA	47,307
81.RD	Sandia National Laboratories, Contract #s A033421294, A033429652, A033430141, A0334436506, A0334444631, A0334532289, A0334165983, A0334188890, A0334237537, A0334238152, A0334256458, A0334386067, A0334433852, A0334481598, A0334513876, A0334531987, A0334540578, A0334579772	UAA	1,380,593
81.RD	State University of New York—Buffalo, Contract # DE-FG02-04ER46180	ASA	64,633
81.RD	Thomas Jefferson National Accelerator Facility, Contract # DEAC0584ER40150	ASA	17,033
81.RD	University of Arizona, Contract # DE-FG03-02ER46013	ASA	30,893
81.RD	University of California—Berkeley, Contract # 6720500	UAA	12,918
81.RD	University of California—Davis, Contract # DE-FG52-06NA26213	ASA	5,389

See accompanying notes to schedule.

State of Arizona  
Schedule of Expenditures of Federal Awards  
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CFDA/Identifying Number	Federal Grantor/Program Title/ Pass-Through Grantor /Contract Number	Grantee (Appendix)	Expenditures
81.RD	University of California—Santa Cruz, Contract # S0171499	UAA	4,220
81.RD	University of Chicago, Contract # B523820	UAA	91,281
81.RD	University of Cincinnati, Contract # DE-FG36-05GO15043	ASA	160,688
81.RD	University of Nevada Reno, Contract # UNR0224	UAA	5,822
81.RD	University of Wyoming, Contract # DE-FG02-05ER46235	ASA	43,596
	Subtotal Department of Energy		12,851,991
<b><u>Department of Education</u></b>			
84.RD	Department of Education	ASA	1,610,667
84.RD	Department of Education	NAA	4,151
84.RD	Department of Education	UAA	234,847
84.RD	Arizona Department of Economic Security	ASA	53,464
84.RD	Arizona Department of Education, Contract # 03-07-ED	NAA	245
84.RD	Arizona Department of Education, Contract #s 0440ED, 0620ED, ED050042001	UAA	60,774
84.RD	Arizona State University, Contract # 05576	UAA	11,259
84.RD	Dine College, Contract # B299B050006	ASA	26,803
84.RD	International Technology Exchange, Inc., Contract # DEFG0203ER63687	UAA	97,934
84.RD	Sacaton School District	ASA	236,667
84.RD	Salt River Pima—Maricopa Indian Community	ASA	21,039
84.RD	Southwest Human Development, Contract # S359B030989	ASA	168,742
84.RD	Thomas Jefferson University, Contract # H327X010003	ASA	353,676
84.RD	Touch Graphics Company, Contract # MEM1103	UAA	17,752
84.RD	University of California—Berkeley, Contract # SA4881	UAA	20,002
84.RD	University of Texas—El Paso	ASA	15,652
84.RD	University of Wisconsin, Contract # F131821	UAA	89,190
	Subtotal Department of Education		3,022,864
<b><u>National Archives and Records Administration</u></b>			
89.RD	National Archives	UAA	40,532
	Subtotal National Archives and Records Administration		40,532
<b><u>Institute of Peace</u></b>			
91.RD	University of California—Davis, Contract # SG-09703F	ASA	11,499
	Subtotal Institute of Peace		11,499
<b><u>Department of Health and Human Services</u></b>			
93.RD	Administration for Children and Families	ASA	81,415
93.RD	Agency for Healthcare Research and Quality	UAA	1,220,553
93.RD	Alzheimer's Disease Center	ASA	18,781
93.RD	Centers for Disease Control and Prevention	ASA	15,844
93.RD	Centers for Disease Control and Prevention	NAA	138,745
93.RD	Centers for Disease Control and Prevention	UAA	1,736,701
93.RD	Centers for Medicare and Medicaid Services	UAA	42,461
93.RD	Fogarty International Center	UAA	116,963
93.RD	Food and Drug Administration	UAA	220,303
93.RD	Health Resources and Services Administration	NAA	128,199
93.RD	Health Resources and Services Administration	UAA	32,804
93.RD	National Institute of Occupational Safety and Health	UAA	73,719
93.RD	National Institute on Deafness/Communication	UAA	21,824
93.RD	National Institutes of Health	ASA	30,254,995
93.RD	National Institutes of Health	NAA	2,487,510
93.RD	National Institutes of Health	UAA	102,665,516
93.RD	National Library of Medicine	UAA	359,733
93.RD	Public Health Service	UAA	18,289
93.RD	Substance Abuse and Mental Health Administration	UAA	113,224
93.RD	10 Blade, Contract # R41RR18698	UAA	97,335
93.RD	American College of Radiology, Contract # 4701	UAA	3,211
93.RD	Arizona Department of Health Services, Contract #s 152055, E6H11632, HS654095, HS654163	UAA	178,008
93.RD	Association of American Medical Colleges, Contract #s MM05790303, MM09530606	UAA	143,025
93.RD	Association of Schools of Public Health, Contract # S33502323	UAA	115,799
93.RD	Association of University Centers on Disability, Contract # 810	UAA	13,173
93.RD	Augustine Engineering, Contract # 1R41CA11489501	UAA	42,609
93.RD	AZ Erx, LLC, Contract # 05012164	ASA	171,968
93.RD	Banner Health	ASA	339,801
93.RD	Baylor University, Contract #s 4600580177, 4600601668, R01CA112679, U19CA86809	UAA	273,126
93.RD	Biopsy Sciences, Contract # R44CA97627	UAA	66,100
93.RD	Bowling Green State University, Contract # R03HD044700-01A1	ASA	15,837
93.RD	Brigham and Women's Hospital, Contract # 151381R01HL075426	UAA	26,790
93.RD	Canada York University, Contract # R34MH072615	UAA	24,155
93.RD	Cancervax, Contract #s MMAITIII, MMAITIV	UAA	36,740

See accompanying notes to schedule.

State of Arizona  
Schedule of Expenditures of Federal Awards  
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CFDA/Identifying Number	Federal Grantor/Program Title/ Pass-Through Grantor /Contract Number	Grantee (Appendix)	Expenditures
93.RD	Carnegie Mellon University, Contract # 1308041090028	UAA	34,318
93.RD	Codac Behavioral Health Services of Pima County, Contract # KD1T11422	UAA	28,780
93.RD	Colorado State University, Contract # G45801	UAA	17,689
93.RD	Columbia University, Contract # 1U19AI06777301	ASA	711,977
93.RD	Compact Membrane Systems, Inc., Contract # 5R44DE012560-03	ASA	100,068
93.RD	Cornell University, Contract # 496298109	UAA	34,375
93.RD	Duke Institute for Genome Sciences, Contract #s 5U54CA112952-01, 5U54CA112952-02	ASA	192,676
93.RD	Duke University, Contract # 122165	UAA	57,547
93.RD	ELS Technology, Inc., Contract # 1R43ES1212001	ASA	52,111
93.RD	Gaia Herbs, Inc., Contract # 4-R44-AT000771-02	ASA	21,544
93.RD	Georgia Institute of Technology, Contract # N01-HD-3-3359	ASA	13,546
93.RD	Good Samaritan Medical Center, Contract # R01MH57899	UAA	11,176
93.RD	Gynecologic Oncology Group Administrative, Contract # CA101165	UAA	252,400
93.RD	Health Research, Inc., Contract # AI042836-06	ASA	101,308
93.RD	Henry Ford Health Sciences Center, Contract # R01CA092143	UAA	236,591
93.RD	Indiana University, Contract # R01DA103555	ASA	58,852
93.RD	Indiana University, Contract # R01NS42078	UAA	53,493
93.RD	Inter Tribal Council of Arizona, Incorporated, Contract # CK58713	UAA	75,258
93.RD	Iogenetics, LLC, Contract # CK1640	UAA	152,789
93.RD	Kaiser Foundation Research Institute, Contract #s 03NKAR05m 80620501, R21AT001190, U01HL081624	UAA	66,763
93.RD	Massachusetts General Hospital, Contract # 1P20CA11300	UAA	46,644
93.RD	Mayo Clinic, Contract # U01CA89389	UAA	30,384
93.RD	McKing Consulting Corporation, Contract # 2010031	UAA	88,200
93.RD	Medical Directions, Incorporated, Contract #s CK10228, R42DK62569	UAA	206,180
93.RD	Medical Research Council—University of Dundee, Contract # R1MH64882	UAA	51,595
93.RD	Medstar Research Institute, Contract # 1R01HL6703101A1	UAA	67,338
93.RD	National Childhood Cancer Foundation, Contract #s 14146, 14567	UAA	40,305
93.RD	Niadyne, Incorporated, Contract # R44CA090085	UAA	140,031
93.RD	Northwest Portland Area Indian Health Board, Contract #s CO502, C0527	UAA	16,899
93.RD	Nova Pharmaceutical Corporation, Contract # R44CA090085	UAA	1,184
93.RD	NSABP Foundation, Incorporated, Contract #s ARZ01P2, ARZ01P1	UAA	93,018
93.RD	Ohio State University, Contract #s 740196, 60005503RF01040588	UAA	84,144
93.RD	Ohio State University Research Foundation, Contract # 741173RF00906518	UAA	343,836
93.RD	Oregon Health Sciences University, Contract #s 5 R01 DA011748, 1RD01DA1201801, 5R01CA10577403	ASA	84,081
93.RD	Pare Technologies, Contract # MEM0305	UAA	18,262
93.RD	Pennsylvania State University, Contract #s 3 P50 DA010075-08S1, 5 R01 DA005629-11	ASA	370,125
93.RD	Prevention Research Center: Center of Pacific Institute for Research & Evaluation, Contract # HHSN281200410012C	ASA	67,454
93.RD	Purdue University, Contract # 2R01EB002189-05	ASA	17,659
93.RD	Purdue University, Contract # 511177001	UAA	320
93.RD	Rand Corporation, Contract #s 4042, 9920060010	UAA	31,392
93.RD	Research Technologies, Inc., Contract # 6312027658	UAA	64,223
93.RD	Rice University, Contract #s R21155, R21162	UAA	107,349
93.RD	RXOA Biosciences, LLC, Contract # 1R43GM076747	ASA	9,650
93.RD	Schepens Eye Research Institute, Contract # EY07624SC1	UAA	15,570
93.RD	Southwest Oncology Group, Contract #s 5U10CA3210219, CA37429, CCOP04003, CCOP05003, F01402SU10CA32102, F01402YU10CA32102, S0509, S0515	UAA	288,840
93.RD	Spaulding Rehabilitation Hospital Network, Contract # R21NS045410	ASA	43,793
93.RD	Stanford University, Contract # PY226824289C	UAA	616,258
93.RD	State University of New York, Contract # R368017	UAA	12,875
93.RD	Sun Health Research Institute, Contract #s 1P30AG19610-01, 5U01AG16976	ASA	80,423
93.RD	Sun Health Research Institute, Contract #s 561136, P30AG19610	UAA	264,662
93.RD	Texas A & M University, Contract # HD39367	ASA	21,883
93.RD	Translation Genomics Research Institute, Contract # 05-01	NAA	91,787
93.RD	Translation Genomics Research Institute, Contract #s VONHOFF0501, VONHOFF0502	UAA	732,655
93.RD	Tulane University, Contract # LTR DTD 112805	UAA	14,972
93.RD	Uniformed Services University of the Health Sciences, Contract # A1022014821	ASA	64,386
93.RD	University of Arizona, Contract #s 1 R01 AR047595-01A1.5 UD1 SP10629-03, R01AI052463, 1 R01 CA90265-01A1, 5 H79 SP10596-03, 5UD112640	ASA	148,973
93.RD	University of Arizona, Contract #s V400095, V412969	NAA	58,239
93.RD	University of California—Davis, Contract #s 5P01AG022500-02, 5P01AG022500-04	ASA	179,149
93.RD	University of California—Irvine, Contract # 2005-1593	NAA	151,392
93.RD	University of California—Irvine, Contract #s 20031181, 20051596, F99CA81886UA	UAA	240,068
93.RD	University of California—San Diego, Contract #s 10154581, 10247146, 4500AX, 45VN	UAA	207,213
93.RD	University of California—San Francisco, Contract # 1U01AG024904	ASA	99,009
93.RD	University of California—San Francisco, Contract # 3100SC	UAA	683,952
93.RD	University of California—Santa Cruz, Contract # 1R01GM072003	ASA	12,085
93.RD	University of Cincinnati, Contract #s P021040P0321095P42ES004908, R01HL66044	UAA	159,793
93.RD	University of Colorado, Contract #s 2525836FY06024003, 2573384FY04001004, 2573455FY04001007	UAA	58,451
93.RD	University of Connecticut Health Center, Contract # 5618505	UAA	21,459

See accompanying notes to schedule.

State of Arizona  
Schedule of Expenditures of Federal Awards  
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CFDA/Identifying Number	Federal Grantor/Program Title/ Pass-Through Grantor /Contract Number	Grantee (Appendix)	Expenditures
93.RD	University of Florida, Contract #s R01EB002089, R01NS050582	ASA	141,918
93.RD	University of Florida, Contract #s UF04018, UF02041, UF5092	UAA	24,893
93.RD	University of Illinois—Champaign/Urbana, Contract # 10P98360504	ASA	294
93.RD	University of Maryland, Contract # S01370	UAA	3,838
93.RD	University of Massachusetts, Contract # S00002026700000	UAA	4,375
93.RD	University of Medicine & Dentistry of New Jersey, Contract #s 99705, CK898746, R21DK63351	UAA	89,070
93.RD	University of Michigan, Contract # TW006489	ASA	21,940
93.RD	University of Michigan, Contract #s F007271, F014323U10CA03210226, F014327, F014338, F014993U10CA32102	UAA	200,756
93.RD	University of Minnesota, Contract # H6636419102	UAA	84,150
93.RD	University of Missouri—Columbia; Food & Ag Policy Research., Contract # 1R01 NS41584-04S1	ASA	15,427
93.RD	University of Nebraska, Contract #s 3453012037001, 3453052005004, 3453052005005	UAA	122,789
93.RD	University of New Mexico, Contract #s N266200500040C;N01A150040, 1 P01 A1056295-01A1	ASA	252,784
93.RD	University of New Mexico, Contract # PA5497	UAA	115,547
93.RD	University of North Carolina—Chapel Hill	ASA	112,752
93.RD	University of Oklahoma Health Science Center, Contract # 2746983	UAA	1,278
93.RD	University of Pittsburgh, Contract # 5R01DA019697-02	ASA	270,212
93.RD	University of Rochester, Contract # 5R01NR00507705	ASA	45,937
93.RD	University of Rochester, Contract #s 412599G, 413056G	UAA	7,256
93.RD	University of Southern California, Contract # H32719	UAA	201,549
93.RD	University of Texas, Contract # 116687	UAA	51,425
93.RD	University of Texas at Austin, Contract #s UTA00031, UTA05123	UAA	12,024
93.RD	University of Texas at Dallas, Contract # 1R01DC00625701A1	ASA	169,186
93.RD	University of Texas at El Paso, Contract # 26140715	UAA	23,284
93.RD	University of Texas at Galveston, Contract # U54AJ057156-03	ASA	869,045
93.RD	University of Texas Health Science Center at Houston, Contract # 5 P01 HD048497-02	ASA	35,421
93.RD	University of Texas Health Science Center at Houston, Contract # 0004359	UAA	67,198
93.RD	University of Texas Health Science Center at San Antonio, Contract # P20 NR 08378	ASA	5,563
93.RD	University of Texas MD Anderson Center, Contract #s R01CA089608, R01CA098920, U54CA090821, 1748202000	UAA	889,206
93.RD	University of Toronto, Contract # 450489	UAA	83,878
93.RD	University of Utah, Contract #s 9809032O, 9809032OA, 2302004	UAA	165,230
93.RD	University of Wisconsin, Contract #s J033375,144LD45, J033375-04, J033375-03	UAA	675,676
93.RD	Vanderbilt University, Contract # VUMC105354R33EB000776	UAA	21,991
93.RD	Vortant Technologies, Inc.	ASA	25,106
93.RD	Wake Forest University, Contract #s NS34447, 31194, 19746	UAA	80,031
93.RD	Yale University, Contract #s A05648, A06113	UAA	13,729
93.RD	Yeshiva University, Contract # 95261660	UAA	28,978
	Subtotal Department of Health and Human Services		<u>154,750,413</u>
<b><u>Agency for International Development</u></b>			
98.RD	Agency for International Development	UAA	1,856,412
98.RD	American Council on Education, Contract # HNE-A-97-0059-00	NAA	40,364
98.RD	American Council on Education, Contract #s HNEA0097005900, HNEA00970005900	UAA	123,101
98.RD	International Institute of Tropical Agriculture, Contract # AGMT DTD 14NOV02	UAA	22,815
98.RD	Michigan State University, Contract # REEA000300094-00	ASA	102,358
98.RD	State University of New York, Contract # RANA0030009900	UAA	4,000
98.RD	Virginia Polytechnic Institute, Contract # CR19101425655	UAA	9,527
98.RD	Volunteers In Overseas Cooperative Assistance, Contract # AFPA00040003400	UAA	108,456
	Subtotal Agency for International Development		<u>2,267,033</u>
<b><u>Miscellaneous Federal Agencies</u></b>			
99.RD	Miscellaneous Federal Government Agencies	ASA	143,301
99.RD	National Reconnaissance Office	UAA	753,839
99.RD	Office of Advanced Technology Programs	NAA	161,052
	Subtotal Miscellaneous Federal Agencies		<u>1,058,192</u>
	Total Research and Development Cluster		<u>\$ 408,651,903</u>
	Total Expenditures of Federal Awards		<u>\$ 8,694,388,156</u>

State of Arizona  
Notes to Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2006

Note 1 - Significant Accounting Policies

Basis of Presentation—The information in the 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.

Reporting Entity—The schedule includes all federal awards activity administered by the State of Arizona and its component units.

Basis of Accounting—The federal awards reported in the schedule were presented in the State's governmental and proprietary funds and discretely presented component units on the basic financial statements of the State of Arizona for the year ended June 30, 2006; and were accounted for using the modified accrual and full accrual basis of accounting, as applicable, in conformity with generally accepted accounting principles.

Expenditures—Certain transactions relating to expenditures of federal awards may appear in the records of more than one state grantee agency. To avoid duplication and the overstatement of the aggregate level of federal awards expended by the State of Arizona, the following policies have been adopted:

1. When monies are received by one state grantee agency and distributed to another state grantee agency, the federal monies are reported in the accounts of the state grantee agency that expends the monies.
2. Purchases of services between state grantee agencies using federal monies are recorded as expenditures on the purchasing agency's records and as revenues for services rendered on the providing agency's records. Therefore, the receipt of federal awards is attributed to the purchasing agency, which is the primary receiving/expending state grantee agency.

Note 2 - Catalog of Federal Domestic Assistance (CFDA)/Identifying Number

The program titles and CFDA numbers were obtained from the federal or pass-through grantor or the 2006 *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 - Research and Development Cluster

As provided by OMB Circular A-133, the research and development cluster of programs is summarized by federal agency subdivision or pass-through entity.

State of Arizona  
Notes to Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2006

Note 4 - Pass-through Grantor Contract Numbers

For federal awards received by the State from a pass-through grantor, the pass-through grantor contract number is included, if available, immediately following the pass-through grantor's name. Pass-through grantors are italicized.

Note 5 - Loan and Loan Guarantee Programs

Only administrative costs incurred for loan and loan guarantee programs are included in the schedule. However, OMB Circular A-133, Subpart B, §.205(b) requires that the current-year administrative costs and loan distributions, and the balances of the previous year's outstanding student loans and loan guarantees, also be included for these programs when determining federal awards expended for single audit purposes. Further, Subpart B, §.310(b)(6) requires that loans or loan guarantees outstanding at year-end be included in either the schedule or a note to the schedule. Loans and loan guarantees outstanding at June 30, 2006, are described below:

Student Loan Programs

The Universities administer the following four federal student loan programs. The current-year loan distributions and the balances of loans outstanding at year-end are shown below:

Loan Program	CFDA Number	Loans Distributed During the Year	Loan Balances Outstanding at June 30, 2006
Federal Perkins Loan Program—Federal Capital Contributions	84.038	\$6,404,952	\$26,522,177
Nurse Faculty Loan Program (NFLP)	93.264	100,000	55,000
Health Professions Student Loans, Including Primary Care Loans/Loans for Disadvantaged Students	93.342	89,674	1,815,825
Nursing Student Loans	93.364	385,207	1,020,313

In addition, the Universities distribute loans from two federal loan programs that are administered by independent third parties. For the year ended June 30, 2006, the Universities distributed \$151,148,862 of Federal Family Education Loans (CFDA number 84.032) and \$251,669,158 of Federal Direct Student Loans (CFDA number 84.268).



State of Arizona  
Notes to Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2006

Loan Guarantee Programs

The Water Infrastructure Finance Authority (WIFA), a discretely presented component unit on the State's fiscal year 2006 basic financial statements, has entered into capitalization grant agreements with the U.S. Environmental Protection Agency. During fiscal year 2006, the WIFA received capitalization grant monies totaling \$6,995,769 from the Capitalization Grants for Clean Water State Revolving Funds (CFDA number 66.458) program and \$11,635,862 from the Capitalization Grants for Drinking Water State Revolving Funds (CFDA number 66.468) program for deposit into its revolving loan guarantee funds. The balances of the federal guarantee portion of the loans outstanding for these capitalization grants were \$159,428,354 and \$74,162,413, respectively, at June 30, 2006.

Housing Program

The Department of Housing administers the HOME Investment Partnerships Program (CFDA number 14.239), which provides loans to municipalities, nonprofit organizations, and individuals to purchase homes and rental properties. The Department distributed \$400,000 in loans during fiscal year 2006 and had \$6,621,758 in loan balances outstanding at June 30, 2006.

Note 6 - Food Commodities

Food commodities received by the State are disbursed through distributing agencies. Such commodities are included in the definition of federal awards when distributed and, accordingly, are included in the amounts presented on the schedule. The State's food commodity distributions totaled \$19,849,646, and the amounts, by CFDA number, are presented as follows:

CFDA Number	Program Title	Amount
10.553	School Breakfast Program	\$ 233,681
10.555	National School Lunch Program	12,102,565
10.559	Summer Food Service Program for Children	38,332
10.565	Commodity Supplemental Food Program	3,228,648
10.569	Emergency Food Assistance Program (Food Commodities)	4,246,420

Note 7 - Donation of Federal Surplus Personal Property

The value of the Donation of Federal Surplus Personal Property (CFDA number 39.003) program reported on the schedule is based on a "market basket formula" developed by the U.S. General Services Administration. This market basket formula represents 23.3 percent of the original federal acquisition cost, totaling \$117,105 for the year ended June 30, 2006.

State of Arizona  
Notes to Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2006

Note 8 - Immunization and HIV Grants

The Immunization Grants (CFDA number 93.268) expenditures of \$53,046,455 include \$46,784,455 worth of vaccines. The HIV Care Formula Grants (CFDA number 93.917) expenditures of \$11,594,696 include \$8,896,653 worth of vaccines. Vaccines administered by the Department of Health Services are included in the definition of federal awards and, accordingly, are included in the amount presented on the schedule.

Note 9 - Unemployment Insurance (CFDA No. 17.225)

The unemployment compensation system is a unique federal-state partnership, founded upon federal law, but implemented through state law. As prescribed by the U.S. Department of Labor in consultation with the Office of Management and Budget, certain state monies, in addition to federal monies, were considered federal awards for determining Type A programs, and were included in the Schedule of Expenditures of Federal Awards.

The amount presented on the schedule consists of the following:

Regular unemployment compensation benefits	\$218,909,291
Unemployment compensation for federal employees	4,791,480
Unemployment compensation for ex-service members	2,470,383
Administrative costs	<u>25,904,400</u>
Total expenditures	<u>\$252,075,554</u>

State of Arizona  
 Schedule of Findings and Questioned Costs  
 Year Ended June 30, 2006

**Summary of Auditors' Results**

***Financial Statements***

Type of auditors' report issued:	Unqualified	
	<b>Yes</b>	<b>No</b>
Material weakness identified in internal control over financial reporting?	<u>  X  </u>	—
Reportable conditions identified not considered to be material weaknesses?	<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 the Food Stamp Cluster, Child Nutrition Cluster, Child and Adult Care Food Program, Homeland Security Grant Program Cluster, Title I Grants to Local Educational Agencies, Migrant Education—State Grant Program, Special Education Cluster, Rehabilitation Services—Vocational Rehabilitation Grants to States, Even Start—State Educational Agencies, Temporary Assistance for Needy Families, Child Support Enforcement, Foster Care—Title IV-E, Social Services Block Grant, Disability Insurance/SSI Cluster, and Urban Areas Security Initiative, which were qualified.

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 Numbers</u>	<u>Name of Federal Program or Cluster</u>
10.551/10.561	Food Stamp Cluster
10.553/10.555/10.556/10.559	Child Nutrition Cluster
10.558	Child and Adult Care Food Program
12.401	National Guard Military Operations and Maintenance (O&M) Projects
14.195	Section 8 Project—Based Cluster
16.007/97.004/97.053/97.067	Homeland Security Grant Program Cluster
16.610	Regional Information Sharing Systems

State of Arizona  
 Schedule of Findings and Questioned Costs  
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<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
17.225	Unemployment Insurance
17.258/17.259/17.260	WIA Cluster
20.205	Highway Planning and Construction Cluster
20.600/20.601/20.603	Highway Safety Cluster
20.604/20.605	
84.010	Title I Grants to Local Educational Agencies
84.011	Migrant Education—State Grant Program
84.027/84.173	Special Education Cluster (IDEA)
84.126	Rehabilitation Services—Vocational Rehabilitation Grants to States
84.213	Even Start—State Educational Agencies
93.558	Temporary Assistance for Needy Families
93.563	Child Support Enforcement
93.658	Foster Care—Title IV-E
93.667	Social Services Block Grant
93.767	State Children’s Insurance Program
93.775/93.776/93.777/93.778	Medicaid Cluster
93.959	Block Grants for Prevention and Treatment of Substance Abuse
96.001	Disability Insurance/SSI Cluster
97.008	Urban Areas Security Initiative
RD	Research and Development Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$26,083,164

**Yes      No**

Auditee qualified as low-risk auditee? \_\_\_\_\_   X  

***Other Matters***

Auditee’s Summary Schedule of Prior Audit Findings required to be reported in accordance with Circular A-133 (section .315[b])?   X   \_\_\_\_\_

State of Arizona  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2006

## Financial Statement Findings

06-01

### **The Department of Economic Security's Employment Administration should improve controls over Unemployment Insurance tax receipts**

The Department of Economic Security's Employment Administration – Unemployment Insurance Tax Section collects unemployment insurance tax payments from employers that totaled approximately \$311 million in fiscal year 2006. Since cash receipts can be easily lost, stolen, or misused, the Administration should ensure that there are proper controls and safeguards over cash receipts. However, the Administration did not adequately safeguard cash receipts. Specifically, for 44 of 138 receipts tested, the Administration did not restrictively endorse checks and cash receipts were not deposited within 3 business days. The cash receipts were deposited between 4 and 17 business days. Also, prenumbered cash receipt books were not safeguarded. In addition, deposits processed on the Remit Pro System, cash receipting system, were not reconciled to the amounts recorded on the Tax Employer Accounting Multi-System (TEAM System). Further, the Administration did not reconcile receipts recorded on the TEAM System to the U.S. Department of Labor's UI Financial Transaction Summary report, which was the source of the Unemployment Insurance financial statements until December 2006. As a result, during the period July 1, 2005 through June 30, 2006, there was an unreconciled difference of \$202,391.

Furthermore, the Tax Section's supervisor had incompatible responsibilities, such as recording payments in the Remit Pro System and modifying and setting up employer information on the TEAM System without supervisory review or approval.

This finding is considered a reportable condition in internal control over financial reporting. This finding was also reported as a federal noncompliance finding, see finding 06-124.

To help strengthen controls over Unemployment Insurance tax cash receipts, the Administration should better communicate its written policies and procedures for collecting, recording, reconciling, and depositing cash receipts. In addition, the Administration should periodically monitor that the Tax Section is consistently following them. The Administration's policies and procedures should include the following:

- Store prenumbered cash receipt books in a locked drawer or safe.
- Deposit cash receipts intact daily.
- Restrictively endorse all checks immediately upon receipt.
- Reconcile daily the totals from the sequence of receipts used to the amounts recorded in the TEAM System and deposited. All differences should be investigated and corrected. In addition, a supervisor should review and approve the daily reconciliations.

State of Arizona  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2006

- Reconcile the TEAM Systems' monthly reports within 30 days to the U.S. Department of Labor's UI Financial Transaction Summary report and correct all differences. In addition, a supervisor should review and approve the monthly reconciliations.
- Separate responsibilities between employees so that the employee who records employer payment information on the Remit Pro System can not also modify or set up an employer on the TEAM System.

06-02

**The State should verify that servicing banks have effective internal controls**

Various state agencies have contracted with commercial banks to process the State's cash receipts. This includes using a servicing bank to collect and process taxes, fees, fines, and various other state agency cash receipts, as well as maintaining operating accounts used to deposit tuition and fees, federal monies, and other receipts. These receipts are in the form of cash payments, wire transfers, and credit card receipts. Therefore, as these banks collect, process, and transmit confidential and sensitive financial information, it is imperative that they have effective systems of internal controls for processing, recording, and reporting these receipts to the various state agencies. However, the State did not have procedures in place to monitor internal controls at the servicing banks to ensure that the banks' controls were operating effectively. Further, the contracts with the servicing banks did not always require the banks to obtain an assurance review performed by an independent third party to help ensure controls at the banks are sufficient to protect the integrity of the State's financial information. As a result, assurance reviews were not performed annually for all of the State's servicing banks.

This finding is considered a reportable condition in internal control over financial reporting.

To help ensure services provided by the State's servicing banks are in accordance with contract provisions and that the servicing banks have an effective system of internal controls for processing financial transactions of the State and its agencies, the State should establish and follow the following policies and procedures:

- Ensure that servicing bank contracts include all services to be provided.
- Verify that the servicing banks have effective internal control systems to accurately process and record the State's financial transactions. To help determine whether controls have been placed in operation and are operating effectively, the State should establish contractual provisions requiring the State's servicing banks to have their internal control systems that process and record the State's financial transactions audited annually. In addition, assign a state agency to review these audit reports and require a corrective action plan if it notes deficiencies.
- Monitor all other contractual provisions for compliance.
- Ensure that state agencies have effective controls in place to validate the accuracy of transactions processed by the servicing banks.

State of Arizona  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2006

06-03

**The Department of Revenue should accurately record and report accounts receivable information**

The Department is responsible for recording and collecting outstanding receivable balances from taxpayers as well as reporting those balances at June 30 to the Department of Administration's General Accounting Office to include in the State's financial statements. Therefore, it is essential that the Department ensure that the accounting records provide complete and accurate information. However, receivable balances reported were not accurate for several reasons. The Department's system has numerous edits in place to identify transactions that require further review and evaluation. However, the Department did not investigate transactions identified for review in a timely manner and make appropriate corrections. Auditors tested receivable balances and noted 23 errors resulting in a \$6.1 million net understatement of taxpayer accounts receivable balances.

In addition, the accounts receivable balances for employee income tax withholdings were not accurate since the Department was not timely in reconciling taxes due, as reported on the withholding quarterly returns, to the withholding payments received from employers. Further, the Department's system was not programmed to produce monthly accounts receivable reports, thereby preventing department management from reporting and monitoring outstanding taxpayer receivables throughout the fiscal year.

Similar deficiencies were previously reported in our Management Letter to the Department dated October 19, 2006. This finding is considered a material weakness over financial reporting.

To help ensure that taxpayer receivables are accurately recorded and reported, the Department should:

- Examine and resolve transactions identified for review in a timely manner to prevent the misstatement of taxpayer accounts as well as the State's financial statements. In addition, due to the high volume of review items, the Department should evaluate the propriety of suspended transactions, investigate the reasons for the high volume of items, and make the necessary changes to the system to prevent an unmanageable backlog of suspended transactions on the system.
- Program the system to generate detailed accounts receivable reports, including protested audit, credit audit, and uncollectible detail reports. At least monthly, list the accounts by the length of time they have been delinquent. Also, Department management should review the reports and ensure necessary adjustments are recorded on the system in a timely manner.
- Reconcile taxes due in a timely manner, as reported on the withholding quarterly returns, to the withholding payments received and record underpayments and overpayments as receivables or payables, respectively. Investigate and correct, if necessary, all differences in a timely manner. This reconciliation will help to determine whether all tax returns were processed and all tax amounts owed to the State or due back to taxpayers were appropriately recorded as receivables or payables.
- Implement and enforce policies and procedures to ensure that all applicable adjustments proposed by the Department's audit division are reviewed, accurately recorded on the system, and posted in a timely manner.

State of Arizona  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2006

06-04

**The Department of Revenue should establish effective controls over its contracted services**

The Department contracted with an outside service organization to provide a service for taxpayers to make transaction privilege tax and other tax payments electronically. Payments made through this service totaled approximately \$2.7 billion in fiscal year 2006. Therefore, it is critical that the Department requires the organization to have an effective system of internal controls in place to ensure that collections are recorded accurately and deposited. However, the Department did not actively monitor its outside service organization. For example, although the service provider had their cash receipts system audited, the Department did not obtain and review the audit report to help ensure that the organization had effective controls to safeguard and record cash receipts. Further, the Department did not include provisions in the service organization's contract that required an annual audit of the service organization's cash receipts system.

This finding is considered a reportable condition in internal control over financial reporting.

To help ensure contacted services are adequately monitored, the Department should establish and follow these policies and procedures:

- Verify that the service organizations have effective internal control systems to accurately record and deposit cash receipts. To determine whether controls have been placed in operation and are operating effectively, the Department should establish contractual provisions requiring the service organizations to have their cash receipts systems audited annually.
- Review the audit reports of its service organizations' cash receipts controls, and require a corrective action plan if deficiencies are noted. In addition, the Department should establish and follow the procedures listed for users in the service organizations' audit reports.

06-05

**The Department of Revenue's computer access controls should be strengthened**

System access controls help ensure that only authorized users have access to the Department's computer systems. These controls are critical in preventing or detecting unauthorized use, damage, loss, or modification of programs and equipment, and misuse of sensitive information. System access controls restrict not only physical access to the Department's systems, but also logical access to those systems. Access to the Department's computer systems should be limited to those individuals authorized to process transactions or maintain a particular system. While the Department has policies and procedures to control computer access, auditors noted instances of noncompliance with their guidelines. For example, the Department did not maintain a complete and accurate listing of user access rights. Also, logical access was granted to some users who did not need access to the system to fulfill their daily responsibilities. Additionally, database administrators shared a generic user identification to modify the system, which resulted in the Department's inability to track which database developers made changes to the system. Further, access to the on-site computer room was not restricted to essential employees only.



State of Arizona  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2006

Similar deficiencies were previously reported in our Management Letters to the Department dated September 6, 2005 and October 19, 2006. This finding is considered a reportable condition in internal control over financial reporting.

The Department should ensure compliance with its policies and procedures over physical and logical system access to help prevent and detect unauthorized use, damage, loss, or modification of programs and equipment, and misuse of sensitive information. At a minimum, the Department should monitor compliance with the following policies and procedures:

- Require supervisors to review and approve access levels granted to all users to help ensure that access is compatible with employees' job responsibilities.
- Modify user access rights immediately upon each employee's transfer from one position to another.
- Eliminate access to all computer systems promptly when an employee leaves the Department.
- Remove all generic user identifications from the database and create unique, identifiable user identifications for each database administrator.
- Require all employees to review policies and procedures over computer use, confidentiality, and software use. Obtain their signatures to document that they have read the policies and procedures and agree to follow them. Retain copies of all applicable forms in the employees' personnel files.
- Restrict physical access to the computer room to only those authorized employees who need access to perform their job responsibilities.

06-06

**The Department of Revenue should bill taxpayers in a timely manner for amounts due**

The Department bills taxpayers for underpayments and notifies taxpayers of delinquent filings of required tax returns. To help maximize tax collections and ensure taxpayer receivables are accurately recorded and reported, it is essential for the Department to send out tax bills and notify taxpayers of delinquent filings in a timely manner. However, because of data conversion and processing errors encountered while implementing a new tax system in prior fiscal years, the Department delayed billings to prevent erroneous statements from being sent to taxpayers. This resulted in a substantial backlog of unbilled taxpayer accounts. While the Department has reduced the backlog of unbilled accounts since the initial implementation, they continue to have more than 14,300 sales and withholding tax accounts, totaling approximately \$11.8 million in recorded receivables that had not been billed as of June 30, 2006. Further, the Department did not always produce system-generated notices to inform taxpayers of delinquent filings of required tax returns throughout the fiscal year.

Similar deficiencies were previously reported in our Management Letters to the Department dated September 6, 2005 and October 19, 2006. This finding is considered a reportable condition over financial reporting.

State of Arizona  
Schedule of Findings and Questioned Costs  
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To help improve collections of taxes owed to the State, the Department should:

- Generate billing statements for all delinquent taxpayer accounts in a timely manner.
- Enforce existing policies and procedures over delinquency notices, ensuring withholding and luxury tax notices are generated quarterly or monthly, as applicable.
- Develop and implement policies and procedures to notify individual and corporate income taxpayers of missing returns for taxpayers who have submitted payments but failed to file corresponding returns.

06-07

**The Department of Economic Security's Division of Developmental Disabilities should establish effective internal control policies and procedures over its claims processing system**

The Department of Economic Security's Division of Developmental Disabilities (Division) is a contractor with the Arizona Health Care Cost Containment System (AHCCCS) to provide medical and long-term care services to eligible enrollees of the AHCCCS Arizona Long-Term Care System (ALTCS) program for the developmentally disabled. This program provides inpatient and outpatient medical and nursing services in addition to managed institutional and home- and community-based long-term care services to eligible enrollees of the program. During fiscal year 2006, the Division spent more than \$550 million for medical and long-term care services for program enrollees. Therefore, it is imperative that the Division maintain effective internal control policies and procedures over its claims process to help ensure claims are accurately paid, recorded, and reported. The System's adjudication process should be designed to efficiently and effectively evaluate claims for propriety and determine the amounts to be paid. However, the claims processing system did not meet this objective because it did not always identify duplicate claims, did not always apply proper pay rates, made some payments for uncovered services, and rejected some valid claims.

In February 2006, the Division implemented a new medical claims processing system to meet the Health Insurance Portability and Accountability Act (HIPAA) requirements for health care claims processors to accept provider claims that followed HIPAA electronic claim filing standards. However, as the implementation date approached, system developers were not able to complete a thorough testing of the system's capabilities and performance. As a result, soon after the new claims processing system was placed into operation, the Division learned that the system was denying a significant number of claims which resulted in the Division having to manually process those claims rejected by the system to pay its providers. However, because the manual process could not perform all the verifications that the system was designed to do, manual payments were made for claims that had already been paid, or were otherwise inappropriate. In total, the Division processed \$55 million of manual payments during the fiscal year.

State of Arizona  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2006

The Division continued working on the system to correct the problems, and as the problems were corrected, the Division reprocessed the claims that were paid manually and reconciled the reprocessed claims to the manual payments, investigated and resolved differences, and established receivables from providers for overpayments. As of mid-May 2007, the Division had reprocessed most of the claims from these manual payments; however, there were still more than \$9.6 million of claims outstanding that still needed to be reprocessed. The Division also identified approximately \$10.5 million of overpayments to providers, and as of mid-May 2007, almost \$4 million of these overpayments had not yet been collected.

This finding is considered a reportable condition in internal control over financial reporting.

To help strengthen control over claims processing, the Division should correct all system deficiencies and perform test procedures to help ensure that the system is accurately processing, recording, paying, and reporting claims. In addition, the Division should continue efforts to account for and recover provider overpayments, process all remaining claims through the system to identify other improper payments, and begin recovery efforts for any additional overpayments found.

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Federal Award Findings and Questioned Costs

06-101

CFDA No.: 97.008 **Urban Areas Security Initiative, #s 2003-EU-T3-0001 and 2004-TU-T4-0017**

**Department of Homeland Security**

Award Period: July 1, 2003 through December 31, 2006 (2003-EU-T3-0001)  
December 1, 2003 through May 31, 2007 (2004-TU-T4-0017)

**Homeland Security Grant Program Cluster:**

CFDA No.: 16.007 **State Domestic Preparedness Equipment Support Program, #s 2002-TE-CX-0051 and 2002-TE-CX-0142**

**U.S. Department of Justice**

Award Period: February 1, 2002 through January 31, 2006 (2002-TE-CX-0051)  
August 1, 2002 through December 31, 2005 (2002-TE-CX-0142)

CFDA No.: 97.004 **State Domestic Preparedness Equipment Support Program, #s 2003-TE-TX-0196, 2003-MU-T3-0034, and 2004-GE-T4-0051**

97.053 **Citizen Corps, # EMF-2003-GR-0360**

97.067 **Homeland Security Grant Program, # 2005-GE-T5-0030**

**Department of Homeland Security**

Award Period: April 1, 2003 through July 31, 2006 (2003-TE-TX-0196)  
May 1, 2003 through August 31, 2006 (2003-MU-T3-0034)  
December 1, 2003 through May 31, 2007 (2004-GE-T4-0051)  
October 1, 2002 through July 31, 2005 (EMF-2003-GR-0360)  
October 1, 2004 through March 31, 2008 (2005-GE-T5-0030)

Questioned Cost: Unknown

The Department of Emergency and Military Affairs, Division of Emergency Management did not have adequate internal control policies and procedures to ensure compliance with subrecipient monitoring requirements. Specifically, the Division did not comply with the following requirements of Office of Management and Budget (OMB) Circular A-133, §.400(d):

- The Division did not provide subrecipients with accurate Catalog of Federal Domestic Assistance (CFDA) titles and numbers as required by OMB Circular A-133, §.400(d)(1).
- The Division did not monitor subrecipients' activities by performing site visits and reviewing reports to ensure that the subrecipients used federal awards for authorized purposes in compliance with laws, regulations, and the provisions of contracts and grant agreements as required by OMB Circular A-133, §.400(d)(3).
- The Division did not ensure that subrecipients spending \$500,000 or more in federal awards met the audit requirements as required by OMB Circular A-133, §.400(d)(4).

This finding is a material internal control weakness and material noncompliance with the Program's and Cluster's subrecipient monitoring requirements. It was not practical to extend our auditing procedures to determine if any questioned costs resulted from this finding. This instance of noncompliance was similar to a prior-year finding.

State of Arizona  
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To help ensure compliance with the subrecipient monitoring requirements of OMB Circular A-133, §.400(d), the Division should establish adequate internal control policies and procedures to ensure that it identifies federal awards to subrecipients by informing each subrecipient of the CFDA title and number, award name and number, award year, and name of Federal agency; monitors the activities of subrecipients to ensure that federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts and grant agreements, and that performance goals are achieved; and require subrecipients spending \$500,000 or more of federal awards to obtain annual single audits and submit their audit reports to the Department within 9 months after the subrecipient's year end. In addition, the Department should review those reports and issue management decisions on findings that affect its programs within 6 months after receipt.

06-102

CFDA No: 84.010 **Title I Grants to Local Educational Agencies, # S010A050003A**

84.011 **Migrant Education—State Grant Program, # S011A050003**

**U.S. Department of Education**

Award Period: July 1, 2005 through September 30, 2006

Questioned Cost: Unknown

The U.S. Department of Education allocates federal monies to states for the Elementary and Secondary Education Act Program Grants, including Title I Grants to Local Educational Agencies and Migrant Education—State Grant Programs, based, in part, on each state's per-pupil expenditures. The Arizona Department of Education submitted Arizona's per-pupil expenditure data to the National Center for Educational Statistics (NCES) using the National Public Education Financial Survey (NPEFS) form, however, the Department did not have adequate procedures to ensure that it prepared the form accurately. Specifically, expenditures for support services salaries reported on the NPEFS were \$20,000,000 greater than the amount recorded in the Department's supporting records. In addition, the Department used incorrect financial codes to extract data from the local educational agencies' Annual Financial Reports (AFRs) resulting in a misstatement of instruction salaries expenditures line item reported in the NPEFS. Specifically, the subtotal of the Dropout Prevention Programs was included resulting in an overstatement of \$4,438,365, and the negative amount for the Ending Balance IDEA, Part B Special Projects was included resulting in an understatement of \$5,915,044. Also, the Department was unable to provide adequate supporting documentation for the Non-Public School Programs expenditures reported in the NPEFS in the amount of \$5,235,238. As the data from the National Public Education Financial Survey forms are used to allocate federal program monies to the states, the net effect of these errors would potentially misstate Arizona's per-pupil expenditures and the State's allotment for the 2008 award year. Additionally, the Department underreported revenue from earnings on investments by \$976,185 and revenue from state sources by \$25,589. Although these amounts are not used in the state per-pupil expenditures calculation, they are still used by the NCES to publish reports containing statistical information.

It was not practical to extend our auditing procedures sufficiently to determine the impact this finding will have on the future funding allocations for the program for the 2008 award year. The finding is a material internal control weakness and immaterial noncompliance with the program's reporting requirements. This finding is similar to a prior-year finding.

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To help ensure compliance with the program's reporting requirements and the accuracy of the National Public Education Financial Survey form, the Department should:

- Review all financial codes used to extract data from the local educational agencies' AFRs for reporting on the NPEFS report to ensure they are categorized correctly.
- Submit revised expenditure information to the National Center for Educational Statistics.
- Reconcile expenditure and revenue information to supporting records prior to submitting the National Public Education Financial Survey form.

06-103

**Child Nutrition Cluster:**

CFDA No.: 10.553 **School Breakfast Program, # 7AZ300AZ3**

10.555 **National School Lunch Program, # 7AZ300AZ3**

10.556 **Special Milk Program for Children, # 7AZ300AZ3**

10.559 **Summer Food Service Program for Children, # 7AZ300AZ3**

**U.S. Department of Agriculture**

Award Period: October 1, 2005 through September 30, 2006

Questioned Cost: Unknown

The Arizona Department of Education, Health and Nutrition Unit failed to retain required eligibility and suspension and debarment documentation in subrecipient case files to ensure compliance with eligibility and suspension and debarment requirements for the School Breakfast Program (SBP) and National School Lunch Program (NSLP). Auditors tested 25 subrecipient case files for the SBP and NSLP and noted the following:

- In 22 instances, SBP and NSLP case files were missing documents, such as Civil Rights Pre-award Compliance and Certification Regarding Lobbying documents, necessary to apply for the National School Lunch Program and School Breakfast Program.
- In 18 instances, SBP and NSLP case files were missing the Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion forms, which subrecipients must file with the Department to certify that they are not suspended or debarred from receiving Federal monies.

This finding is a reportable condition and immaterial noncompliance with the SBP and NSLP eligibility requirements and a material internal control weakness and material noncompliance with the suspension and debarment requirements. It was not practical to extend our auditing procedures sufficiently to determine questioned costs, if any, that may have resulted from this finding.

To comply with 7 Code of Federal Regulations (CFR) §210.20 (b) and the Department's own procedures, the Department should properly maintain its subrecipients' case files to ensure they contain the required eligibility and suspension and debarment documents.

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06-104

**Special Education Cluster:**

CFDA No.: 84.027 **Special Education—Grants to States, # H027A050007**

84.173 **Special Education—Preschool Grants, # H173A050003**

**U.S. Department of Education**

Award Period: July 1, 2005 through September 30, 2006

Questioned Cost: Unknown

The Arizona Department of Education is required to report to the Secretary of the U.S. Department of Education an unduplicated count of children with disabilities who received special education and related services. Annually, the Department prepares unduplicated census reports of children with disabilities aged 3-21 who received special education and related services within the State using data from its Student Accountability Information System (SAIS). In addition, the Department sent verification letters to local educational agencies (LEAs) requesting an unduplicated student count as of December 1 that were required to be signed, dated, and returned to the Department for comparison and validation of the SAIS data. However, differences between the SAIS student census data used by the Department to prepare Part B of the final Report of Children with Disabilities Receiving Special Education and the LEA verification letters were not investigated and resolved. For 26 of 52 LEAs tested, student census data reported by LEAs on their verification letters did not agree to the Department's census data from its SAIS.

This finding is a material internal control weakness and material noncompliance with the Special Education Cluster's reporting requirements. 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 similar to a prior-year finding.

To help ensure compliance with 34 CFR §300.750, the Department should resolve differences between census data reported by LEAs on their verification letters and census information on SAIS to ensure that accurate information is used to prepare the Report of Children with Disabilities Receiving Special Education, Part B.

06-105

**Special Education Cluster:**

CFDA No.: 84.027 **Special Education—Grants to States, # H027A050007**

84.173 **Special Education—Preschool Grants, # H173A050003**

**U.S. Department of Education**

Award Period: July 1, 2005 through September 30, 2006

Questioned Cost: Unknown

The U.S. Department of Education's *Uniform Administrative Requirements for Grants and Cooperative Agreements with State and Local Governments*, 34 CFR §80.40(a) and OMB Circular A-133 §400(d)(3) requires grantees to monitor the activities of subrecipients to ensure that federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements. However, when performing site visits, the Arizona Department of Education did not perform a detailed review of subrecipient financial records to ensure grant monies were expended in accordance with program requirements. Instead, the Department relied on cash management reports submitted by subrecipients and initial grant budgets to evaluate compliance.

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It was not practical to extend our auditing procedures to determine questioned costs, if any, that may have resulted from this finding. However, this finding is a material internal control weakness and material noncompliance with the Cluster's subrecipient monitoring requirements. This finding is similar to a prior-year finding.

To help ensure compliance with the U.S. Department of Education's *Uniform Administrative Requirements for Grants and Cooperative Agreements with State and Local Governments*, 34 CFR §80.40(a), and with OMB Circular A-133, §400(d)(3), the Department should establish internal control policies and procedures that require a detailed review of subrecipient financial records during site visits. This will help ensure that subrecipients spend monies in accordance with program requirements.

06-106

**Child Nutrition Cluster:**

CFDA No.: 10.553 School Breakfast Program, # 7AZ300AZ3

10.555 National School Lunch Program, # 7AZ300AZ3

10.556 Special Milk Program for Children, # 7AZ300AZ3

10.559 Summer Food Service Program for Children, # 7AZ300AZ3

CFDA No.: 10.558 Child and Adult Care Food Program, # 7AZ300AZ3

**U.S. Department of Agriculture**

Award Period: October 1, 2005 through September 30, 2006

CFDA No.: 84.010 Title I Grants to Local Educational Agencies, # S010A050003A

CFDA No.: 84.011 Migrant Education—State Grant Program, # S011A050003

**Special Education Cluster:**

CFDA No.: 84.027 Special Education—Grants to States, # H027A050007

84.173 Special Education—Preschool Grants, # H173A050003

CFDA No.: 84.213 Even Start—State Educational Agencies, # S213C050003A

**U.S. Department of Education**

Award Period: July 1, 2005 through September 30, 2006

Questioned Cost: Unknown

The Arizona Department of Education did not comply with the following subrecipient monitoring requirements of the U.S. Department of Education's *Uniform Administrative Requirements for Grants and Cooperative Agreements with State and Local Governments*, 34 CFR §80.26, 7 CFR §3052.400(d), and OMB Circular A-133, §400(d)(4) and (5):

- The Department did not obtain single audit reports from subrecipients who expended at least \$500,000 in federal assistance within 9 months of their fiscal year-end or follow up with subrecipients to determine why the reports were not filed on time with the Federal clearinghouse for 7 of 37 subrecipients tested.
- The Department did not follow its procedures to ensure that management decisions were issued within 6 months after receipt of subrecipient single audit reports for 3 out of 37 subrecipients tested.



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This finding is a material internal control weakness and material noncompliance with subrecipient monitoring requirements. This finding is similar to a prior-year finding. Also, weaknesses noted in this finding could potentially impact the other programs administered by the Department.

To help ensure compliance with the U.S. Department of Education's *Uniform Administrative Requirements for Grants and Cooperative Agreements with State and Local Governments*, 34 CFR §80.26, 7 CFR 3052.400(d), and OMB Circular A-133, §400(d)(4) and (5), the Department should establish adequate internal control policies and procedures to ensure single audit reports are received from all subrecipients who spend at least \$500,000 within 9 months of their fiscal year-end and that management decisions are issued within 6 months after receipt of subrecipient single audit reports.

06-107

CFDA No.: 84.010 **Title I Grants to Local Educational Agencies, # S010A050003A**

**U.S. Department of Education**

Award Period: July 1, 2005 through September 30, 2006

Questioned Cost: Unknown

The Arizona Department of Education requires subrecipients to request monies for federal grants by submitting monthly cash management reports through its Grants Management Enterprise System. At the end of each award period, the Department requires subrecipients to submit completion reports, which are considered the projects' final cash management reports. Subrecipients that report any cash balances on the completion reports are required to amend the subsequent year's project budgets for any cash balances. However, the Department did not have formal procedures to ensure that subrecipients amend their budgets and spend their cash balances in a timely manner. Specifically, the Department did not have edits in its Grants Management Enterprise System to prohibit disbursing cash to subrecipients when they had cash on hand from a prior year's project. Auditors noted one instance in which a subrecipient had almost \$2.1 million of Title I monies on hand when it submitted its completion report in October 2006 and was able to draw cash for the fiscal year 2007 project even though it still had cash on hand. As of March 2007, the subrecipient had not amended its 2007 project budget to show the cash on hand from the 2006 project.

It was not practical to extend our auditing procedures 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 cash management requirements.

To help ensure compliance with the U.S. Department of Education's *Uniform Administrative Requirements for Grants and Cooperative Agreements with State and Local Governments* 34 CFR §80.21(b), the Department should follow its policy that requires subrecipients to amend their subsequent year's budget for completion report cash balances immediately after the completion report has been approved and place current year projects on hold until their budgets have been amended or require subrecipients remit cash balances back to the Department.

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06-108

CFDA No.: 84.011 **Migrant Education—State Grant Program, # S011A050003**

**U.S. Department of Education**

Award Period: July 1, 2005 through September 30, 2006

Questioned Cost: Unknown

The Arizona Department of Education is required to provide an unduplicated count of children of migrant workers who reside in the State to the U.S. Department of Education to assist them in allocating program monies. Additionally, the Department is responsible for having a quality control process in place that ensures the count's accuracy. Annually, the Department prepares the Migrant Child Count Report for State Formula Grant Migrant Education Programs under the Elementary and Secondary Education Act as amended by the No Child Left Behind Act of 2001 and the Consolidated State Performance Report. These reports are compiled using migrant child count data from the COEstar system maintained by a service organization. The service organization and the Department have developed a quality control process to help ensure the accuracy of the COEstar system; however, the Department has not adequately monitored the service organization to ensure that the quality control process is operating effectively.

It was not practical to extend our auditing procedures to determine questioned costs, if any, that may have resulted from this finding. However, this finding is a material internal control weakness and material noncompliance with the program's reporting and special tests and provisions requirements.

To help ensure compliance with the reporting and special tests and provisions requirements of the Migrant Education—State Grant Program, the Department should monitor the service organization to ensure it is providing an accurate and unduplicated count of children of migrant workers.

06-109

**Child Nutrition Cluster:**

CFDA No.: 10.553 **School Breakfast Program, # 7AZ300AZ3**

10.555 **National School Lunch Program, # 7AZ300AZ3**

10.556 **Special Milk Program for Children, # 7AZ300AZ3**

10.559 **Summer Food Service Program for Children, # 7AZ300AZ3**

CFDA No.: 10.558 **Child and Adult Care Food Program, # 7AZ300AZ3**

**U.S. Department of Agriculture**

Award Period: October 1, 2005 through September 30, 2006

Questioned Cost: N/A

The Arizona Department of Education implemented an internally developed information system that is a Web-based application, named CNP Web. CNP Web is an online application and claiming system for the Child Nutrition Programs administered by the Department, which includes the School Breakfast Program, National School Lunch Program, and the Child and Adult Care Food Program. Local education agencies (LEAs) submit program applications and counts of meals served through the Internet to the CNP Web system. After department employees approve the online applications, reimbursements to the LEAs are calculated by the system based on the meal count information submitted. Therefore, it is critical that the Department establishes adequate internal controls to ensure the integrity of information processed through the system. Auditors tested information processed by the system for compliance and noted no instances of noncompliance. However, auditors noted the following material internal control weaknesses:

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- System security—The Office of the Auditor General issued the *Arizona Department of Education – Information Management* report (August 2006, Report No. 06-07) that covered security deficiencies noted at the Department, which included areas such as software security patch management, password management, network vulnerability, basic security awareness, user access and privileges, and intrusion detection. These deficiencies put the Department's system and information at risk of potential theft, manipulation, or misuse.
- Account management—The Department did not develop written policies and procedures to ensure that access and activity privileges granted to department employees were appropriate in relation to their job responsibilities.
- System documentation—While the Department has a tracking mechanism for program changes made to the CNP Web system, the Department did not update comprehensive system documentation for program changes made since the system was placed in operation. In addition, the Department did not have documented policies and standards for system maintenance or processing. Also, the Department did not have a master description list that shows the access privileges for each user. Currently, the Department can only determine the access and activity privileges granted to a system user by analyzing the system source programming.
- Data changes—When a department user enters or changes data in the CNP Web system, the system only contained the most recent data. Information submitted by previous users, LEAs, or other department users was not retained and stored in a history file. However, auditors performed an analysis of claims processed through the CNP Web system and determined that claims modified by department employees were very immaterial. Furthermore, system programmers were able to make changes to data in the system without using the system's application software, and there was no indication in the system that the changes were made by programmers. While the Department had a manual tracking process that system programmers use, undocumented changes still could occur.

These deficiencies cumulatively constitute a material internal control weakness that affects activities allowed or unallowed, allowable costs/cost principles, and reporting compliance requirements for the School Breakfast Program, National School Lunch Program, and the Child and Adult Care Food Program. This finding is similar to a prior-year finding.

The Department should implement the following procedures to properly control information recorded on the CNP Web system:

- Develop and implement an ongoing process for addressing security vulnerabilities and other weaknesses. The process should ensure that known security concerns are evaluated and prioritized in order of risk. Develop specific plans to address them and assign responsibilities to implement the plans.
- Develop written policies and procedures that define access privileges for system users.

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- Update system documentation to reflect all program changes that have been made since the system's implementation. Also, document all future program changes with identifying numbers, program code modifications, test results, and approval and implementation dates.
- Develop policies and procedures that define standards for system maintenance and processing.
- Define user access privileges and control access privileges granted to ensure users only have access to the system applications and functions necessary for them to perform their assigned duties.
- Notify LEAs of all changes made to data by department employees, subsequent to submission, and require that the LEAs review and approve the changes.
- Control changes made by system programmers to data submitted by LEAs through the application software.
- Modify the CNP Web application to record in a history file all data entered and changed in the system by department employees to serve as an audit trail.

06-110

**Food Stamps Cluster:**

CFDA No.: 10.551 **Food Stamps**

10.561 **State Administrative Matching Grants for Food Stamp Program, # 7AZ400AZ4**

**U.S. Department of Agriculture**

Award Period: July 1, 2005 through June 30, 2006

93.558 **Temporary Assistance for Needy Families, #s G0501AZTANF and G0601AZTANF**

**U.S. Department of Health and Human Services**

Award Period: October 1, 2004 through September 30, 2005 and

October 1, 2005 through September 30, 2006

Questioned Cost: \$15,909

The Department of Economic Security, Division of Benefits and Medical Eligibility, Family Assistance Administrative (FAA) offices did not always follow the Division's internal control policies and procedures for activating and issuing Electronic Benefits Transfer (EBT) cards for food stamps and cash assistance benefits to ensure that benefits were only issued to eligible recipients. Auditors performed observations at 5 of the 83 FAA Offices in February 2006 and noted that these Offices did not always document the issuance of new EBT cards in the eligibility computer system prior to awarding benefits. In addition, in one office the EBT processor did not log off the eligibility computer system when the computer was left unattended; two offices did not safeguard EBT cards; two offices did not prepare reports correctly to track the destruction or issuance of EBT cards; and four offices did not destroy damaged or returned EBT cards. Further, supervisors did not always perform or approve EBT card reconciliations. Consequently, during the period July 1, 2005 through June 30, 2006, two employees manipulated the eligibility computer system to issue EBT cards for personal use and defrauded the Department out of \$5,110 in cash assistance and \$10,799 in food stamps benefits. The Department referred matters to the Arizona Attorney General's Office for further investigation and prosecution. Additionally, auditors performed observations at 10 of the 83 FAA Offices in August and September 2006 and noted that several of these internal control weaknesses had not been corrected. Observations were performed on two of these offices in February 2006.

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It was not practical to extend our auditing procedures sufficiently to determine whether any additional questioned costs resulted from this finding. This finding is a material internal control weakness and material noncompliance with the Food Stamps Cluster's special tests and provisions requirements. It is also a material internal control weakness and material noncompliance for the Temporary Assistance for Needy Families (TANF) program's activities allowed or unallowed, allowable costs/cost principles, and eligibility requirements. This instance of noncompliance is similar to a prior-year finding.

To comply with the Food Stamps Cluster's special tests and provisions requirements stipulated in 7 CFR §§274.11(c), and 274.12(i)(3), and the TANF program's activities allowed or unallowed, allowable costs/cost principles, and eligibility requirements specified in 45 CFR §206.10, and help prevent unauthorized transactions, the Division should monitor adherence to and enforce its internal control policies and procedures over the process of authorizing and issuing EBT cards at its FAA Offices.

06-111

CFDA No.: 93.558 Temporary Assistance for Needy Families, #s G0501AZTANF and G0601AZTANF  
U.S. Department of Health and Human Services

Award Period: October 1, 2004 through September 30, 2005 and  
October 1, 2005 through September 30, 2006

Questioned Cost: \$8,613

The Department of Economic Security, Division of Employment and Rehabilitation Services, did not adhere to its internal control policies and procedures for the Temporary Assistance for Needy Families (TANF) program to ensure compliance with activities allowed or unallowed, allowable costs/cost principles, and special tests and provisions requirements. As a result, for 7 of 40 recipients tested, the Department did not properly monitor the recipients' participation in the Jobs Opportunities and Basic Skills (JOBS) program, and when necessary, did not reduce or terminate the recipients cash assistance benefits. Specifically, three recipients did not cooperate with the JOBS program requirements; two recipients were not contacted to participate in the JOBS program for 3 months and 8 months after their applications were submitted; one recipient's case file was not updated to include unemployment insurance benefits and again later when the recipient became employed; and one recipient's case file was updated incorrectly and showed the recipient as being employed. As a result in the last instance, the Department did not follow up on the recipient's compliance with the JOBS program for 9 months. For the period July 1, 2005 through June 30, 2006, five of these recipients were overawarded a total of \$8,613 in cash assistance.

It was not practical to extend our auditing procedures sufficiently to determine if any additional questioned costs resulted from this finding. However, based on auditors' evaluation of the cumulative effect of the internal control deficiencies and estimate of cash assistance errors in relation to the program's compliance requirements, this finding is a material internal control weakness and material noncompliance with the TANF program's activities allowed or unallowed, allowable costs/cost principles, and special tests and provisions compliance requirements. This instance of noncompliance is similar to a prior-year finding.

To comply with 45 CFR §§261.11 and 261.14, the Department must make an initial assessment within 30 days of becoming eligible for assistance of each recipient's skills, prior work experience, and employability if the recipient is at least 18 years old or has not completed high school or its equivalent and is not attending secondary school. The recipients also should be monitored every 30 days while they are within the JOBS program. In addition, the Department should reduce or terminate the recipient's cash assistance benefits when a recipient refuses to work.

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06-112

**Food Stamps Cluster:**

CFDA No.: 10.551 **Food Stamps**

10.561 **State Administrative Matching Grants for Food Stamp Program, # 7AZ400AZ4**

**U.S. Department of Agriculture**

Award Period: July 1, 2005 through June 30, 2006

Questioned Cost: N/A

The Department of Economic Security, Division of Benefits and Medical Eligibility, did not adhere to its internal control policies and procedures to ensure that all documentation required to be included in the case files for Food Stamp recipients was received, prepared, or retained and to accurately record correct recipient information into its eligibility computer system. Specifically, for 2 of 40 food stamp recipients' case files tested, auditors noted that the Division did not record the recipients' unearned income and medical deductions correctly into the eligibility computer system. In addition, for another recipient's case file, the Division did not verify shelter expenses. Auditors determined that there were no overpayments made to these recipients for the period July 1, 2005 through June 30, 2006.

Based on auditors' evaluation of the cumulative effect of the internal control deficiencies documented in finding 06-110 and relation to this program's compliance requirements, this finding is a material internal control weakness and material noncompliance with the Food Stamp Cluster's special tests and provisions requirements. This instance of noncompliance is similar to a prior-year finding.

To comply with 7 CFR §273.2(a)(2), (b), and (f), the Department should properly maintain its food stamp recipients' case files to support benefit authorizations. For each recipient, all required information should be documented in the eligibility computer system to ensure proper calculation of food stamps benefits.

06-113

CFDA No.: 84.126 **Rehabilitation Services—Vocational Rehabilitation Grants to States, #s H126A4000204, H126A5000205, and H126A6000206**

**U.S. Department of Education**

Award Period: October 1, 2003 through September 30, 2005,  
October 1, 2004 through September 30, 2006, and  
October 1, 2005 through September 30, 2007

Questioned Cost: N/A

The Department of Economic Security, Division of Employment and Rehabilitation Services, did not have adequate internal control policies and procedures to ensure compliance with eligibility requirements. As a result, for 6 of 48 applicants tested, auditors noted that the Department did not determine the applicant's eligibility for vocational rehabilitation services within 60 days of the application submission date. Specifically, it took the Department between 62 and 316 days to determine if the applicants were eligible for the program. Further, the Department did not maintain documentation indicating why the 60-day period was exceeded as evidenced by either an extension letter filed and signed by both the Department and applicant, or the Department's continued exploration of the applicant's abilities, capabilities, and capacity to perform in work situations.

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This finding is a material internal control weakness and material noncompliance with the program's eligibility requirements. This instance of noncompliance is similar to a prior-year finding.

To comply with 29 United States (U.S.) Code 722(a)(6), the Department should determine an applicant's eligibility within 60 days of the application submission date. If eligibility for an applicant cannot be determined within 60 days, the Department should maintain documentation indicating why it exceeded the 60-day period.

06-114

CFDA No.: 84.126 **Rehabilitation Services—Vocational Rehabilitation Grants to States, #s H126A4000204, H126A5000205, and H126A6000206**

**U.S. Department of Education**

Award Period: October 1, 2003 through September 30, 2005,  
October 1, 2004 through September 30, 2006, and  
October 1, 2005 through September 30, 2007

Questioned Cost: N/A

The Department of Economic Security, Division of Employment and Rehabilitation Services, did not have adequate internal control policies and procedures to ensure compliance with procurement requirements. For 4 of 10 vendors tested, the Division entered into contracts for professional services that did not follow state purchasing policies and procedures. Specifically, the Division did not issue a request for proposal, request for quotes, or invitation for bids and obtain statements of qualifications from the vendors. Also, for two additional contracts, the Department did not maintain the evaluation forms justifying the contracts award. Further, for the vendors tested that were paid more than \$25,000 with a special service agreement, the Department did not require them to certify that they had not been suspended or debarred from doing business by the federal government. However, auditors verified that none of these vendors were suspended or debarred.

Auditors were able to determine that no questioned costs resulted from this finding as expenditures were paid in accordance with the Department's authorized medical fee schedules. This finding is a material internal control weakness and material noncompliance with the program's procurement and suspension and debarment compliance requirements. This instance of noncompliance is similar to a prior-year finding.

To help ensure compliance with 34 CFR §§80.35 and 80.36, the Department should follow the Arizona Procurement Rules and Regulations. Specifically, the Department should:

- Request statements of qualifications from each doctor that proposes to perform professional services for the Department.
- Maintain all pertinent documents to justify its vendor selection process.
- Require the vendor to certify that it had not been suspended or debarred from doing business by the federal government for all purchases over \$25,000.

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06-115

CFDA No.: 84.126 **Rehabilitation Services—Vocational Rehabilitation Grants to States, #s H126A4000204, H126A5000205, and H126A6000206**

**U.S. Department of Education**

Award Period: October 1, 2003 through September 30, 2005,  
October 1, 2004 through September 30, 2006, and  
October 1, 2005 through September 30, 2007

Questioned Cost: N/A

The Department of Economic Security, Division of Employment and Rehabilitation Services, did not have adequate internal control policies and procedures to accurately complete the RSA-2 Program Cost Report for the year ended June 30, 2005. This report was submitted to the U.S. Department of Education in December 2005. Specifically, the Division was unable to provide supporting documentation for 24 separate fields that presented federal expenditures, types of services, or support years presented on Schedules I through III. In addition, four expenditure amounts presented on Schedule I were understated and did not agree to the Department's accounting system.

This finding did not result in a questioned cost as the RSA-2 Program Cost Report was not used to request reimbursement of federal expenditures. This finding is a reportable condition and immaterial noncompliance with the program's reporting requirements.

To comply with 29 US Code 721(a)(10), the Department should review all reports for accuracy before the report is submitted to the U.S. Department of Education. In addition, the Department should maintain documentation for all financial and performance data included on the RSA-2 Program Cost Report.

06-116

CFDA No.: 96.001 **Social Security—Disability Insurance, #s 010504AZD100 and 010604AZD100**

**Social Security Administration**

Award Period: October 1, 2004 through September 30, 2005 and  
October 1, 2005 through September 30, 2006

Questioned Cost: \$7,363

The Department of Economic Security, Disability Determination Service Administration (DDSA), did not have adequate internal control policies and procedures to ensure compliance with the program's activities allowed or unallowed and allowable costs/cost principles requirements. Specifically, the DDSA had little or no supporting documentation for 9 of 60 expenditure transactions tested that totaled \$7,363. In addition, for another 16 transactions, the DDSA did not include medical diagnosis or accounting codes on the supporting documentation. For these transactions, auditors were able to perform alternate procedures to determine the expenditures were reasonable.

It was not practical to extend our auditing procedures sufficiently to determine whether any additional questioned costs resulted from this finding. However, based on auditors' evaluation of the cumulative effect of the internal control deficiencies and relation to the program's compliance requirements, this finding is a material internal control weakness and material noncompliance with the program's activities allowed or unallowed and allowable costs/cost principles requirements.



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To comply with OMB Circular A-87, Attachment A (C)(1)(j), the Department should maintain supporting documentation for each expenditure transaction, such as purchase orders, vendor invoices, and medical reports.

06-117

CFDA No.: 96.001 **Social Security—Disability Insurance, #s 010504AZD100 and 010604AZD100**  
**Social Security Administration**

Award Period: October 1, 2004 through September 30, 2005 and  
October 1, 2005 through September 30, 2006

Questioned Cost: N/A

The Department of Economic Security, DDSA, did not have adequate internal control policies and procedures to ensure compliance with procurement and suspension and debarment compliance requirements. Specifically, DDSA entered into contracts with doctors to perform services. However, state purchasing policies and procedures requiring competitive purchasing were not followed. Also, the contracts did not include designated time frames; federal requirements of the Health Insurance Portability and Accountability Act (HIPAA); and complete medical fee schedules. In addition, the DDSA did not provide adequate notice by issuing requests for proposals and request each doctor to submit statements of qualifications. During the period July 1, 2005 through June 30, 2006, the DDSA paid \$2,014,851 to 16 doctors under these contracts. Further, the DDSA paid 4 vendors \$345,088 for imaging services without following competitive purchasing procedures and preparing written contracts. In addition, for all 20 vendors, the DDSA did not verify that the vendor was not suspended or debarred by the federal government. Auditors performed additional test work on the vendors and determined that all services were provided and none of the vendors were suspended or debarred by the federal government.

Auditors were unable to determine questioned costs, if any, that may have resulted from this finding. This finding is a material internal control weakness with the program's procurement and suspension and debarment requirements and material noncompliance with the program's procurement requirements.

To help ensure compliance with 20 CFR §§437.35 and 437.36, the DDSA should follow the Arizona Procurement Rules and Regulations. Specifically, the DDSA should:

- Award all contracts through the Department's Office of Procurement to ensure that contract dates, HIPAA requirements, and fee schedules are included.
- Request statements of qualifications from each doctor that proposes to perform professional services for the Department.
- Obtain a written contract with all vendors providing more than \$50,000 of goods and services to the Department.
- Require the vendor to certify that it had not been suspended or debarred from doing business by the federal government for all purchases over \$25,000.

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06-118

CFDA No.: 93.667 **Social Services Block Grant, #s G0501AZSOSR and G0601AZSOSR**

**U.S. Department of Health and Human Services**

Award Period: October 1, 2004 through September 30, 2005 and  
October 1, 2005 through September 30, 2006

Questioned Cost: Unknown

The Department of Economic Security's management did not monitor its administrations to ensure that they complied with subrecipient monitoring requirements. The Department provides general guidance to its administrations and program staff that are responsible for administering federal awards to ensure compliance with subrecipient monitoring requirements. From this guidance, each administration is responsible for establishing specific policies and procedures to evaluate the subrecipients' programmatic and financial compliance. During the audit period July 1, 2005 through June 30, 2006, the Aging and Adult Administration, Administration of Children, Youth and Families, JOBS Administration, and Rehabilitation Services Administration did not adequately monitor subrecipients who received federal Social Services Block Grant (SSBG) monies from the Department. Specifically, two administrations did not establish subrecipient monitoring policies and procedures or perform fiscal and performance monitoring; one administration did not retain documentation of its subrecipient monitoring; and two administrations' subrecipient listing did not agree to the Department's master listing of subrecipients maintained by the Office of Procurement. Further, even though the Department developed numerous contract monitoring forms to assist personnel in making consistent determinations of whether an entity was a subrecipient or vendor, there was at least 1 form missing from 15 of 27 contract files reviewed.

It was not practical to extend our auditing procedures sufficiently to determine questioned costs, if any, that may have resulted from this finding. Because each administration maintained separate records, auditors estimated that at least \$5.2 million of SSBG monies were passed through to subrecipients. Therefore, this finding is a material internal control weakness and material noncompliance with the program's subrecipient monitoring requirements. This instance of noncompliance is similar to a prior-year finding.

To help ensure compliance with OMB Circular A-133, §.400(d)(3), department and administration management should develop uniform department-wide subrecipient monitoring standards and incorporate these standards into the Department's existing subrecipient monitoring policies and related directives and supporting forms and checklists. Further, the Department and Administration management should monitor each administration's subrecipient monitoring activities to ensure that established policies and procedures are being followed.

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06-119

CFDA No.: 93.667 **Social Services Block Grant, #s G0501AZSOSR and G0601AZSOSR**

**U.S. Department of Health and Human Services**

Award Period: October 1, 2004 through September 30, 2005 and  
October 1, 2005 through September 30, 2006

Questioned Cost: Unknown

The Department of Economic Security, Office of Procurement, did not have adequate internal control policies and procedures to maintain a complete and accurate listing of all subrecipients receiving pass-through monies from the Department. The Office was responsible for maintaining information pertaining to all contracts administered by the Department, including each contract's classification as a vendor or subrecipient. The Office recorded each contract's classification in a central database to help ensure that Audit Management Services requested a Single Audit Reporting Package from each subrecipient spending \$500,000 or more in federal awards. However, the Department did not reconcile the Office's database of subrecipients to each of its administration's listings of subrecipients for completeness. As a result, auditors were unable to obtain a complete listing of subrecipients for the audit period July 1, 2005 through June 30, 2006. This finding has the potential to affect other federal programs administered by the Department that give federal monies to subrecipients.

It was not practical to extend our auditing procedures sufficiently to determine questioned costs, if any, that may have resulted from this finding. However, this finding is a reportable condition and immaterial noncompliance with the program's subrecipient monitoring requirements. This instance of noncompliance is similar to a prior-year finding.

To help ensure compliance with OMB Circular A-133, §.400(d) and applicable federal grantors' administrative requirements for subrecipient monitoring, department and administration management should evaluate its process for identifying and communicating contractor vendor and subrecipient determinations to the Office of Procurement and implement changes to ensure that the contracts database contains a complete and accurate listing of subrecipients. This will help both the program administrators and Audit Management Services monitor subrecipients. Further, the administrations and Office of Procurement should review the contracts database monthly to help ensure it is complete and accurate.

06-120

CFDA No.: 93.667 **Social Services Block Grant, #s G0501AZSOSR and G0601AZSOSR**

**U.S. Department of Health and Human Services**

Award Period: October 1, 2004 through September 30, 2005 and  
October 1, 2005 through September 30, 2006

Questioned Cost: Unknown

The Department of Economic Security, Division of Children, Youth, and Families, did not have adequate internal control policies and procedures to ensure compliance with procurement requirements. Specifically, for 3 of 32 purchases tested for the period July 1, 2005 through June 30, 2006, auditors noted that the Division did not retain the evaluation forms used to justify the vendors awarded the contracts.

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This finding is a reportable condition and immaterial noncompliance with the program's procurement compliance requirements.

To help ensure compliance with 45 CFR §92.36, the Division should follow the Arizona Procurement Rules and Regulations and prepare and retain all pertinent documents to justify its vendor selection process.

06-121

CFDA No.: 93.563 **Child Support Enforcement, #s G0504AZ4004 and G0604AZ4004**

**U.S. Department of Health and Human Services**

Award Period: October 1, 2004 through September 30, 2005 and  
October 1, 2005 through September 30, 2006

Questioned Cost: N/A

The Department of Economic Security, Division of Child Support Enforcement (DCSE), did not always follow the Division's internal control policies and procedures to consistently ensure compliance with the program's special tests and provisions requirements. Specifically, for 5 of 75 cases tested, the DCSE did not establish an order for support within 90 calendar days of locating the alleged father or noncustodial parent. Specifically, it took the Department between 114 to 632 days to establish an order of support for these cases. In addition, for another 3 cases, the DCSE did not enforce medical support obligations with the noncustodial parent.

This finding is a material internal control weakness and material noncompliance with the program's special tests and provisions.

To comply with 45 CFR §§303.4(d) and 303.31(b)(7), the DCSE should enforce its internal control policies and procedures to ensure that support obligations are established within 90 calendar days of locating the alleged father or noncustodial parent and enforce the noncustodial parents to pay for medical support obligations.

06-122

CFDA No.: 93.563 **Child Support Enforcement, #s G0504AZ4004 and G0604AZ4004**

**U.S. Department of Health and Human Services**

Award Period: October 1, 2004 through September 30, 2005 and  
October 1, 2005 through September 30, 2006

Questioned Cost: \$79,471

The Department of Economic Security, Division of Child Support Enforcement, did not have adequate internal control policies and procedures to ensure compliance with procurement requirements. The Department utilized a vendor under contract to perform accounting and clerical services that were not authorized in its contract during the period July 1, 2005 through March 2006. The contractor was paid approximately \$5.57 more per hour than vendors under contract with the State for similar types of services. As a result, auditors estimated that the Department overpaid the vendor \$79,471 for accounting services.

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This finding is a reportable condition and immaterial noncompliance with the program's procurement requirements. This instance of noncompliance is similar to a prior-year finding. However, auditors noted that the finding was corrected by the Division in March 2006.

To help ensure compliance with 45 CFR §92.36 and obtain the most advantageous price for accounting and clerical services, the Department should use current vendors under contract with the State of Arizona.

06-123

CFDA No.: 17.225 **Unemployment Insurance**

**U.S. Department of Labor**

Award Period: July 1, 2005 through June 30, 2006

Questioned Cost: Unknown

The Department of Economic Security, Division of Employment and Rehabilitation Services, did not have adequate internal control policies and procedures to ensure that unemployment insurance benefits were issued only to eligible claimants. The Division's General Unemployment Insurance Development Effort (GUIDE) benefits system was programmed to check only for Job Services registration on the 35<sup>th</sup> day after the initial unemployment insurance claim was filed. As a result, for benefits paid after 35 days, the Job Services registration status may not have been verified. Auditors extended procedures and worked with the Department's programmers to determine the total effect of this error and determined that for fiscal year 2006, the Department paid \$211,777 to 152 claimants who were not registered with Job Services after the initial registration period.

It was not practical to extend our auditing procedures to determine the amount of questioned costs, if any, that resulted from this finding. This finding is a reportable condition and immaterial noncompliance with the Unemployment Insurance program's activities allowed or unallowed, allowable costs/cost principles, and eligibility requirements. This instance of noncompliance is similar to a prior-year finding.

To comply with the Unemployment Insurance program's activities allowed or unallowed, allowable costs/cost principles, and eligibility requirements specified in the 42 U.S. Code 503(a)(10), the Department should correct the programming deficiencies in the GUIDE system that allow checks to be issued to claimants whose registration with Job Services was not verified.

06-124

CFDA No.: 17.225 **Unemployment Insurance**

**U.S. Department of Labor**

Award Period: July 1, 2005 through June 30, 2006

Questioned Cost: Unknown

The Department of Economic Security, Division of Employment and Rehabilitation Services, did not have adequate internal control policies and procedures during the period July 1, 2005 through June 30, 2006, to ensure that unemployment insurance deposits were accurately reported in the ETA-2112 UI Financial Transaction Summary report as required by the ET Handbook 401, 3rd Edition, *Unemployment Insurance Reports Handbook 401*. The Division reported deposits on the ETA-2112 report based on daily deposits recorded for the reporting period. However, the Division did not reconcile the deposits to total employer

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unemployment insurance payments recorded in the Division's accounting records consisting of the Tax Employer Accounting Multi-System (TEAM System) until December 2006. As a result, for the period ended June 30, 2006, auditors noted that there was an unreconciled difference of \$202,391 of net unemployment insurance contributions between the amounts recorded on the ETA-2112 report and the amount recorded on TEAM System. Neither the auditors nor the Department were able to reconcile the difference.

It was not practical to extend our auditing procedures sufficiently to determine if any questioned costs resulted from this finding. This finding is a reportable condition and immaterial noncompliance with the program's reporting requirements. This instance of noncompliance is similar to a prior-year finding. In addition, this finding was also reported as a reportable condition over financial reporting, see finding 06-01.

To help ensure that the amounts reported on the ETA-2112 report and Division accounting records are accurate and complete, the Division should reconcile deposits to TEAM System and investigate and correct all differences.

06-125

CFDA No.: 93.658 **Foster Care—Title IV-E, #s 0501AZ1401 and 0601AZ1401**

**U.S. Department of Health and Human Services**

Award Period: October 1, 2004 through September 30, 2005

October 1, 2005 through September 30, 2006

Questioned Cost: \$5,678,295

The Department of Economic Security, Division of Children, Youth, and Families (DCYF), requested reimbursement for federal administrative expenditures for nonlicensed child care placements from the Foster Care—Title IV-E program that were no longer allowable expenditures under the Deficit Reduction Act of 2005 (Act). Changes to the Act became effective on March 1, 2006; however, the Division did not receive program instructions for the changes from U.S. Health and Human Services until August 23, 2006. For the period March 1, 2006 through June 30, 2006, the Division claimed and received reimbursements for administrative expenditures for nonlicensed child care placements of approximately \$5,678,295.

Based on auditors' evaluation of the cumulative effect of the internal control deficiency in relation to the program's compliance requirements, this finding is a material internal control weakness and material noncompliance with the program's activities allowed or unallowed and allowable costs/cost principles requirements.

To comply with 42 U.S. Code §672(i), the Division should not use Foster Care—Title IV-E monies to pay for administrative expenditures for nonlicensed child care placements. Federal administrative expenditures should include only expenditures for child care placements in a licensed home or placements in a home expected to be licensed within 12 months.

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06-126

CFDA No.: 93.558 **Temporary Assistance for Needy Families, #s G0501AZTANF and G0601AZTANF**  
93.658 **Foster Care—Title IV-E, #s 0501AZ1401 and 0601AZ1401AD**  
93.667 **Social Services Block Grant, #s G0501AZSOSR and G0601AZSOSR**

**U.S. Department of Health and Human Services**

Award Period: October 1, 2004 through September 30, 2006

Questioned Cost: Unknown

The Department of Economic Security, Division of Children, Youth, and Families (DCYF), did not adequately enforce its internal control policies and procedures to ensure that payroll expenditures for employees on educational leave were charged accurately to the Foster Care—Title IV-E program. Specifically, employees did not always record on their timesheets educational leave to the appropriate expenditure account codes and the employees' supervisors did not detect these errors when reviewing employee timesheets. Therefore, payroll expenditures for Foster Care—Title IV-E employees on educational leave were incorrectly allocated to the Temporary Assistance for Needy Families (TANF) and the Social Services Block Grant (SSBG) programs.

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 programs' activities allowed or unallowed and allowable costs/cost principles requirements.

To comply with the Foster Care—Title IV-E, TANF, and SSBG programs' activities allowed or unallowed and allowable costs/cost principles requirements as specified in OMB Circular A-87 Attachment A, §(C)(3)(a) and Attachment B, §(8)(d)(2), and the Department's own policies and procedures, the Division should require supervisors to appropriately review and approve employee time sheets to help ensure that payroll expenditures for Foster Care employees on educational leave are charged to the Foster Care—Title IV-E program.

06-127

**WIA Cluster:**

CFDA No.: 17.258 **WIA Adult Program, #s AA-12912-03-50, AA-13785-04-50, and AA-14662-05-55**

17.259 **WIA Youth Activities, #s AA-12912-03-50, AA-13785-04-50, and AA-14662-05-55; AA-15466-06-55**

17.260 **WIA Dislocated Workers, #s AA-12912-03-50, AA-13785-04-50, and AA-14662-05-55**

**U.S. Department of Labor**

Award Period: April 1, 2004 through March 31, 2009

Questioned Cost: N/A

The Department of Economic Security, Division of Employment and Rehabilitation Services, did not adequately monitor its subrecipients to ensure compliance with subrecipient monitoring requirements. Specifically, the Division did not perform an annual review to determine compliance with the U.S. Department of Labor's (USDOL) administrative requirements for two subrecipients who received approximately \$342,000 during the period July 1, 2005 through June 30, 2006. In addition, the Division did not notify nine subrecipients that on-site monitoring findings related to fiscal reviews were satisfactorily

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addressed and that the review was closed. Further, the Division did not provide one of its subrecipients with the federal program compliance requirements to ensure compliance with federal laws and regulations.

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

To comply with 20 CFR §§667.410(b)(3), 667.505(b), and 29 CFR §97.37(a)(2), the Division should:

- Conduct an annual on-site monitoring review for each subrecipient's compliance with USDOL uniform administrative requirements.
- Notify each subrecipient when corrective action requirements have been satisfied.
- Provide each subrecipient with the program requirements to help ensure compliance with federal laws and regulations.

06-128

**WIA Cluster:**

CFDA No.: 17.258 WIA Adult Program, #s AA-12912-03-50, AA-13785-04-50, and AA-14662-05-55

17.259 WIA Youth Activities, #s AA-12912-03-50, AA-13785-04-50, and AA-14662-05-55; AA-15466-06-55

17.260 WIA Dislocated Workers, #s AA-12912-03-50, AA-13785-04-50, and AA-14662-05-55

**U.S. Department of Labor**

Award Period: April 1, 2004 through March 31, 2009

Questioned Cost: \$17,079

The Department of Economic Security, Financial Services Administration, did not report federal expenditures correctly on the ETA-9076-B Statewide Rapid Response—Financial Status Report. The Administration submitted the June 30, 2005, report to close out grant number AA-119970-250 (subgrant number 94893DW) and report that the Department spent the full grant award. However, at June 30, 2005, the Department had not spent \$17,079 of the federal grant award. To receive the full award amount, the Department transferred \$17,079 of expenditures in November 2005 from another WIA program to this program that had expired.

This finding is a reportable condition and immaterial noncompliance with the program's period of availability and reporting compliance requirements.

To comply with 20 CFR §667.107, the Department must spend all WIA grant awards within 3 years. In addition, all WIA expenditures for dislocated workers should be reported accurately on the ETA-9076-B Statewide Rapid Response—Financial Status Report.



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06-129

CFDA No.: 97.008 **Urban Areas Security Initiative, #s 2003-EU-T3-0001 and 2004-TU-T4-0017**

**Department of Homeland Security**

Award Period: July 1, 2003 through December 31, 2006 (2003-EU-T3-0001)

December 1, 2003 through May 31, 2007 (2004-TU-T4-0017)

**Homeland Security Grant Program Cluster:**

CFDA No.: 16.007 **State Domestic Preparedness Equipment Support Program, #s 2002-TE-CX-0051 and 2002-TE-CX-0142**

**U.S. Department of Justice**

Award Period: February 1, 2002 through January 31, 2006 (2002-TE-CX-0051)

August 1, 2002 through December 31, 2005 (2002-TE-CX-0142)

CFDA No.: 97.004 **State Domestic Preparedness Equipment Support Program, #s 2003-TE-TX-0196, 2003-MU-T3-0034, and 2004-GE-T4-0051**

97.053 **Citizen Corps, # EMF-2003-GR-0360**

97.067 **Homeland Security Grant Program, # 2005-GE-T5-0030**

**Department of Homeland Security**

Award Period: April 1, 2003 through July 31, 2006 (2003-TE-TX-0196)

May 1, 2003 through August 31, 2006 (2003-MU-T3-0034)

December 1, 2003 through May 31, 2007 (2004-GE-T4-0051)

October 1, 2002 through July 31, 2005 (EMF-2003-GR-0360)

October 1, 2004 through March 31, 2008 (2005-GE-T5-0030)

Questioned Cost: \$10,538

The Department of Emergency and Military Affairs, Division of Emergency Management, receives federal funding on a reimbursement basis from the U.S. Department of Justice and Department of Homeland Security. When a program is funded on a reimbursement basis, the Division must pay eligible program costs before requesting reimbursement from the federal government. In addition, the Division must monitor federal monies it passes through to subrecipients to ensure that the subrecipients are also funded on a reimbursement basis. However, the Division did not have written policies and procedures until October 2006 to monitor its cash balances to ensure that federal cash on hand was the minimum needed to meet immediate cash needs. In addition, the Division did not maintain the underlying expenditure supporting documentation for the local jurisdictions related to the September 16, 2005 draw for award 2003-EU-T3-0001 totaling \$10,538.

This finding is a material internal control weakness and immaterial noncompliance with the Program's and Cluster's cash management requirements, and immaterial noncompliance with the Program's and Cluster's activities allowed or unallowed and allowable costs/cost principles requirements. It was not practical to extend our auditing procedures to determine if any additional questioned costs resulted from this finding. This instance of noncompliance was similar to a prior-year finding.

To comply with the Cash Management Improvement Act Subpart B, 31 CFR §205, 28 CFR §66.21, and the Department of Justice *Financial Guide*, the Division should follow its established cash management policies and procedures, and ensure documentation supporting cash draws is retained.

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06-130

**Homeland Security Grant Program Cluster:**

CFDA No.: 16.007 **State Domestic Preparedness Equipment Support Program, #s 2002-TE-CX-0051 and 2002-TE-CX-0142**

**U.S. Department of Justice**

Award Period: February 1, 2002 through January 31, 2006 (2002-TE-CX-0051)

August 1, 2002 through December 31, 2005 (2002-TE-CX-0142)

CFDA No.: 97.004 **State Domestic Preparedness Equipment Support Program, #s 2003-TE-TX-0196, 2003-MU-T3-0034, and 2004-GE-T4-0051**

97.053 **Citizen Corps, # EMF-2003-GR-0360**

97.067 **Homeland Security Grant Program, # 2005-GE-T5-0030**

**Department of Homeland Security**

Award Period: April 1, 2003 through July 31, 2006 (2003-TE-TX-0196)

May 1, 2003 through August 31, 2006 (2003-MU-T3-0034)

December 1, 2003 through May 31, 2007 (2004-GE-T4-0051)

October 1, 2002 through July 31, 2005 (EMF-2003-GR-0360)

October 1, 2004 through March 31, 2008 (2005-GE-T5-0030)

Questioned Cost: N/A

The Department of Emergency and Military Affairs, Division of Emergency Management, failed to obligate monies for the 2005 Homeland Security Grant Program, CFDA Number 97.067, awards to local units of government within the required time frames as outlined in the program's guidelines. For one award totaling \$41,704,818 received in 2005 that had 60-day obligation requirements, the Division accepted the award on March 21, 2005; however, the monies were not obligated to the local jurisdictions until August 2, 2005 and November 23, 2005, 134 days and 247 days later, respectively.

This finding is a material internal control weakness and material noncompliance with the Cluster's special tests and provisions requirements. This instance of noncompliance was similar to a prior-year finding.

To help comply with the program guidelines, the Division should establish internal control policies and procedures to properly obligate award monies within the required time frames.

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06-131

**Homeland Security Grant Program Cluster:**

CFDA No.: 16.007 State Domestic Preparedness Equipment Support Program, #s 2002-TE-CX-0051 and 2002-TE-CX-0142

**U.S. Department of Justice**

Award Period: February 1, 2002 through January 31, 2006 (2002-TE-CX-0051)

August 1, 2002 through December 31, 2005 (2002-TE-CX-0142)

CFDA No.: 97.004 State Domestic Preparedness Equipment Support Program, #s 2003-TE-TX-0196, 2003-MU-T3-0034, and 2004-GE-T4-0051

97.053 Citizen Corps, # EMF-2003-GR-0360

97.067 Homeland Security Grant Program, # 2005-GE-T5-0030

**Department of Homeland Security**

Award Period: April 1, 2003 through July 31, 2006 (2003-TE-TX-0196)

May 1, 2003 through August 31, 2006 (2003-MU-T3-0034)

December 1, 2003 through May 31, 2007 (2004-GE-T4-0051)

October 1, 2002 through July 31, 2005 (EMF-2003-GR-0360)

October 1, 2004 through March 31, 2008 (2005-GE-T5-0030)

Questioned Cost: N/A

The Department of Emergency and Military Affairs, Division of Emergency Management, must obligate at least 80 percent of the total program monies to local governments to ensure compliance with earmarking requirements. The Division may retain some or all of the local governments' allocations for purchases the State makes on behalf of the local governments. However, if the Division retains monies on behalf of local governments, it must enter into memorandums of understanding with the governments specifying the amount of monies to be retained for such purchases. The Division retained \$1,800,000 from the 2005 Homeland Security Grant Program, CFDA Number 97.067, for purchases made on behalf of local governments. Auditors reviewed these purchases and found they were for allowable program costs. However, the Division did not enter into the required memorandums of understanding with the local governments for these purchases. As a result, the State only obligated 71.01 percent of program monies to local governments.

This finding is a reportable condition and immaterial noncompliance with the Cluster's earmarking requirements.

To comply with program guidelines, the Division should obtain the necessary memorandums of understanding when making purchases on behalf of local governments. Also, this will help ensure that it obligates at least 80 percent of program monies to local governments.

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06-132

**Highway Safety Cluster:**

CFDA No.: 20.600 State and Community Highway Safety

20.601 Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants

20.603 Federal Highway Safety Data Improvements Incentive Grants

20.604 Safety Incentive Grants For Use of Seatbelts

20.605 Safety Incentives to Prevent Operation of Motor Vehicles by Intoxicated Persons

**U.S. Department Of Transportation**

Award Period: July 1, 2005 through June 30, 2006

Questioned Cost: N/A

The Governor's Office of Highway Safety did not have adequate internal control policies and procedures to ensure compliance with subrecipient monitoring requirements. Specifically, the Office did not monitor subrecipients' activities by performing site visits to verify the accuracy of the subrecipients' records and ensure that the subrecipients used federal awards for authorized purposes in compliance with laws, regulations, and the provisions of contracts and grant agreements as required by OMB Circular A-133, §.400(d)(3), and 49 CFR Part 18—*Uniform Administrative Requirements For Grants And Cooperative Agreements To State And Local Governments*.

This finding is a reportable condition and immaterial noncompliance with the Cluster's subrecipient monitoring requirements.

To comply with OMB Circular A-133, §.400(d), and 49 CFR, Part 18, the Office should conduct periodic site visits to verify the accuracy of each subrecipient's records, and to ensure that subrecipients are properly administering the grant in accordance with all laws, regulations, and the provisions of contracts and grant agreements.

## Appendix

State of Arizona  
Appendix  
State of Arizona Agency Codes  
Year Ended June 30, 2006

<b>Agency Code</b>	<b>Agency</b>
ADA	Department of Administration
AEA	Radiation Regulatory Agency
AFA	Governor's Office of Equal Opportunity
AGA	Office of the Attorney General
AHA	Arizona Department of Agriculture
ASA	Arizona State University
ATA	Arizona Automobile Theft Authority
BNA	Arizona State Board of Nursing
BRA	Arizona Board of Regents
CCA	Corporation Commission
DCA	Department of Corrections
DEA	Department of Economic Security
DJA	Department of Juvenile Corrections
DTA	Department of Transportation
EDA	Department of Education
EPA	Department of Commerce
EVA	Department of Environmental Quality
GFA	Arizona Game and Fish Department
GHA	Governor's Office of Highway Safety
GSA	Arizona Geological Survey
GVA	Office of the Governor
HCA	Arizona Health Care Cost Containment System
HDA	Arizona Department of Housing
HSA	Department of Health Services
HUA	Arizona Commission on the Arts
ICA	Industrial Commission of Arizona
JCA	Arizona Criminal Justice Commission
LAA	Arizona State Library, Archives and Public Records
LDA	State Land Department
LLA	Department of Liquor Licenses and Control
MAA	Department of Emergency and Military Affairs
MIA	State Mine Inspector
NAA	Northern Arizona University
PEA	Commission for Postsecondary Education
PMA	Pharmacy Board
PRA	Arizona State Parks Board
PSA	Department of Public Safety
SBA	Structural Pest Control Commission
SDA	Arizona State Schools for the Deaf and the Blind
SPA	Arizona Supreme Court
STA	Secretary of State's Office
TRA	State Treasurer
UAA	University of Arizona
VSA	Department of Veterans' Services
WCA	Department of Water Resources
WFA	Water Infrastructure Finance Authority

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## Corrective Action Plan



State of Arizona  
Corrective Action Plan  
Year Ended June 30, 2006

## Financial Statement Findings

06-01

**The Department of Economic Security's Employment Administration should improve controls over Unemployment Insurance tax receipts**

**Contact Person:** John Norris, (602) 771-3724

**Department's Response:** Agree

The Division of Employment and Rehabilitation Services, Employment Administration concurs with the finding. The sampled payments have a deposit date ranging from 7/1/05 to 7/6/06, which is a period prior to the Administration's response to last year's audit and a period during which there were processing problems. However, 16 of the payments may have been timely because the received date was the same as the due date for the quarter. The auditors relied on the system *received date* and *process date* to calculate deposit timeliness. *Received date* is defined in R6-3-1704.A as the *postmark date* and triggers the assessment of interest and penalties if later than the *due date*. It is not the date the payment actually arrives in the Tax Section Office. Tax and Wage Reports together with payment are considered timely if the *postmark date* is the last day of the month or earlier following the quarter reported. Envelopes with timely *postmark dates (received dates)* frequently arrive from the Post Office as late as ten days following the *postmark date* depending on the mailing location. These reports and payments with timely *postmark dates* are correctly entered with a system *received date* of the last day of the month so that interest and penalties do not accrue for late filing and payment. This practice is common as reflected by the Department of Labor process for determining timeliness, which is based on sampling the mail when it arrives at the Department. Using the Department of Labor sampling process, the Tax Section has exceeded the three-day deposit timeliness since July 2006.

The Administration addressed the finding and recommendations as follows:

- Storing the cash receipt books in a locked drawer is a new issue not previously addressed in prior audits. Receipt books have been under lock and key since August 3, 2006. The Tax Section changed location in September 2006. The taxpayer service window is now located within the Collection Unit to ensure a separation of duty from the check processing/accounting activity. The Collections Unit delivers checks and receipts to the Remittance Processing Unit Supervisor on a daily basis. The checks and receipts are verified and a separate batch is created even if the amount is only 1 cent to ensure deposit timeliness.
- Since the amounts collected from the Taxpayer window are deposited through the same process as all other payments, these amounts are reconciled on a monthly basis with the bank statement reconciliation to TEAM for each batch month. All months from July 2005 forward were reconciled in December 2006 and auditors reviewed the documentation and concurred with the process in place.
- The Tax Section has implemented a strict separation of responsibilities in report and payment processing activities. All batches have a worksheet record of each required step of the batching process and the responsible employee initials the completion of their activity. The worksheets are reviewed to insure the same person does not perform more than one task in that process.

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## Financial Statement Findings

- The bank statement to TEAM reconciliation process is scheduled for completion by the end of the third week following the end of each month. This ensures the reports produced by the TEAM system are accurate for the compilation of the ETA-2112 report. The ETA-2112 report is due to Department of Labor by the following week.
- The Tax Section follows best practices in the processing of large quantities of tax payments (over 100,000 per quarter). We use the same equipment and procedure as used by the Department of Revenue as well as the private sector vendor processing child support payments. Check endorsement is performed by the Unisys RemitPro equipment and contains locator information of batch account and item numbers. This information is essential to locate a misapplied payment and process taxpayer inquiries. Reports and payments are first separated and batched by like transaction to reduce data entry and speed the processing activity. To address the risk of processing checks, the department has developed internet-based systems to encourage taxpayers to report and pay using the internet. This requires no manual intervention. Additional enhancements could be instituted but are not feasible due to funding restraints.

06-02

**The State should verify that servicing banks have effective internal controls**

**Contact Person:** Clark Partridge, State Comptroller, (602) 542-5405

**Department's Response:** Agree

The State understands the importance of internal controls on processing cash receipts and related data, and has established controls to address the related risk. We will continue to coordinate our activities to ensure that State information is processed in an appropriate environment.

06-03

**The Department of Revenue should accurately record and report accounts receivable information**

**Contact Person:** Lynette Nowlan, Assistant Director, Processing Administration, (602) 716-6281

**Department's Response:** Agree

The Department understands the importance and is committed to processing taxpayer's data as quickly and accurately as possible, and as such, has established procedures to achieve that end. As noted below, prior to the Auditor General's finding in the October 16, 2006, Management Letter, the Department had begun efforts to improve the timeliness of processing and reviewing tax documents.

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### *Resolve transactions identified for review in a timely manner*

The Department continues to progress on a major implementation of an integrated tax system called BRITS (Business Reengineering Integrated Tax System). With the implementation of BRITS, the Department established a series of automated evaluation criteria to help ensure the accuracy of billings and refunds prior to distribution to taxpayers. If a particular transaction satisfies the established criteria then Department staff manually reviews the resulting bill or refund before it is mailed. The transactions being reviewed are referred to as Process Review Items (PRI). Because the nuances of this process are still being learned, the Department underestimated the amount of resources necessary to review the resulting PRIs.

To address the backlog of PRIs, the Department is tracking the inventory daily and has assigned staff to process those transactions as quickly as possible. To ensure timely and accurate processing in the future, the Department began an analysis in June 2006 of the PRI criteria and the value each review item added toward ensuring accurate billings and refunds. The analysis and associated recommendations were completed in September 2006. Implementation of those recommendations began in December 2006 and was completed in January 2007. The system changes are to minimize backlogs from developing in the future and current backlogs are on schedule for resolution by June 30, 2007.

### *Generate detailed accounts receivable reports*

The Department and its management are completely aware of the necessity to generate a detailed accounts receivable report and have been working diligently with the BRITS vendor, Accenture, to develop the report. The nature of the BRITS system has made that development effort very difficult. In October 2006, however, the Department delivered a detailed accounts receivable report to the Auditor General. The detailed accounts receivable report includes protested audits, credit audits and uncollectible receivables. A section of the report shows an aging of the receivables. During the review of the report and data by both employees of the Department and the Auditor General, recommendations for further changes to the programming of the report were identified. The changes to the report were completed on May 11, 2007, and since that time, the Department has generated the monthly detailed accounts receivable report for March and April 2007. The Department is utilizing the reports to analyze the receivables. Once the accounting month for May is closed, the Department will generate the report and use it also to review the receivables. The report will be generated and reviewed monthly going forward.

### *Reconcile withholding tax payments and returns in a timely manner*

The Department has had an effective reconciliation procedure in place for processing withholding tax returns for many years. The Department is not opposed to this recommendation; however without additional resources a faster processing goal can not be met. The Department will review its resource needs in order to comply with the Auditor General's recommendations. Once the review is completed, the Department will submit a budget request for the additional resources. Because the Department is on a biennial budget request schedule, the earliest a request can be submitted is September 2008.

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### *Implement and enforce policies and procedures for audit adjustments*

The current manual processes for recording audit adjustments have not yet become electronic because the complete implementation of ESKORT has not occurred. ESKORT is an audit program that is designed to maximize efficiency in the audit environment. This is done through the use of three major modules: 1) Audit Selection; 2) Audit Assistant; and 3) Case Management and Tracking. These modules are connected to each other to provide a continuous electronic flow of audit information. ESKORT will also be electronically integrated into the BRITS Taxpayer Accounting System. This electronic interface will ensure audit data is entered timely and correctly. The ESKORT project schedule estimates that audit recordings will become electronic in April 2008. In the meantime, any necessary training has been modified to include the following verbiage:

“Through this training course we will address the importance of entering complete and accurate data as well as teach you how and where to enter the information. Once you leave the training environment, it is your job to ensure that all data entered is accurate and complete. This is significant since we are entering this pertinent data in our new system environment and it will be the basis for current and future audit tracking and selection. Additionally, it will ensure that the Audit Division is basing its resource allocation decisions on valid and precise information.”

In addition to providing improved training to Audit employees, the Division will review its current procedures for review of audit adjustments made in BRITS. The process has been in place since May 2006 and may require some additional steps to ensure accuracy prior to billings being sent out to the taxpayers.

06-04

### **The Department of Revenue should establish effective controls over its contracted services**

**Contact Person:** Lynette Nowlan, Assistant Director, Processing Administration, (602) 716-6281

#### **Department's Response:** Agree

The Department understands the importance of having effective controls over its contracted services and will establish procedures to achieve that end.

*Establish contractual provisions requiring the service organization to have their cash receipts systems audited annually.*

The Department's current contract with a service organization to provide taxpayers a means to make a payment electronically was awarded on March 1, 2004. It is now in year four with one more extension possible that would begin March 2008. The Department is currently working with the State Procurement Office to amend the contract for the March 2008 extension to require the service organization to have their cash receipts systems audited annually.

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Although the Department did not have a specific requirement in the contract for the service organization to have an annual audit, an annual audit of its cash receipts system was completed. The last audit covered the period October 1, 2005 through September 30, 2006.

*Review the audit reports of its organizations' cash receipts controls, and require a corrective action plan if deficiencies are noted.*

As mentioned above, although the Department did not have a specific requirement in the contract requiring the service organization to have an annual audit, the service organization did have one conducted. The audit report was dated October 5, 2006, and a copy was received by the Department in January 2007. The Department has reviewed the audit report and determined that the audit of the service organizations' internal controls revealed no significant deficiencies.

06-05

### **The Department of Revenue's computer access controls should be strengthened**

**Contact Person:** Susan Silberisen, Chief Information Officer, (602) 716-6955

**Department's Response:** Agree

The Department understands the importance of having effective access controls within DOR computer systems and has established a formal Information Security management team and documented processes to ensure those controls are maintained. In addition, DOR continues to implement monitoring and review processes to validate the effectiveness of our controls.

*Require supervisors to review and approve access levels granted to users to help ensure that access is compatible with employees' job responsibilities. Modify user access rights when employees transfer from one position to another.*

The Department has a documented user access lifecycle process. The process requires all managers complete an Outlook request form to approve new access, change access in the case of a job transfer, or remove access for any information technology (IT) managed system. An information security process that reviews a sampling of forms and validates appropriate approvals will be in place by February 2008.

*Eliminate access to all computer systems when an employee leaves the Department.*

As a secondary control, a weekly Vacancy Tracking Report is generated by DOR Human Resources. This report displays changes in position or termination of DOR employees. The IT security team reviews the report and performs the appropriate access changes.

In addition, Assistant Directors are required to review and approve user access lists from systems on an annual basis to ensure users have appropriate accesses based upon job requirements.

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As the Department continues to review its user access lifecycle process, the following improvements are being designed and implemented:

- Centralizing user access lifecycle management under one unit – Information Security
- Documenting role-based access profiles using roles throughout DOR to create a standard approved by Assistant Directors and managed by Information Security
- Formalizing procedures for users who are on long-term leave (i.e. maternity) to ensure that employee returns or terminations are managed appropriately
- Educating managers on their responsibilities in the user access lifecycle process
- Creating a user access lifecycle process that will electronically store and report on a user history record of past and current accesses

*Remove all generic user identifications from the database and create unique, identifiable user identifications for database administrators.*

A critical initiative of the new Information Security team is to research and remove generic IDs within our systems. Database administration (DBA) is an area of information technology that requires special care when making changes to access controls. DOR Information Security identified the generic ID risk shortly before the Auditor General's finding. In order to avoid impact to DOR system availability, a phased approach to removing generic IDs and replacing them with user identifiable IDs has been adopted. A necessary level of design and testing is in place to avoid impact when a DBA user is terminated. This caution exists to ensure an appropriate rollover to another identified user takes place without a loss of functionality within the database system. The Department anticipates having the generic IDs removed and unique dba IDs established by November 2007.

*Require employees to review policies and procedures over computer use, confidentiality, and software use. Obtain their signatures to document that they have read the policies and procedures and agree to follow them. Retain copies of all applicable forms in the employees' personnel files.*

DOR has a Computer Use Policy and a Confidentiality Agreement that every employee must read and acknowledge with their signature. Software use is covered within the Computer Use Policy. DOR Human Resources manages the process with input of content for the policy from other DOR divisions. The Confidentiality Agreement acknowledgement page is placed in the employee's personnel file held in Human Resources.

In order to ensure compliance with this policy, DOR's internal audit unit will conduct a sample file review to determine the current level of compliance and Human Resources will monitor personnel files on a routine basis to ensure that acknowledgement pages are in place.

*Restrict physical access to computer room facilities to only those authorized employees who need access to perform their job responsibilities.*

Physical access to the DOR computer rooms is granted and maintained through DOA and managed and approved from DOR designated IT staff on a restrictive basis. DOR designated IT staff review appropriate access on a quarterly basis. This process has been in place for the past eight (8) quarters to improve a process based upon an earlier audit finding.

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06-06

**The Department of Revenue should bill taxpayers in a timely manner for amounts due**

**Contact Person:** Lynette Nowlan, Assistant Director, Processing Administration, (602) 716-6281

**Department's Response:** Agree

The Department currently issues billings for transaction privilege, withholding, and corporate tax on a weekly basis. All billing notices include applicable penalty and interest. The Department also issues delinquency notices to those transaction privilege taxpayers that have not filed the applicable tax return. The notices are generated on a monthly basis. A delinquency notice explains to the taxpayer that they have not filed a return for a specific period. The notice does not include information on tax, penalty, or interest that may or may not be due because the Department has not received a return that establishes the taxpayers liability.

*Generate billing statements for all underpaid taxpayer accounts in a timely manner*

The Department does have taxpayers who have not received a billing notice about their tax due. These taxpayers are a part of a backlog of billing notices that had accumulated since the implementation of BRITS. The billing backlog arose due to several different system and procedural issues. However, in the spring of 2007, the Department worked on a project to minimize the backlog by June 30, 2007. The first of those billings went out to the taxpayers the week of May 9, 2007, and have continued to go out with the goal to have the last of the billings sent out by June 30, 2007.

*Enforce existing policies and procedures over delinquency notices, ensuring withholding and luxury tax notices are generated quarterly or monthly, as applicable.*

The Department does have an automated process in place to issue delinquency notices on a quarterly basis for withholding taxpayers. However, a system issue was identified during the last time that the process was run and as a result, the automatic process was stopped until the issue with the system could be addressed. The issue with the system was addressed during April 2007, and the Department is currently working on a plan to clear the backlog of prior quarter's delinquency notices and then issue delinquency notices for the first quarter of calendar year 2007 in July 2007. In the future, the notices will be generated when the quarterly returns have processed.

Due to computer system limitations and staffing shortfalls the Department struggles to issue luxury tax notices in a consistent manner. To address this known issue, it has been the Departments' intention to incorporate luxury tax notice functionality into the BRITS system following the completion of the individual income tax release. By incorporating this functionality into BRITS, the Department will be able to transition from the current manual labor intensive process to an automated and more effective notification process.

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Until system changes can be made, the Department will evaluate staffing levels and examine ways to ensure notices are generated in a more timely and consistent manner.

*Develop and implement policies and procedures to create delinquency notices to inform individual and corporate income taxpayers of missing returns when they have submitted a payment.*

Currently, the Department has initiated a data purification project for the upcoming conversion of individual income tax processing from the legacy system to BRITS. One effort within the data purification project is to send letters requesting taxpayers to file a return when the taxpayer has only submitted a payment and has not provided the associated tax return. In December 2007, when the individual income tax functionality is implemented in the BRITS environment, we will start development for the automation of the process of requesting a return in a specified time frame for both individual and corporate taxpayers.

06-07

**The Department of Economic Security's Division of Developmental Disabilities should establish effective internal policies and procedures over its claims processing system**

**Contact Person:** Debra Peterson, (602) 542-6893

**Department's Response:** Agree

The Department of Economic Security, Division of Developmental Disabilities, concurs with the finding and will continue to implement the audit recommendations.

The FOCUS system includes approximately 150 system edits used to determine if a claim is accurate and recorded against the proper funding stream. This is significantly more than the 20 edits in the previous legacy system. However, when FOCUS was initially implemented, not all of the 150 edits were executing properly. As a result, the claim processing edits did not always identify duplicate claims, apply proper pay rates, or pay against appropriate funding streams. In addition, the edits rejected some valid claims. As the Division identified system deficiencies, corrective actions were initiated. Short-term corrections, including identification of duplicates, proper funding stream charging, and rejection of valid claims, were prioritized and fixed. Components of rate validation are part of the current payment edits and additional enhancements are planned. The Division will continue enhancing this application to strengthen control over medical claims processing.

As the Division continues to enhance FOCUS applications, change management procedures need to ensure that proper testing is performed prior to implementation. The Division has begun to implement change management procedures that will adhere to the DES Standard Development Methodology (1-38-0056). This requires user approval of business requirements, testing plans and test results prior to implementation. This will ensure that during implementation, system changes and enhancements are executing accurately and efficiently.



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As noted in the finding, the Division identified approximately \$10.5 million of possible overpayments to providers. The reconciliation and recovery process was implemented in two separate phases. Phase One identified \$7.1 million of possible duplicate payments. Phase Two identified an additional \$3.4 million of possible duplicate and erroneous payments.

The Division initially recognized that manual payment processing had resulted in duplicate payments. In July 2006, the Division retained Mercer Government Human Services Consulting to assist in reconciling payments that had occurred between March 2006 and June 2006. The identification of potential duplicate claims totaling \$7.1 million was completed on August 14, 2006. The Division developed a detailed plan for the complete reconciliation and recovery of all potential duplicates. Phase One was implemented at the end of September 2006. By June 2007, less than \$200,000 remained to be resolved.

In March 2006, the Division processed 31% of vendor monthly payments outside of FOCUS utilizing a manual payment process. Since November 2006, less than 1% of monthly payments are manually processed. Since most duplicate and erroneous payments occurred due to manual payment processing, the Division continued to monitor and identify potential duplicates and other erroneous payments that occurred between July 2006 and November 2006. In March 2007, the Division completed this analysis and identified an additional \$3.4 million of possible duplicate and erroneous payments. In May 2007, the Division implemented Phase Two and began notifying providers of these possible duplicate and erroneous payments. The Division will continue to work with providers and resolve all outstanding payment issues.

The identification and recovery of duplicate and erroneous claims is only part of the complete reconciliation process. In order for the reconciliation process to be complete, manual payments need to be correctly identified in FOCUS at the claim line level. This requires reconciliation with the individual providers for each claim line prior to FOCUS entry. In April 2007, as Phase One was concluding, the Division began the process of ensuring correct disposition at the claim line level in FOCUS. This is an on-going process that will continue for Phase Two. In addition, \$9.6 million manual claims need to be reconciled and then entered and processed in FOCUS.

The Division holds itself accountable for the responsible use of public dollars and is committed to the reconciliation and recovery process. The Division plans to complete this process by October 2007.

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Agency: Department of Emergency & Military Affairs

CFDA No.: 16.007 State Domestic Preparedness Equipment Support Program, #s 2002-TE-CX-0051 and 2002-TE-CX-0142  
97.004 State Domestic Preparedness Equipment Support Program, #s 2003-TE-TX-0196, 2003-MU-T3-0034, and 2004-GE-T4-0051  
97.008 Urban Areas Security Initiative, #s 2003-EU-T3-0001 and 2004-TU-T4-0017  
97.053 Citizen Corps, # EMF-2003-GR-0360  
97.067 Homeland Security Grant Program, # 2005-GE-T5-0030

Finding No.: 06-101

Status: Concur

Agency description:

Internal control policies and procedures were implemented in accordance with OMB A-133 §.400(d) in October 2006. Subrecipients will be informed of the accurate Catalog of Federal Domestic Assistance (CFDA) title and number as required. The Division will develop a system to monitor the activities of subrecipients. This will be coordinated through site visits, review of reports and other means necessary to ensure compliance with OMB Circular A-133. The Division will ensure that subrecipients expending \$500,000 or more in federal awards meet the required audit requirements by closely monitoring the Single Audits and documenting these actions.

Contact Person: Mark Howard  
(602) 231-6212

Andrew Allen  
(602) 267-2322

Anticipated Completion Date: October 1, 2006

Agency: Department of Education

CFDA No.: 84.010 Title I Grants to Local Educational Agencies, #S010A050003A  
84.011 Migrant Education—State Grant Program, #S011A050003

Audit finding: 06-102

Status: Concur

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## Federal Award Findings and Questioned Costs

### Agency description:

The Arizona Department of Education School Finance Division will implement the following procedures to help ensure compliance with the program's reporting requirements and the accuracy of the National Public Education Financial Survey (NPEFS) form:

- A query, which is to be processed in the initial phases of the NPEFS submission, has been developed to highlight additions and deletions of codes included on district and charter Annual Financial Reports and Food Service Reports. This will identify the code changes that ultimately allowed the duplication of Dropout Prevention expenditures.
- Time and effort manually reviewing the assignment or exclusion of each of the 4,600 plus FPFOs codes to the appropriate NPEFS fields will be increased. Additional analysis will be performed to track and monitor assignment of FPFOs to NPEFS fields.
- Documentation and detailed data, backing up all reported values will be maintained, in a format readily accessible.
- Unsubstantiated amounts used as temporary overrides, which caused the \$20,000,000 over-statement to salaries, will be tracked and monitored and will be deleted or adjusted as appropriate.
- Complete in-depth review of NPEFS report and supporting documentation, prior to submission.

These policies and procedures will be implemented by December 31, 2007.

Contact person: Art Heikkila  
(602) 364-2097

Agency: Department of Education

CFDA No.: 10.553 School Breakfast Program, #7AZ300AZ3  
10.555 National School Lunch Program, #7AZ300AZ3  
10.556 Special Milk Program for Children, # 7AZ300AZ3  
10.559 Summer Food Service Program for Children, #7AZ300AZ3

Finding No.: 06-103

Status: Concur

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## Federal Award Findings and Questioned Costs

### Agency description:

This finding was identified in the 2005 audit. As a result of the 2005 finding, School Health and Nutrition Programs created a formal application process policy and procedures, as well as the creation of a sponsor application checklist to ensure compliance. All new sponsors since the 2005 finding have been required to submit all necessary paperwork to be approved for the National School Lunch Program (NSLP)/School Breakfast Program. As per the Policy and Procedures, the NSLP Administrative Assistant ensures all required documentation is filed in the appropriate sponsor file.

To address the 2006 finding, the sponsors that were approved and in place prior to the 2005 finding will be reviewed and sponsors will be notified in writing to re-submit all required paperwork that is found to be missing from their file. Health and Nutrition will complete this file review by October 31, 2007.

To ensure NSLP sponsor files continue to be in compliance, the current Policy and Procedures have been updated to instruct the NSLP Program Project Specialist and NSLP Administrative Assistant to conduct a quarterly sponsor file review by randomly sampling 25% of the files. Any file found out of compliance will be brought to the attention of the sponsor and missing documents will be requested. The first quarterly review will be completed on May 31, 2007.

Contact person: Art Heikkila  
(602) 364-2097

Agency: Department of Education

CFDA No.: 84.027 Special Education—Grants to States, #H027A050007  
84.173 Special Education—Preschool Grants, #H173A050003

Finding No.: 06-104

Status: Concur

### Agency Description:

The Arizona Department of Education (ADE), Exceptional Student Services (ESS) Unit, will revise its policies and procedures to address the December 1 Federal child count verification process in the following manner:

- ADE will pursue statutory changes to reduce the Student Accountability Information System (SAIS) adjustment window. The statutory change process will begin in January of 2008 and estimated date of completion is April of 2010. Currently, ARS §15-915 allows school districts and charter schools to

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submit changes to their financial information and their student count to SAIS for a maximum of three years from the initial submission date. As a result, this allows LEAs to change financial and student count information after its submission of Federal child count reports. This could result in submitted Federal child count data not matching more current SAIS student count information.

- ESS will provide LEAs with a bi-monthly confirmation status report that alerts the LEAs to SAIS conflicts so the conflicts can be resolved in a timely manner. This process will begin in January 2008.
- ESS will include accuracy of LEA SAIS data in the Individuals with Disabilities Education Act (IDEA) determinations in accordance with 34CFR 300.600. This process will begin in July 1, 2007.
- ESS will send an alert no later than August 27, 2007 via the list-serve to LEAs advising them of the use of the Systems Training and Response Team (STAR) to resolve SAIS discrepancies prior to the verification letter due date of May 31, 2008. ESS will continue working with the STAR team to improve LEA reconciliation techniques.
- ESS will require LEA December 1 Federal child count verification numbers match SAIS student count numbers for May 31, 2008. LEAs must reconcile their child count numbers with SAIS data before ESS will accept the LEA Federal child count. May 31, 2008, SAIS student count numbers reports will be retained to provide documentation showing that LEA counts matched SAIS counts at that time. In addition, if the SAIS student count is higher than the LEA verification count, then the LEA may be subject to an ADM audit.

Contact person: Art Heikkila  
(602) 364-2097

Agency: Department of Education

CFDA No.: 84.027 Special Education—Grants to States, # H027A050007  
84.173 Special Education—Preschool Grants, # H173A050003

Finding No.: 06-105

Status: Concur

Agency Description:

ADE developed an internal grants management system that requires monthly financial reporting (cash management reports) in order to receive the next scheduled grant or contract payment. The reports are reviewed for compliance with laws, regulations, and the provisions of the contract or grant agreement. If

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discrepancies are noted, the district or charter school is contacted for additional documentation and information. The cash management system was designed to act in place of an on-site visit given our resource limitations.

ADE has recently hired an auditor to perform fiscal monitoring. This full-time ADE employee will be responsible for performing on-site monitoring of financial records at various LEAs that receive and expend Federal financial assistance associated with CFDA Nos. 84.027 and 84.173. Initially, approximately 30 LEA sub-recipients expending the largest amount of Federal grant dollars associated with the two above-mentioned grants will be monitored. After these 30 LEA subrecipients have been monitored, all LEA subrecipients will be placed on a multi-year cycle. The auditor will monitor them per this schedule.

The auditor will examine original source documentation supporting expenditures to determine if these expenditures were proper in relation to the two above-mentioned Federal grant requirements. The auditor will trace these Federal grant expenditure dollars through the LEA subrecipients' financial accounting systems; i.e., through their general ledgers, to the expenditures that the LEAS upload to ADE's Grants Management Enterprise System (GMES). In relation to ADE's subrecipients, the GMES is ADE's on-line computerized system that records dollars associated with Federal financial assistance passed through by the ADE to LEA subrecipients as well as expenditures incurred by the LEA subrecipients from such Federal financial assistance. The first full year of reviews will be completed by June 30, 2008.

Contact person: Art Heikkila  
(602) 364-2097

Agency: Department of Education

CFDA No.: 10.553 School Breakfast Program, # 7AZ300AZ3  
10.555 National School Lunch Program, # 7AZ300AZ3  
10.556 Special Milk Program for Children, # 7AZ300AZ3  
10.559 Summer Food Service Program for Children, # 7AZ300AZ3  
10.558 Child and Adult Care Food Program, # 7AZ300AZ3  
84.010 Title I Grants to Local Educational Agencies, # S010A050003A  
84.011 Migrant Education—State Grant Program, # S011A050003  
84.027 Special Education—Grants to States, # H027A050007  
84.173 Special Education—Preschool Grants, # H173A050003  
84.213 Even Start—State Educational Agencies, # S213C050003A

Finding No.: 06-106

Status: Concur

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### Agency Description:

ADE will develop a policy and business rule providing a process for the ADE Audit Unit and Program Areas to address subrecipient noncompliance with OMB Circular A-133 reporting requirements. This policy and business rule will require notification of noncompliance letters to be sent to LEAs that have not met their Single Audit reporting requirements. The policy and business rule will also include potential sanctions against noncomplying LEAs. The sanctions will include the potential for ADE to withhold current and/or future federal funding until compliance with reporting requirements is achieved. This policy will be written and implemented by December 31, 2007.

ADE has taken several actions to help ensure that its federal program areas issue management decision letters in a timely manner. ADE has developed and is implementing its Single Audit Tracking System (SATS), specifically designed to help monitor and ensure that the Single Audit finding resolution process is performed accurately and timely. Audit findings are input into SATS, and are electronically transferred to the correct program area for resolution. The system provides information and reports to assist the program area in ensuring proper and timely management decision letters are issued. The program area can access the system to determine what audit findings they have, and when they are due. The system also provides legal and technical guidance, with links to the federal A-133 documents, and also ADE policies and guidelines. This system will also automatically provide biweekly reports to those program areas with outstanding findings that need to be addressed, and also will include the due date for those management decisions. This system will be fully implemented by December 31, 2007.

ADE has also revised policy number AS-3, regarding resolution of Single Audit Findings. This revised policy reflects the current process established within ADE, and also provides potential sanctions against LEAs that fail to properly address findings.

Contact person: Art Heikkila  
(602) 364-2097

Agency: Department of Education

CFDA No.: 84.010 Title I Grants to Local Educational Agencies, # S010A050003A

Finding No: 06-107

Status: Concur

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Agency description:

The Grants Management Enterprise System will be modified to produce two additional reports that will enable program areas to monitor cash on hand at the LEA level for compliance. These reports will show any LEA that has not submitted a Cash Management report on time and will show any LEA that still has cash on hand and does not require a disbursement for the next month. The reports will be written and available to the program areas by December 31, 2007. The final reports will enable the program area to place an LEA that is out of compliance in either area on HOLD for current year funds until the issue has been resolved. Based on a review of the reports the program area will place LEAs on hold as necessary.

Contact person: Art Heikkila  
(602) 364-2097

Agency: Department of Education

CFDA No: 84.011 Migrant Education—State Grant Program, #S011A050003

Finding No.: 06-108

Status: Concur

Agency description:

To help ensure compliance with the reporting and special tests and provisions requirements of the Migrant Education State Grant Program, ADE will improve its program monitoring by implementing the following steps:

- Develop written policies and procedures for annually documenting and reviewing eligible student count information, and the process for resolving any significant differences.
- Develop written policies and procedures to annually test the validity of the COEstar internal controls, including the option of performing an SAS 70 audit.
- Develop written policies and procedures to review subrecipient files to determine if the service provider completed site visits in accordance with its quality control procedures.

These policies and procedures will be developed by December 2007, and implementation will begin by June 30, 2008.



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## Federal Award Findings and Questioned Costs

Contact person: Art Heikkila  
(602) 364-2097

Agency: Department of Education

CFDA No.: 10.553 School Breakfast Program, #7AZ300AZ3  
10.555 National School Lunch Program, #7AZ300AZ3  
10.556 Special Milk Program for Children, #7AZ300AZ3  
10.559 Summer Food Service Program for Children, #7AZ300AZ3  
10.558 Child and Adult Care Food Program, #7AZ300AZ3

Finding No.: 06-109

Status: Concur

### Agency description:

The Office of the Auditor General issued the Arizona Department of Education—Information Management report (August 2006, Report No. 06-07) that identified security deficiencies at the Department, which included areas such as software security patch management, password management, network vulnerability, basic security awareness, user access and privileges, and intrusion detection. These deficiencies put the Department's systems and information at risk of potential theft, manipulation, or misuse. The audit recommended developing and implementing an ongoing process for addressing security vulnerabilities and control weaknesses. Specifically, the process should ensure that known security concerns are evaluated and prioritized in order of risk. ADE should then develop specific plans to address them and assign responsibilities to implement the plans. In response, ADE is implementing the following corrective action plan:

- ADE IT completed rollout of its initial one-time security changes for all critical applications, including the CNP Web system, on June 30, 2006. ADE has implemented new security standards for all aspects of application development and deployment. The resulting procedures, processes, and practices are mandatory elements of all services provided by ADE's IT group, including CNP Web. These standards will be continually revised to stay current with emerging security needs.
- In order to ensure that the Arizona Department of Education, Health and Nutrition Services Unit eliminates the material control weakness found in its account management procedures, a policy and procedure will be implemented by October 31, 2007, that outlines the following:
  - Job positions and corresponding CNP Web user class;
  - Access and activity privileges provided to specific job position; and

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- Procedures for granting access and activity privileges to department employees.
- In order to ensure that the CNP Web system design documentation is detailed, comprehensive, and current, the Health and Nutrition development team will be conducting an update to the current system design documentation to be completed by October 31, 2008. The update will ensure that the CNP Web system documentation clearly details workflow within the system, the business rules that regulate workflow and high-level system software information that relates the general structure of the code to the functions it performs.

In addition to making system documentation current, Health and Nutrition will also develop detailed policies and procedures for conducting system maintenance and processing. These policies and procedures will include guidelines to ensure that system documentation remains up-to-date, and will be implemented by October 31, 2007.

Finally, to ensure proper system documentation, by October 31, 2007, the Health and Nutrition development team will create a master description list of access privileges that defines:

- Each class of user;
- How each class of user is determined in the system;
- The business functions performed by each class of user; and
- Special permissions that control functions not allocated by default to pre-defined user classes.
- The Health and Nutrition Services administrative and technical staff have researched possible enhancements to the auditing capabilities of the CNP Web system and has determined that the following will be implemented to address requirements for improved data change tracking and control by October 31, 2007:
  - A system software and configuration change that will ensure all external user submissions are “read only” to internal users. Department employees will thereby have no ability to modify any data submitted by Child Nutrition Program sponsors. This will eliminate the possibility of any undocumented changes to end user data.
  - A system software and configuration change that will provide “special permissions claims” that can only be created, modified, and submitted by internal users. The “special permissions claims” will be clearly identifiable in the database to ensure auditability. The availability of these “special permission claims” is a necessity based on business functions required by federal guidelines and their proper utilization will be clearly defined in updated policies and procedures.
- In addition to the above mentioned system changes, the Health and Nutrition Unit has implemented policy and procedure HN-GE-21, which clearly defines the guidelines with regard to control changes made by system programmers. The policy dictates that administrative staff and technology staff will

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use application software to make data changes whenever possible. The policy also dictates specific documentation procedures required in instances when application software is not available for data changes. Policy and procedure HN-GE-21 ensures that all database changes are auditable.

Contact person: Art Heikkila  
(602) 364-2097

Agency: Department of Economic Security

CFDA No.: 10.551 Food Stamps  
10.561 State Administrative Matching Grants for Food Stamp Program  
93.558 Temporary Assistance for Needy Families

Finding No.: 06-110

Status: Concur

### Agency description:

The Department of Economic Security, Division of Benefits and Medical Eligibility, concurs with this finding. The Division monitors and enforces activating and issuing EBT cards for food stamps and cash assistance benefits at its local offices through management evaluation reviews. In addition, we monitor our practices in local offices, include the results of these reviews on employee evaluations, and take disciplinary action as appropriate.

All program managers are responsible for ensuring their offices comply with EBT policy. In 2006, the program managers were mandated to attest on a monthly basis to the fact that the reports completed by each of the local offices under their jurisdiction were accurate and that documentation was on file. They were also required to provide justification for failure to meet compliance and develop action plans with steps taken to achieve goals by the following month.

We agree that the offices did not always request identification before issuing an EBT card. The worker is required to make a copy of the ID used and to note the ID number on the EBT log. We reviewed the EBT logs on the day in question and determined that there was one instance where the documentation for the identification was missing. We discussed this issue with the Customer Service Representative who was responsible for this error and noted that she has since received refresher training regarding issuing EBT cards.

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We agree that supervisors did not always perform or approve EBT card reconciliations. We issued a policy broadcast (FAAPB 7-11) on April 20, 2007, to remind staff that one individual must complete the reconciliation and the local office manager must review and approve the reconciliation form.

Effective July 2, 2007, EBT cards will no longer be distributed by the local offices. The vendor will mail all EBT cards out.

Contact person: Leona Hodges  
(602) 542-5065

Agency: Department of Economic Security

CFDA No.: 93.558 Temporary Assistance for Needy Families, #s G0501AZTANF and G0601AZTANF

Finding No.: 06-111

Status: Concur

Agency description:

To ensure compliance with the TANF work activity participation requirement and reduce or terminate the benefits when necessary, the agency has incorporated changes to the Jobs Program.

The case management and employment service responsibility for the TANF recipients has been awarded to private contractors, Maximus (Maricopa County) and Arbor Employment and Training (balance of the state). Both contractors have agreed to comprehensive outcome-based performance measures that include strict timelines for initial assessment and client engagement. The transition to the contractors will begin in July 2007 and must be completed statewide by October 2007.

The Employment Administration's Contract Unit will continue to monitor the contractual compliance of the Jobs Program private contractors. In May 2007, the Administration established the Program Evaluation and Monitoring section (PEM). This section is separate from the Contracts unit and will review cases at the local office level to evaluate the actions of the case managers based on Federal and State regulatory compliance. The section will also review compliance with the contract agreements specific to the timeliness requirements and the verification of work activity engagement and outcomes.

The PEM section is finalizing structured monitoring procedures and tools to use during the local office transition and the ongoing local office case reviews. The section will evaluate the programmatic compliance of the Jobs Program contractors and make recommendations when findings and data

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indicate need for improvement. The Deficit Reduction Act of 2005 requires a clearly defined standardized state verification process for the participation in work activities. The PEM section will also monitor compliance with this verification process.

Finally, new state legislation passed in April 2007, requires a “demonstration of compliance” prior to lifting a TANF sanction for noncompliance, without good cause, for the TANF work requirements. The PEM section will review the sanction procedures followed by the contractors to ensure clients are provided “due process” and that the new legislative requirements for lifting the sanction are followed. This development of a more efficient monitoring process and having the local offices fully staffed to address the needs and requirements of the TANF population should eliminate a repeat of this finding.

In addition, all errors identified during the audit have been resolved.

Contact person: Peggy Feenan  
(520) 628-6810 ext. 250

Agency: Department of Economic Security

CFDA No.: 10.551 Food Stamps  
10.561 State Administrative Matching Grants for Food Stamp Program

Finding No.: 06-112

Status: Concur

Agency description:

The Department of Economic Security, Division of Benefits and Medical Eligibility, agrees with this finding. The Division will continue to perform extensive reviews throughout the eligibility determination process to detect and correct errors such as the ones noted in this finding. This includes case reads by supervisors, quality control reviews, management evaluation reviews, and secondary case reads by quality control staff. In addition, we include the results of these reviews on employee evaluations and take disciplinary action as appropriate. These procedures were performed throughout fiscal year 2007.

Contact person: Leona Hodges  
(602) 542-5065

Agency: Department of Economic Security

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Federal Award Findings and Questioned Costs

CFDA No.: 84.126 Rehabilitation Services—Vocational Rehabilitation Grants to States,  
#s H126A4000204, H126A5000205, and H126A6000206

Finding No.: 06-113

Status: Concur

Agency description:

The Arizona Department of Economic Security, Division of Employment and Rehabilitation Services, Rehabilitation Services Administration, engaged the Regional Continuing Education Program to train all staff on appropriate case documentation per federal guidelines in September 2004. CORE Training for new counselors includes how to implement eligibility determinations for individuals participating in the Vocational Rehabilitation program.

Supervisors provided refresher training to all counselors in May and June 2006 on program eligibility requirements, emphasizing that eligibility determinations are to be made within 60 days of application submission, or a waiver signed by the client and counselor is completed agreeing to an extension.

Pursuant to a change made in June 2006, supervisors monitor the status alert report monthly and require counselors to document the status of eligibility decisions and the existence of a waiver when appropriate. District Program Managers completed training in January 2007. Supervisors are required to submit a monthly report on office caseload eligibility status to their District Program Manager.

A new case review system to monitor compliance with eligibility determinations and other policy started with a pilot project from June through September 2006. The new review system requires review of at least two client case files per counselor per quarter. Feedback to the individual counselors and to the supervisor is given immediately following the review. Supervisors regularly review at least five cases per quarter using an abbreviated case review instrument and report the results to their District Program Managers. Data from the case reviews is aggregated and agency performance assessed.

Contact person: Paul Wilson  
(602) 542-6260

Agency: Department of Economic Security

CFDA No.: 84.126 Rehabilitation Services—Vocational Rehabilitation Grants to States,  
#s H126A4000204, H126A5000205, and H126A6000206

Finding No.: 06-114

Status: Concur

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## Federal Award Findings and Questioned Costs

### Agency description:

The Rehabilitation Services Administration concurs with the finding. By June 30, 2008, the Administration will ensure all future contracts for professional services follow Department procurement policies and procedures. The Administration will also strengthen its internal control for record keeping by training all staff involved in contract management in the area of record retention by September 30, 2007. This year, the auditors examined Administration contracts for the period July 1, 2005 through June 30, 2006. In April of 2006, the Administration implemented a mechanism to check all its vendors on a quarterly basis for suspension and debarment through the Excluded Parties List System maintained by the US General Services Administration.

Contact person: Vanja Pasalic  
(602) 542-6296

Agency: Department of Economic Security

CFDA No.: 84.126 Rehabilitation Services—Vocational Rehabilitation Grants to States,  
#s H126A4000204, H126A5000205, and H126A6000206

Finding No.: 06-115

Status: Concur

### Agency description:

The Division of Employment and Rehabilitation Services, Rehabilitation Services Administration, concurs with the finding.

The Administration did not have adequate internal control procedures in place for the RSA-2 Program Cost Report for the year ended Federal Fiscal Year 2005. The Administration identified that procedures need to be developed to complete the RSA-2 Program Cost Report accurately. The Administration is in the process of developing procedures that will be in place by December 1, 2007. In addition, the Administration will submit a draft to the DES Financial Services Administration for final review.

Contact person: Kathy Levandowsky  
(602) 542-3332

Agency: Department of Economic Security

CFDA No.: 96.001 Social Security – Disability Insurance,  
#s 010504AZD100 and 010604AZD100

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Finding No.: 06-116

Status: Concur

Agency description:

The Department of Economic Security, Division of Benefits and Medical Eligibility, concurs with this finding. The Disability Determination Service Administration adjudicates disability claims for the Social Security Administration. The case files that are processed, along with all pertinent reports, are the property of the Social Security Administration. The Administration does not keep records or files. If the case was processed electronically, the Administration is able to produce requested reports. However, most of the information requested by the auditors was processed in the paper environment. If there were additional time, the Administration would have been able to produce the reports by requesting them from the Social Security Administration.

The Administration is developing a standard invoice for all consultative examination vendors to use when requesting payment for examinations. The invoice will include the name of the claimant, case number, examination type, examination date, cost, and a statement that will hold the vendor responsible to submit the invoice only when all services have been completed including the signed report. This will be effective July 2007.

Contact person: Nancy West  
(602) 264-2644 ext. 2205

Agency: Department of Economic Security

CFDA No.: 96.001 Social Security – Disability Insurance,  
#s 010504AZD100 and 010604AZD100

Finding No.: 06-117

Status: Concur

Agency description:

The Department of Economic Security, Division of Benefits and Medical Eligibility, concurs with this finding. The agreements with the doctors utilized an outdated format. The Division is working with the Office of Procurement to draft new agreements in accordance with the procurement code by September 30, 2007.



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## Federal Award Findings and Questioned Costs

The amount paid for imaging services was paid to vendors who contract with hospitals, doctors, labs, and other healthcare providers to provide medical records storage. In order to obtain the required medical records for applicants, the Division must request the records from the vendor on contract with the medical provider. It is not practical to compete for these services. Therefore, the Office of Procurement approved a Competition Impractical in May 2007.

Contact person: Nancy West  
(602) 264-2644 ext. 2205

Agency: Department of Economic Security

CFDA No.: 93.667 Social Services Block Grant

Finding No.: 06-118

Status: Concur

### Agency description:

The Department of Economic Security concurs with the finding. Audit recommendations will be implemented per department policy that was issued on May 8, 2007. The policy includes subrecipient determination forms and monitoring tools.

The Administration of Children, Youth and Families will have subrecipient monitoring policies and procedures in place by February 29, 2008. Monitoring is currently completed as issues with subrecipients surface. The Administration will also pursue subrecipient monitoring using appropriate sampling methodology. The Administration will provide a listing of its subrecipients with pass-through amounts to the Office of the Auditor General by September 30, 2007.

The Division of Employment and Rehabilitation Services, JOBS/Employment Administration implemented a monitoring tool in April 2006 that is used to conduct subrecipient monitoring visits. Additionally, the Administration will implement a monitoring schedule for both contractors and subrecipients in September 2007 following placement of all Jobs contractors and their sub-contractors. The Division completed a monitoring review of one of the two SSBG recipients in March 2006. The Division did not review the other recipient because they had not expended any of the allocated funds under SSBG. The Administration will also review contract files to ensure maintenance of required subrecipient forms, and where absent, will complete the required forms to be maintained in the contracts file.

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## Federal Award Findings and Questioned Costs

The Rehabilitation Services Administration agrees the Administration did not adequately monitor subrecipients who received federal Social Services Block Grant monies from the Department. The Administration did not monitor the identified contract during the auditing period. The Administration will complete the on-site monitoring by September 1, 2007.

The Division of Aging and Adult Services agrees the Division needs to improve processes for the monitoring of subrecipients. The Division will implement a subrecipient monitoring schedule and review contract files to ensure all supporting documentation is included.

Contact persons: Katherine Waite, Division of Business and Finance  
(602) 542-3882  
David Longo, Administration for Children, Youth and Families  
(602) 542-5099  
Mark Darmer, Division of Employment and Rehabilitation Services  
(602) 542-6333  
Vanja Pasalic, Rehabilitation Services Administration  
(602) 542-6296  
Bryon Wilson, Division of Aging and Adult Services  
(602) 542-6441

Agency: Department of Economic Security

CFDA No.: 93.667 Social Services Block Grant

Finding No.: 06-119

Status: Concur

Agency description:

The Department of Economic Security, Office of Procurement, acknowledges that its process for maintaining a comprehensive list of subrecipients was not fully implemented until June 30, 2006.

As of June 30, 2006, the Office of Procurement does maintain a database of subrecipients. Each programmatic administration maintains detailed records for each contract, including service and fund source information which is used to classify contractors as vendors or subrecipients. The result of this determination is communicated to the Office who compiles a master summary database of these determinations. The Office of Procurement then conducts quarterly random quality control sampling to check for data entry errors.

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A June 2007 internal quality control review of the Office's database confirmed the finding that some divisions have incorrectly reported some contracts to the Office of Procurement as vendors rather than subrecipients. This has resulted in discrepancies between the Office's subrecipient list and the division's list. As a result, the Office of Procurement will work with the divisions to improve the quality and consistency of subrecipient determinations.

Contact person: Katherine Babonis  
(602) 364-0177

Agency: Department of Economic Security

CFDA No.: 93.667 Social Services Block Grant, #s G0501AZSOSR and G0601AZSOSR

Finding No.: 06-120

Status: Concur

Agency description:

To ensure compliance with the Arizona Procurement Rules and Regulations, the Division of Children, Youth and Families will adhere to the Department's contract awarding procedures and required forms. By September 30, 2007, the Division will develop and implement a process to ensure all pertinent documents are maintained to justify its vendor selection process.

Contact person: David Longo  
(602) 542-5099

Agency: Department of Economic Security

CFDA No.: 93.563 Child Support Enforcement

Finding No.: 06-121

Status: Concur

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Year Ended June 30, 2006

## Federal Award Findings and Questioned Costs

### Agency description:

The Division of Child Support Enforcement (DCSE) is dedicated to the establishment of child support orders and enforcing medical support obligations. The DCSE established an order of support within 90 calendar days of locating the alleged father or noncustodial parent and enforced medical claims for 67 of 75 cases reviewed. DCSE's compliance rate for this measure is 89 percent. The federal audit compliance rate is 75 percent for this category according to 45 CFR 308.2(b).

To enhance its 89 percent compliance rate and ensure timely review of locate information, the Division centralized the review of the locate work list items associated with the paternity and establishment functions in March 2006. Upon review and verification, a work list item is issued to the assigned caseworker alerting them to take the appropriate action. The review of the backlog of verified locates was completed by the Division on November 10, 2006. This ongoing process improvement should help to reduce the cycle time for acting on locate information needed to establish orders.

To improve enforcement of medical support obligations, the Division is exploring enhancement of the automated system to issue National Medical Support Notices. The enhancement would issue the National Medical Support Notices when a new court order is added to the system after the obligated party's employer is known. The completion date is estimated to be December 31, 2007.

Contact person:       Annmarie Mena  
                                  (602) 274-7646

Agency:        Department of Economic Security

CFDA No.:    93.563 Child Support Enforcement

Finding No.: 06-122

Status:        Concur

### Agency description:

The Department of Economic Security, Division of Child Support Enforcement (DCSE), is dedicated to compliance with policies, procedures, and regulations. DCSE was aware of the clerical services being provided by the vendor and started taking steps in December 2005 to correct the deficiency noted in the finding. The vendor in question was utilized due to the service level and quality required by the DCSE that either was not available from other vendors under State contract to provide clerical services or DCSE had utilized clerical help from the contracted vendors and the temporary staff provided did not meet the needs of DCSE. As of March 13, 2006, all clerical services are provided by vendors under contract with the State.

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## Federal Award Findings and Questioned Costs

To help ensure that DCSE complies with procurement regulations, the following process improvements were implemented in March 2006:

- Review of all service requests with the DCSE Contract Unit to verify that the service provider is a state-contracted vendor.
- Verification of the billing rate to the vendor contracted rate prior to submitting an invoice for payment.

Contact person:        Annmarie Mena                        Roger Welch  
                                      (602) 274-7646                        (602) 241-9613

Agency:        Department of Economic Security

CDFA No:        17.225 Unemployment Insurance

Finding No:     06-123

Status:        Concur

### Agency Description:

To help ensure compliance with Unemployment Insurance (UI) program eligibility requirements with respect to Job Service registration for those claimants who are required to do so, the UI Policy and Training Unit has been monitoring a report since May 2005. The purpose of the report is to review a random selection of identified claimants who do not show a Job Service registration. This report has been fairly effective as evidenced by the substantial reduction in claimants identified as not meeting requirements during this audit period compared to the previous year. However, the report is very labor intensive and cumbersome to work. It requires viewing multiple screens to properly interpret its significance. To that end, as of March 15, 2007, the Employment Administration implemented UI Auto Registration for Job Service. The General Unemployment Insurance Development Effort (GUIDE) system transmits the necessary data elements to the Virtual One Stop (VOS) system to affect Job Service registration. Although there are certain classes of claimants who are exempt from the registration requirement, auto registration will register all claimants regardless of any exemption as of May 25, 2007. This will eliminate the need to send a notice to those claimants who move from exempt to nonexempt status during the course of claim filing, and eliminate the possibility of missing any claimants who are required to register.

Contact person:    Andy Baldwin  
                                      (602) 364-4220

State of Arizona  
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Federal Award Findings and Questioned Costs

Agency: Department of Economic Security

CDFA No: 17.225 Unemployment Insurance

Finding No: 06-124

Status: Concur

Agency Description:

The Department of Economic Security, Division of Employment and Rehabilitation Services, reconciled daily bank deposits to TEAM entries and bank statements for all months within the audit period in December 2006 as specified in the action plan to remedy the prior year finding. The auditors reviewed the reconciliation documents and agreed the reconciliations were correct. Deposit amounts and TEAM reports were verified once again for this response.

The Administration addressed the finding of inadequate controls as follows:

- The bank statement to TEAM reconciliation process is scheduled for completion by the end of the third week following the end of each month. This ensures the reports produced by the TEAM system are accurate for the compilation of the ETA-2112 report. The ETA-2112 report is due to Department of Labor by the following week.
- The difference between bank deposits, transactions in TEAM, and the amount reported on the ETA-2112 report exists because the amount reported on the report is not taken directly from TEAM, or daily deposits. The amount reported is a calculated amount derived by taking the amount of daily deposits for the audit period and adjusting for Job Training Tax, and calculations to account for adjustments, refund warrants and returned checks. The amounts for adjustments, refund warrants, and returned checks include amounts that are outside the audit period. This caused the difference noted by the auditors in this finding. Any differences between the TEAM reports and the amounts reported on the ETA-2112 report will be documented.

Contact person: John Norris  
(602) 771-3724

Agency: Department of Economic Security

CFDA No.: 93.658 Foster Care—Title IV-E, #s 0501AZ1401 and 0601AZ1401

Finding No.: 06-125

Status: Concur

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Agency description:

It was in the best interest of the State to ensure that guidance from the federal government was clear before prematurely reducing the IV-E claim. Upon receipt of the August 23, 2006, program instructions issued by the U.S. Department of Health and Human Services, the Division of Children, Youth and Families adjusted the allocation of administrative expenses to exclude unlicensed childcare placements effective October 2006. This allocation of federal administrative expenses includes only child placements in a licensed home or child placements in a home expected to be licensed within 12 months. The Division will submit an adjustment reflecting the revised allocation to U.S. Department of Health and Human Services for the period from 3/1/2006 through 9/30/2006 within the time frames negotiated with the regional office.

Contact person: David Longo  
(602) 542-5099

Agency: Department of Economic Security

CFDA No.: 93.558 Temporary Assistance for Needy Families, #s G0501AZTANF and G0601AZTANF  
93.658 Foster Care Title IV-E, #s G0501AZ1401AD and 0601AZ1401AD  
93.667 Social Services Block Grant, #s G0501AZS0SR and G0601AZSOSR

Finding No.: 06-126

Status: Concur

Agency description:

The Division of Children, Youth and Families concurs with the finding. To help ensure that payroll expenditures for Foster Care employees on educational leave are accurately charged to the Foster Care Title IV-E program, the Division will continue to require both the employee and supervisor to review the Educational Leave Procedures and sign the Education Leave Procedures form. Additionally, the Division will review payroll expenditures of those employees on a quarterly basis to ensure that the expenditures are allocated to the appropriate reporting categories. These procedures were effective September 30, 2006.

Contact person: David Longo  
(602) 542-5099

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Federal Award Findings and Questioned Costs

Agency: Department of Economic Security

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

Finding No.: 06-127

Status: Concur

Agency description:

The Department concurs with the finding. During Program Year 2005, some of the tribal entities who are members of the Nineteen Tribal Nations Local Workforce Investment Area were not provided a programmatic technical review. The two tribes in question were monitored the following year (Program Year 2006). For Program Year 2007, the WIA Section will implement internal control procedures to ensure all subrecipients, including all tribal entities, are provided a programmatic technical review.

As of April 2007, the Department rewrote all Program Year 2007 interagency agreements (IGA) to include the terms and provisions mentioned in the finding. These interagency agreements govern the operation of the program between the Department and Local Workforce Investment Areas. The new agreements were developed in cooperation with the Department of Labor and DES Office of Procurement.

The Department implemented review procedures in April 2007 to ensure that correspondence between the Department and the Local Workforce Investment Areas related to findings and their status is maintained. The unit supervisor keeps a schedule of monitoring visits completed, report due dates, corrective action plan responses, and other relevant information.

Contact person: Carolyn Ufford                      Mark Darmer  
(602) 542-1784                      (602) 542-6333

Agency: Department of Economic Security

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

Finding No.: 06-128

Status: Concur



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## Federal Award Findings and Questioned Costs

Agency description:

The Department concurs with the finding. The Division of Employment and Rehabilitation Services will work with their regional representatives on how to correct the reporting error and subsequent Journal Voucher transactions in the FMCS system. The Department has instituted a more comprehensive expenditure reporting and cash draw process to ensure that these types of issues do not occur in the future. These procedures will be implemented by September 30, 2007.

Contact person:       Mark Darmer  
                                  (602) 542-6333

Agency:        Department of Emergency & Military Affairs

CFDA No.:    16.007 State Domestic Preparedness Equipment Support Program  
                  97.004 State Domestic Preparedness Equipment Support Program  
                  97.008 Urban Areas Security Initiative  
                  97.053 Citizen Corps  
                  97.067 Homeland Security Grant Program

Finding No.: 06-129

Status:        Concur

Agency description:

The Division implemented the recommended policies and procedures to comply with 31 CFR Part 205, 28 CFR Part 66 in October 2006. The Division will ensure those policies and procedures are followed.

Contact Person: Lou Trammel  
                                  (602) 231-6203

Anticipated Completion Date: July 1, 2007

State of Arizona  
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Agency: Department of Emergency & Military Affairs

CFDA No.: 16.007 State Domestic Preparedness Equipment Support Program  
97.004 State Domestic Preparedness Equipment Support Program  
97.053 Citizen Corps  
97.067 Homeland Security Grant Program

Finding No.: 06-130

Status: Concur

Agency description:

The award letters from the Division obligating funds to the local jurisdictions were sent after the sixty day limit. The Division is no longer responsible for obligating grant funds. This responsibility was deferred to the Arizona Department of Homeland Security for the 2006 grant awards. The Arizona Division of Emergency Management sent conditional award notices on September 29, 2006. The Arizona Department of Homeland Security became the new State Administrative Agency when it received a new FFY 2006 award for the Homeland Security Grant Program on December 18, 2006. The Department issued final grant award notices confirming the initial conditional awards on January 16, 2007. Prior to December 2006 the department had no policies and procedures in place as it had no grant funding and no grant awards established. The department fully intends to comply with grant guidance when it makes awards under the FFY 2007 Homeland Security Grant Program.

Contact Person: Todd Mason  
(602) 542-7062

Anticipated Completion Date: December 18, 2006

Agency: Department of Emergency & Military Affairs

CFDA No.: 16.007 State Domestic Preparedness Equipment Support Program  
97.004 State Domestic Preparedness Equipment Support Program  
97.053 Citizen Corps  
97.067 Homeland Security Grant Program

Finding No.: 06-131

Status: Concur

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### Agency description:

Memorandums of Understanding (MOUs) were not obtained by the Division. The Arizona Division of Emergency Management is no longer responsible for any actions or transactions conducted under the auspices of this program obligating grant funds or obtaining MOUs. This responsibility was deferred to the Arizona Department of Homeland Security for the 2006 grant awards. In the FFY 2007 grant cluster, the Arizona Department of Homeland Security will require appropriate agreements with local units of governments if the department should manage local funds on behalf of local units of government. The department has incorporated DHS guiding documents in its core policies and does not plan to establish a separate policy to comply with grant guidance.

Contact Person: Todd Mason  
(602) 542-7062

Anticipated Completion Date: January 16, 2007

Agency: Governor's Office of Highway Safety

CFDA No.: 20.600 State and Community Highway Safety  
20.601 Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants  
20.603 Federal Highway Safety Data Improvements Incentive Grants  
20.604 Safety Incentive Grants for Use of Seatbelts  
20.605 Safety Incentives to Prevent Operation of Motor Vehicles by Intoxicated Persons

Finding No.: 06-132

Status: Concur

### Agency Description:

There were numerous personnel changes during fiscal year 2006, and GOHS Project Coordinators were tasked to begin conducting site visits to supplement the already required quarterly reports. A site monitoring form was developed in August 2005 to document this activity. This procedure to perform site visits was fully implemented in fiscal year 2007.

Contact person: La Retta Lehan  
(602) 255-3216

## Summary Schedule of Prior Audit Findings

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Summary Schedule of Prior Audit Findings  
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Status of Federal Award Findings and Questioned Costs

Agency: Department of Education

CFDA No.: 84.010 Title I Grants to Local Educational Agencies

Finding No.: 02-102

Status: Partially Corrected

Agency description:

The Arizona Department of Education School Finance Division will implement the following procedures to help ensure compliance with the program's reporting requirements and the accuracy of the National Public Education Financial Survey form:

- A query, which is to be processed in the initial phases of the NPEFS submission, has been developed to highlight additions and deletions of codes included on district and charter Annual Financial Reports and Food Service Reports.
- Time and effort manually reviewing the assignment or exclusion of each of the 4,600 plus FPFOs codes to the appropriate NPEFS fields will be increased. Additional analysis will be performed to track and monitor assignment of FPFOs to NPEFS fields.
- Documentation and detailed data, backing up all reported values will be maintained, in a format readily accessible.
- Unsubstantiated amounts used as temporary overrides will be tracked and monitored and will be deleted or adjusted as appropriate.
- Complete in-depth review of NPEFS report and supporting documentation, prior to submission.

These policies and procedures will be implemented by December 31, 2007.

Contact person: Art Heikkila  
(602) 364-2097

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Summary Schedule of Prior Audit Findings  
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Status of Federal Award Findings and Questioned Costs

Agency: Department of Education

CFDA No.: 84.027 Special Education—Grants to States  
84.173 Special Education—Preschool Grants

Finding No.: 02-104

Status: Fully Corrected

Agency: Department of Economic Security

CFDA No.: 10.551 Food Stamps  
93.558 Temporary Assistance for Needy Families

Finding No.: 03-101

Status: Partially Corrected

Agency description:

As of June 30, 2006, the Department of Economic Security, Division of Benefits and Medical Eligibility, had fully implemented the following corrective actions to address compliance with internal control deficiencies over the process of activating and issuing EBT cards:

- Proper segregation of the responsibilities of authorizing and issuing EBT cards;
- Discontinuation of the use of devices by applicants to select a PIN;
- Completion of EBT training by assigned staff on the procedural responsibilities for card issuance and controls, card security, daily auditing, reconciliation, and reporting requirements;
- Distribution of flexible wrist key chains or lanyards to control access to the EBT Cards;
- Submission of daily EBT audit results by local office managers to district program managers;
- Revisions in EBT training materials, in accordance with changes in the EBT procedures; and
- Data security reminders and Policy Broadcasts to remind staff of data security procedures and advise of changes to EBT procedures.

Contact person: Leona Hodges  
(602) 542-5065

State of Arizona  
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Status of Federal Award Findings and Questioned Costs

Agency: Department of Economic Security  
CFDA No.: 93.558 Temporary Assistance for Needy Families  
Finding No.: 03-102  
Status: Fully Corrected

Agency: Department of Economic Security  
CFDA No.: 10.551 Food Stamps  
Finding No.: 03-103  
Status: Fully Corrected

Agency: Department of Economic Security  
CFDA No.: 96.001 Social Security—Disability Insurance  
Finding No.: 03-105  
Status: Partially Corrected

Agency description:

As of June 30, 2006, to help ensure that vendors are paid correctly, the Department of Economic Security, Disability Determination Service Administration, consistently enforced its established procedures for payments, which include:

- Approval of vendor invoices;
- Segregation of the responsibilities for preparation and approval of payment vouchers;
- Matching of invoices to payment vouchers; and
- Properly voiding warrants with incorrect amounts.

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The Administration is developing a standard invoice for all consultative examination vendors to use when requesting payment for examinations. The invoice will include the name of the claimant, case number, examination type, examination date, cost, and a statement that will hold the vendor responsible to submit the invoice only when all services have been completed including the signed report. This will be effective July 2007.

Contact person: Nancy West  
(602) 264-2644

Agency: Department of Economic Security  
CFDA No.: 96.001 Social Security—Disability Insurance  
Finding No.: 03-106  
Status: Fully Corrected

Agency: Department of Economic Security  
CFDA No.: 17.245 Trade Adjustment Assistance—Workers  
Finding No.: 03-107  
Status: Fully Corrected

Agency: Department of Education  
CFDA No.: 84.010 Title I Grants to Local Educational Agencies  
Finding No.: 03-112  
Status: Partially Corrected

Agency description:

The Arizona Department of Education School Finance Division will implement the following procedures to help ensure compliance with the program's reporting requirements and the accuracy of the National Public Education Financial Survey form:



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- A query, which is to be processed in the initial phases of the NPEFS submission, has been developed to highlight additions and deletions of codes included on district and charter Annual Financial Reports and Food Service Reports.
- Time and effort manually reviewing the assignment or exclusion of each of the 4,600 plus FPFOs codes to the appropriate NPEFS fields will be increased. Additional analysis will be performed to track and monitor assignment of FPFOs to NPEFS fields.
- Documentation and detailed data, backing up all reported values will be maintained, in a format readily accessible.
- Unsubstantiated amounts used as temporary overrides will be tracked and monitored and will be deleted or adjusted as appropriate.
- Complete in-depth review of NPEFS report and supporting documentation, prior to submission.

These policies and procedures will be implemented by December 31, 2007.

Contact person: Art Heikkila  
(602) 364-2097

Agency: Department of Education

CFDA No.: 84.027 Special Education—Grants to States  
84.173 Special Education—Preschool Grants

Finding No.: 03-114

Status: Fully Corrected

Agency: Department of Economic Security

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

Finding No.: 03-117

Status: Fully Corrected

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Status of Federal Award Findings and Questioned Costs

Agency: Department of Education

CFDA No.: 84.027 Special Education—Grants to States  
84.173 Special Education—Preschool Grants

Finding No.: 04-102

Status: Fully Corrected

Agency: Department of Economic Security

CFDA No.: 10.551 Food Stamps  
10.561 State Administered Matching Grants for Food Stamp Program  
93.558 Temporary Assistance for Needy Families

Finding No.: 04-105

Status: Partially Corrected

Agency description:

As of June 30, 2006, the Department of Economic Security, Division of Benefits and Medical Eligibility, had fully implemented the following corrective actions to address compliance with internal control deficiencies over the process of activating and issuing EBT cards:

- Proper segregation of the responsibilities of authorizing and issuing EBT cards;
- Discontinuation of the use of devices by applicants to select a PIN;
- Completion of EBT training by assigned staff on the procedural responsibilities for card issuance and controls, card security, daily auditing, reconciliation, and reporting requirements;
- Distribution of flexible wrist key chains or lanyards to control access to the EBT Cards;
- Submission of daily EBT audit results by local office managers to district program managers;
- Revisions in EBT training materials, in accordance with changes in the EBT procedures; and
- Data security reminders and Policy Broadcasts to remind staff of data security procedures and advise of changes to EBT procedures.

Contact person: Leona Hodges  
(602) 542-5065

State of Arizona  
Summary Schedule of Prior Audit Findings  
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Status of Federal Award Findings and Questioned Costs

Agency: Department of Economic Security

CFDA No.: 93.558 Temporary Assistance for Needy Families

Finding No.: 04-106

Status: Partially Corrected

Agency description:

To enhance internal control policies and support eligibility determinations, the Department of Economic Security, Division of Benefits and Medical Eligibility, is implementing document imaging. As of June 30, 2006, DBME had fully implemented document imaging in seven Family Assistance Administration local offices, and the Division is building teams to more aggressively roll out the document imaging solution to the remaining FAA offices throughout the state by December 2008.

To ensure compliance with the TANF work activity participation requirement and reduce or terminate the benefits when necessary, the Division of Employment and Rehabilitation Services has incorporated changes to the Jobs Program.

The case management and employment service responsibility for the TANF recipients has been awarded to private contractors. Both contractors have agreed to comprehensive outcome-based performance measures that include strict timelines for initial assessment and client engagement. The transition to the contractors will begin in July 2007 and must be completed statewide by October 2007.

The Employment Administration's Contract Unit will continue to monitor the contractual compliance of the Jobs Program private contractors. In May 2007, the Administration established the Program Evaluation and Monitoring section (PEM). This section will review cases at the local office level to evaluate the actions of the case managers based on Federal and State regulatory compliance. The section will also review compliance with the contract agreements specific to the timeliness requirements and the verification of work activity engagement and outcomes.

The PEM section is finalizing structured monitoring procedures and tools to use during the local office transition and the ongoing local office case reviews. The section will evaluate the programmatic compliance of the Jobs Program contractors and make recommendations when findings and data indicate need for improvement. The TANF Deficit Reduction Act of 2005 requires a clearly defined standardized state verification process for the participation in work activities. The PEM section will also monitor compliance with this verification process.



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Agency: Department of Economic Security

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

Finding No.: 04-111

Status: Fully Corrected

Agency: Department of Economic Security

CFDA No.: 84.126 Rehabilitation Services—Vocational Rehabilitation Grants to States

Finding No.: 04-112

Status: Partially Corrected

Agency description:

The Department of Economic Security, Rehabilitation Services Administration (RSA), implemented the following procedures and strategies to address the deficiencies noted in the audit finding:

- Defining purchasing procedures clearly by separating payment and purchasing functions within RSA.
- The transfer of many RSA procurement functions to the Department's Office of Procurement (OP) was completed as of July 1, 2006.
- Requiring payment purchasing technicians to attend training organized by the State of Arizona, Enterprise Procurement Services to help ensure that they have basic knowledge of proper procurement procedures.
- Reducing Vocational Rehabilitation purchasing technicians' procurement authority was completed as of December 31, 2006.
- As of October 18, 2006, RSA completed a review of all purchased services for compliance with procurement regulations and with the help of the Office of Procurement determined the methods to be used for procurement of RSA services in the future.
- Identifying all aggregate purchases over \$10,000 for which there are no contracts and for which RSA plans to offer service agreements to the vendors.
- As of December 31, 2006, a tracking database was implemented to log the quarterly verification that vendors are not suspended, debarred, or otherwise excluded by checking the *Excluded Parties List System*.

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- Exploring better utilization of the existing AHCCCS medical fee schedule and AHCCCS approved providers.
- Soliciting providers for vocational evaluation rather than continuing to pay an established fee for this service.

OP and RSA are continuing to monitor the changes that have been implemented to ensure that the desired results are being achieved.

Contact person: Vanja Pasalic  
(602) 542-6296

Agency: Department of Economic Security

CFDA No.: 17.225 Unemployment Insurance

Finding No.: 04-113

Status: Partially Corrected

Agency description:

Modifications to correct programming deficiencies in the automated program that verifies Job Service registration were completed on July 5, 2005. In addition, an audit file to track changes to the "Job Service Required" indicator in the General Unemployment Insurance Development Effort benefits system and associated automated reports were developed and tested in a testing environment. Acceptance testing was subsequently completed, and the indicator change-tracking file and automated reports were moved into production on August 16, 2006.

Contact person: Denise Blackman  
(602) 542-6325

Maria Perez-Parra  
(602) 542-6320

Caroline Sittler  
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Agency: Department of Economic Security

CFDA No.: 93.558 Temporary Assistance for Needy Families  
93.658 Foster Care—Title IV-E  
93.667 Social Services Block Grant

Finding No.: 04-114

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Status: Partially Corrected

Agency description:

To help ensure that payroll expenditures for Foster Care employees on educational leave are charged accurately to the Foster Care Title IV-E program, the Department of Economic Security, Division of Children, Youth and Families:

- Contacted all employees participating in the educational leave programs and provided them with updated instructions on how to fill out their timesheets and the proper codes to use.
- Ensured that all supervisors of employees participating in the educational leave programs are provided with updated instructions and reminded of the requirement to ensure that payroll expenditures for Foster Care employees are charged accurately.
- Provided additional employee training for staff on educational leave and for supervisors who have staff on educational leave.

This was effective September 30, 2006.

Contact person: David Longo  
(602) 542-5099

Agency: Department of Education

CFDA No.: 84.010 Title I Grants to Local Educational Agencies

Finding No.: 04-116

Status: Partially Corrected

Agency description:

The Arizona Department of Education School Finance Division, will implement the following procedures to help ensure compliance with the program's reporting requirements and the accuracy of the National Public Education Financial Survey form:

- A query, which is to be processed in the initial phases of the NPEFS submission, has been developed to highlight additions and deletions of codes included on district and charter Annual Financial Reports and Food Service Reports.

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- Time and effort manually reviewing the assignment or exclusion of each of the 4,600 plus FPFOs codes to the appropriate NPEFS fields will be increased. Additional analysis will be performed to track and monitor assignment of FPFOs to NPEFS fields.
- Documentation and detailed data, backing up all reported values will be maintained, in a format readily accessible.
- Unsubstantiated amounts used as temporary overrides will be tracked and monitored and will be deleted or adjusted as appropriate.
- Complete in-depth review of NPEFS report and supporting documentation, prior to submission.

These policies and procedures will be implemented by December 31, 2007.

Contact person: Art Heikkila  
(602) 364-2097

Agency: Department of Education

CFDA No.: 10.553 School Breakfast Program  
10.555 National School Lunch Program  
10.556 Special Milk Program for Children  
10.558 Child and Adult Care Food Program  
10.559 Summer Food Service Program for Children  
84.010 Title I Grants to Local Educational Agencies  
84.027 Special Education—Grants to States  
84.173 Special Education—Preschool Grants  
84.213 Even Start—State Educational Agencies

Finding No.: 05-101

Status: Partially Corrected

Agency description:

ADE will develop a policy and business rule providing a process for the ADE Audit Unit and Program Areas to address subrecipient noncompliance with OMB Circular A-133 reporting requirements. This policy and business rule will require notification of noncompliance letters to be sent to LEAs that have not met their Single Audit reporting requirements. The policy and business rule will also include potential sanctions against noncomplying LEAs. The sanctions will include the potential for ADE to withhold current and/or future federal funding until compliance with reporting requirements is achieved. This policy will be written and implemented by December 31, 2007.



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ADE has taken several actions to help ensure that its federal program areas issue management decision letters in a timely manner. ADE has developed and is implementing its Single Audit Tracking System (SATS), specifically designed to help monitor and ensure that the Single Audit finding resolution process is performed accurately and timely. Audit findings are inputted into SATS, and are electronically transferred to the correct program area for resolution. The system provides information and reports to assist the program area in ensuring proper and timely management decision letters are issued. The program area can access the system to determine what audit findings they have, and when they are due. The system also provides legal and technical guidance, with links to the federal A-133 documents, and also ADE policies and guidelines. This system will also automatically provide biweekly reports to those program areas with outstanding findings that need to be addressed, and also will include the due date for those management decisions. This system will be fully implemented by December 31, 2007.

ADE has also revised policy number AS-3, regarding resolution of Single Audit Findings. This revised policy reflects the current process established within ADE, and also provides potential sanctions against LEAs that fail to properly address findings.

Contact person: Art Heikkila  
(602) 364-2097

Agency: Department of Education

CFDA No.: 84.213 Even Start—State Educational Agencies

Finding No.: 05-102

Status: Fully Corrected

Agency: Department of Education

CFDA No.: 84.213 Even Start—State Educational Agencies

Finding No.: 05-103

Status: Fully Corrected

Agency: Department of Education

CFDA No.: 84.010 Title I Grants to Local Educational Agencies

State of Arizona  
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Status of Federal Award Findings and Questioned Costs

Finding No.: 05-104

Status: Partially Corrected

Agency description:

The Arizona Department of Education School Finance Division will implement the following procedures to help ensure compliance with the program's reporting requirements and the accuracy of the National Public Education Financial Survey form:

- A query, which is to be processed in the initial phases of the NPEFS submission, has been developed to highlight additions and deletions of codes included on district and charter Annual Financial Reports and Food Service Reports.
- Time and effort manually reviewing the assignment or exclusion of each of the 4,600 plus FPFOs codes to the appropriate NPEFS fields will be increased. Additional analysis will be performed to track and monitor assignment of FPFOs to NPEFS fields.
- Documentation and detailed data, backing up all reported values will be maintained, in a format readily accessible.
- Unsubstantiated amounts used as temporary overrides will be tracked and monitored and will be deleted or adjusted as appropriate.
- Complete in-depth review of NPEFS report and supporting documentation prior to submission.

These policies and procedures will be implemented by December 31, 2007.

Contact person: Art Heikkila  
(602) 364-2097

Agency: Department of Education

CFDA No.: 84.027 Special Education—Grants to States  
84.173 Special Education—Preschool Grants

Finding No.: 05-105

Status: Fully Corrected

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Status of Federal Award Findings and Questioned Costs

Agency: Department of Education

CFDA No.: 84.010 Title I Grants to Local Educational Agencies  
84.027 Special Education—Grants to States  
84.173 Special Education—Preschool Grants

Finding No.: 05-106

Status: Fully Corrected

Agency: Department of Education

CFDA No.: 84.010 Title I Grants to Local Educational Agencies

Finding No.: 05-107

Status: Fully Corrected

Agency: Department of Education

CFDA No.: 10.553 School Breakfast Program  
10.555 National School Lunch Program  
10.556 Special Milk Program for Children  
10.558 Child and Adult Care Food Program  
10.559 Summer Food Service Program for Children

Finding No.: 05-108

Status: Not Corrected

Agency description:

The Office of the Auditor General issued the Arizona Department of Education—Information Management report (August 2006, Report No. 06-07) identified security deficiencies at the Department which included areas such as software security patch management, password management, network vulnerability, basic security awareness, user access and privileges, and intrusion detection. These deficiencies put the Department's systems and information at risk of potential theft, manipulation, or misuse. The audit recommended developing and implementing an ongoing process for addressing security vulnerabilities and control weaknesses. Specifically, the process should ensure that known security concerns are evaluated and prioritized in order of risk. ADE should then develop specific plans to address them and assign responsibilities to implement the plans. In response ADE is implementing the following corrective action plan:

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- ADE IT completed rollout of its initial one-time security changes for all critical applications, including the CNP Web system, on June 30, 2006. ADE has implemented new security standards for all aspects of application development and deployment. The resulting procedures, processes, and practices are mandatory elements of all services provided by ADE's IT group, including CNP Web. These standards will be continually revised to stay current with emerging security needs.
- In order to ensure that the Arizona Department of Education, Health and Nutrition Services Unit, eliminates the material control weakness found in its account management procedures, a policy and procedure will be implemented by October 31, 2007, that outlines the following:
  - Job positions and corresponding CNP Web user class;
  - Access and activity privileges provided to specific job position; and
  - Procedures for granting access and activity privileges to department employees.
- In order to ensure that the CNP Web system design documentation is detailed, comprehensive, and current, the Health and Nutrition development team will be conducting an update to the current system design documentation to be completed by October 31, 2008. The update will ensure that the CNP Web system documentation clearly details workflow within the system, the business rules that regulate workflow and high-level system software information that relates the general structure of the code to the functions it performs.

In addition to making system documentation current, Health and Nutrition will also develop detailed policies and procedures for conducting system maintenance and processing. These policies and procedures will include guidelines to ensure that system documentation remains up-to-date, and will be implemented by October 31, 2007.

Finally, to ensure proper system documentation, the Health and Nutrition development team will create a master description list of access privileges that defines:

- Each class of user;
  - How each class of user is determined in the system;
  - The business functions performed by each class of user; and
  - Special permissions that control functions not allocated by default to pre-defined user classes.
- The Health and Nutrition Services administrative and technical staff has researched possible enhancements to the auditing capabilities of the CNP Web system and has determined that the following will be implemented to address requirements for improved data change tracking and control by October 31, 2007:
    - A system software and configuration change that will ensure all external user submissions are "read only" to internal users. Department employees will thereby have no ability to modify any data submitted by Child Nutrition Program sponsors. This will eliminate the possibility of any undocumented changes to end user data.

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- A system software and configuration change that will provide “special permissions claims” that can only be created, modified and submitted by internal users. The “special permissions claims” will be clearly identifiable in the database to ensure auditability. The availability of these “special permission claims” is a necessity based on business functions required by federal guidelines and their proper utilization will be clearly defined in updated policies and procedures.
- In addition to the above mentioned system changes, the Health and Nutrition Unit has implemented policy and procedure HN-GE-21 which clearly defines the guidelines with regard to control changes made by system programmers. The policy dictates that administrative staff and technology staff will use application software to make data changes whenever possible. The policy also dictates specific documentation procedures required in instances when application software is not available for data changes. Policy and procedure HN-GE-21 ensures that all database changes are auditable.

Contact person: Art Heikkila  
(602) 364-2097

Agency: Department of Economic Security

CFDA No.: 10.551 Food Stamps  
10.561 State Administrative Matching Grants for Food Stamps Program  
93.558 Temporary Assistance for Needy Families

Finding No.: 05-109

Status: Partially Corrected

#### Agency description:

The Department of Economic Security, Division of Benefits and Medical Eligibility, implemented procedures to monitor local office compliance with policy and procedures for activating and issuing Electronic Benefits Transfer (EBT) cards for food stamp and cash assistance and to ensure internal controls are in place to safeguard against unauthorized transactions. The following corrective action plan was implemented as of June 30, 2006.

- Local office managers submit daily EBT audit results to their respective district program manager. Each district program manager is to prepare a monthly EBT compliance monitoring report listing each local office, attest by signature the accuracy of the report, and submit it to the field operations manager by the 15<sup>th</sup> of each month. The field operations manager will follow up with the managers when any local office data indicates noncompliance to ensure corrective action has been initiated. This was implemented in January 2006 and will continue on a monthly basis.

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- Data security reminders will be issued on a quarterly basis through July 2007 reminding staff of data security procedures. The first communication was scheduled for April 2006.
- Flexible wrist key chains or lanyards will be distributed to staff assigned access to the EBT Cards so they can remain locked when not in use. Wrist key chains or lanyards will be distributed to the appropriate staff during training scheduled for June 2006.
- A Policy Broadcast was issued on June 15, 2006, to advise staff of changes to EBT procedures effective July 1, 2006. The Policy Broadcast was incorporated into AIMBIG in the subsequent revision.
- EBT training materials were revised in accordance to the changes in the EBT procedures.
- Staff assigned the procedural responsibilities for card issuance and controls, card security, daily auditing, and reporting requirements completed EBT training in June 2006.

Contact person: Leona Hodges  
(602) 542-5065

Agency: Department of Economic Security

CFDA No.: 93.558 Temporary Assistance for Needy Families

Finding No.: 05-110

Status: Partially Corrected

Agency description:

It is critical to the Department of Economic Security, Division of Benefits and Medical Eligibility, that case files are properly maintained. To enhance internal control policies and to support eligibility determinations, the Division is implementing document imaging. As of June 30, 2006, the Division had fully implemented document imaging in seven Family Assistance Administration offices, and the Division of Benefits and Medical Eligibility is building teams to more aggressively roll out the document imaging solution to the remaining FAA offices throughout the State by December 2008.

To ensure compliance with the TANF work activity participation requirement and reduce or terminate the benefits when necessary, the Division of Employment and Rehabilitation Services has incorporated changes to the Jobs Program.

The case management and employment service responsibility for the TANF recipients has been awarded to private contractors. Both contractors have agreed to comprehensive outcome-based performance measures that include strict timelines for initial assessment and client engagement. The transition to the contractors will begin in July 2007 and must be completed statewide by October 2007.



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- Case files will be reviewed to ensure that all required documentation has been obtained and retained in the file.
- The accuracy of the information entered into the eligibility computer system will be verified as a required part of the case review process.
- Additional training will be provided to employees who fail to record correct recipient data into the eligibility computer system.
- Beginning in January 2006, case reviews will be completed on a monthly basis in the *Case Accuracy Tracking System/Targeted Case Accuracy Tracking System* for tracking and monitoring to ensure that each office completes the required number of case reviews assigned.

Contact person: Leona Hodges  
(602) 542-5065

Agency: Department of Economic Security

CFDA No.: 10.551 Food Stamps  
10.561 State Administrative Matching Grants for Food Stamp Program

Finding No.: 05-112

Status: Fully Corrected

Agency: Department of Economic Security

CFDA No.: 84.126 Rehabilitation Services—Vocational Rehabilitation Grants to States

Finding No.: 05-113

Status: Partially Corrected

Agency description:

The Department of Economic Security, Rehabilitation Services Administration (RSA), implemented the following procedures and strategies to address the deficiencies noted in the audit finding:

- Defining purchasing procedures clearly by separating payment and purchasing functions within RSA.
- The transfer of many RSA procurement functions to the Department's Office of Procurement (OP) was completed as of July 1, 2006.
- Requiring payment purchasing technicians to attend training organized by the State of Arizona, Enterprise Procurement Services, to help ensure that they have basic knowledge of proper procurement procedures.



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- Reducing Vocational Rehabilitation purchasing technicians' procurement authority was completed as of December 31, 2006.
- As of October 18, 2006, RSA completed a review of all purchased services for compliance with procurement regulations and with the help of the Office of Procurement determined the methods to be used for procurement of RSA services in the future.
- Identifying all aggregate purchases over \$10,000 for which there are no contracts and for which RSA plans to offer service agreements to the vendors.
- As of December 31, 2006, a tracking database was implemented to log the quarterly verification that vendors are not suspended, debarred, or otherwise excluded by checking the *Excluded Parties List System*.
- Exploring better utilization of the existing AHCCCS medical fee schedule and AHCCCS-approved providers.
- Soliciting providers for vocational evaluation rather than continuing to pay an established fee for this service.

OP and RSA are continuing to monitor the changes that have been implemented to ensure that the desired results are being achieved.

Contact person: Vanja Pasalic  
(602) 542-6296

Agency: Department of Economic Security

CFDA No.: 84.126 Rehabilitation Services—Vocational Rehabilitation Grants to States

Finding No.: 05-114

Status: Partially Corrected

Agency description:

The Division of Employment and Rehabilitation Services, Rehabilitation Services Administration (RSA), developed training materials and provided training to all counselors from April 28 through May 30, 2006. The division received verification that the training had been completed on June 21, 2006. In addition, RSA developed compliance review procedures.

Contact person: Paul L. Wilson  
(602) 542-6260

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Year Ended June 30, 2006

Status of Federal Award Findings and Questioned Costs

Agency: Department of Economic Security

CFDA No.: 17.225 Unemployment Insurance

Finding No.: 05-115

Status: Partially Corrected

Agency description:

Modifications to correct programming deficiencies in the automated program that verifies Job Service registration were completed on July 5, 2005. In addition, an audit file to track changes to the "Job Service Required" indicator in the General Unemployment Insurance Development Effort benefits system and associated automated reports were developed and tested in a testing environment. Acceptance testing was subsequently completed, and the indicator change-tracking file and automated reports were moved into production on August 16, 2006.

Contact person: John Trebizo  
(602) 542-6325

Maria Perez-Parra  
(602) 542-6320

Caroline Sittler  
(602) 364-1839

Agency: Department of Economic Security

CFDA No.: 17.225 Unemployment Insurance

Finding No.: 05-116

Status: Fully Corrected

Agency: Department of Economic Security

CFDA No.: 17.225 Unemployment Insurance

Finding No.: 05-117

Status: Partially Corrected

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Agency description:

To reconcile deposits to the Tax Employer Accounting Multi-System (TEAM), the Department developed a monthly report of transactions, which was scheduled into production on August 16, 2006. All months for last fiscal year have been reconciled, reviewed, and approved by the auditors. Revision of the ETA 2112 report is scheduled to be completed and filed with DOL by February 15, 2007. Seasonal staff were added in January 2007 to address the backlog in working transactions in suspense.

Contact person: John Norris  
(602) 248-9354

Agency: Department of Economic Security  
CFDA No.: 93.563 Child Support Enforcement  
Finding No.: 05-118  
Status: Fully Corrected

Agency: Department of Economic Security  
CFDA No.: 93.563 Child Support Enforcement  
Finding No.: 05-119  
Status: Fully Corrected

Agency: Department of Economic Security  
CFDA No.: 93.667 Social Services Block Grant  
Finding No.: 05-120  
Status: Partially Corrected

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Agency description:

In 2006, the Department of Economic Security, Audit and Management Services (AMS), completed a review of all Department divisions for compliance with subrecipient monitoring requirements. The assessment criteria included determining whether the divisions had a viable contract monitoring function and contract monitoring tool. In 2007, AMS will follow up on the status of the divisions' responses and corrective action plans. To help ensure department-wide compliance with existing subrecipient monitoring procedures, the Department's Policy and Planning Administration has updated existing policy No. 1-16-05 to incorporate uniform subrecipient monitoring standards into the Department's related directives and existing subrecipient monitoring supporting forms and checklists.

Contact person: Stephanie Barry  
(602) 255-0098

Kathy Waite  
(602) 542-3882

Agency: Department of Economic Security

CFDA No.: 84.126 Rehabilitation Services—Vocational Rehabilitation Grants to States  
93.667 Social Services Block Grant

Finding No.: 05-121

Status: Partially Corrected

Agency Description:

The Department of Economic Security Office of Procurement fully implemented its process for maintaining a comprehensive list of subrecipients on June 30, 2006.

As of June 30, 2006, the Office of Procurement maintains a database of subrecipients. Each programmatic administration maintains detailed records for each contract including service and fund source information which is used to classify contracts as a vendors or subrecipients. The result of this determination is communicated to the Office who compiles a master summary database of these determinations. The Office of Procurement then conducts quarterly random quality control sampling to check for data entry errors.

A June 2007 internal quality control review of the Office's database found that some divisions have incorrectly reported some contracts to the Office of Procurement as vendors rather than subrecipients. This has resulted in discrepancies between the Office's subrecipient list and the division's list. As a result, the Office of Procurement will work with the divisions to improve the quality and consistency of subrecipient determinations.

State of Arizona  
Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2006

Status of Federal Award Findings and Questioned Costs

Contact person: Katherine K. Babonis  
(602) 364-0194

Agency: Department of Education

CFDA No.: 10.553 School Breakfast Program  
10.555 National School Lunch Program  
10.556 Special Milk Program for Children  
10.558 Child and Adult Care Food Program  
10.559 Summer Food Service Program for Children

Finding No.: 05-122

Status: Partially Corrected

Agency description:

This finding was identified in the 2005 audit. As a result of the 2005 finding, School Health and Nutrition Programs created a formal application process policy and procedures, as well as the creation of a sponsor application checklist to ensure compliance. All new sponsors since the 2005 finding have been required to submit all necessary paperwork to be approved for the National School Lunch Program/School Breakfast Program. As per the Policy and Procedures, the NSLP Administrative Assistant ensures all required documentation is filed in the appropriate sponsor file.

To address the 2006 finding, the sponsors that were approved and in place prior to the 2005 finding will be reviewed and sponsors will be notified in writing to re-submit all required paperwork that is found to be missing from their file. Health and Nutrition will complete this file review by October 31, 2007.

To ensure NSLP sponsor files continue to be in compliance, the current Policy and Procedures have been updated to instruct the NSLP Program Project Specialist and NSLP Administrative Assistant to conduct a quarterly sponsor file review by randomly sampling 25% of the files. Any file found out of compliance will be brought to the attention of the sponsor and missing documents will be requested. The first quarterly review will be completed on May 31, 2007.

Contact person: Art Heikkila  
(602) 364-2097

State of Arizona  
Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2006

Status of Federal Award Findings and Questioned Costs

Agency: Department of Education

CFDA No.: 84.027 Special Education—Grants to States  
84.173 Special Education—Preschool Grants

Finding No.: 05-123

Status: Not Corrected

Agency description:

ADE developed an internal grants management system that requires quarterly financial reporting (cash management reports) in order to receive the next scheduled grant or contract payment. The reports are reviewed for compliance with laws, regulations, and the provisions of the contract or grant agreement. If discrepancies are noted the district or charter school is contacted for additional documentation and information.

The cash management system was designed to act in place of an on-site visit given our resource limitations.

ADE has recently hired an auditor to perform fiscal monitoring. This full-time ADE employee will be responsible for performing on-site monitoring of financial records at various LEAs that receive and expend Federal financial assistance associated with CFDA Nos. 84.027 and 84.173. Initially, approximately 30 LEA subrecipients expending the largest amount of Federal grant dollars associated with the two above-mentioned grants will be monitored. After these 30 LEA subrecipients have been monitored, all LEA subrecipients will be placed on a multi-year cycle. The auditor will monitor them per this schedule.

The auditor will examine original source documentation supporting expenditures to determine if these expenditures were proper in relation to the two above-mentioned Federal grant requirements. The auditor will trace these Federal grant expenditure dollars through the LEA subrecipients' financial accounting systems (i.e., through their general ledgers), to the expenditures that the LEAs upload to ADE, Grants Management Enterprise System (GMES). In relation to ADE's subrecipients, the GMES is ADE's on-line computerized system that records dollars associated with Federal financial assistance passed through by the ADE to LEA subrecipients as well as expenditures incurred by the LEA subrecipients from such Federal financial assistance. The first full year of reviews will be completed by June 30, 2008.

Contact person: Art Heikkila  
(602) 364-2097

State of Arizona  
Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2006

Status of Federal Award Findings and Questioned Costs

Agency: Department of Education

CFDA No.: 84.027 Special Education—Grants to States  
84.173 Special Education—Preschool Grants

Finding No.: 05-124

Status: Not Corrected

Agency description:

The Arizona Department of Education (ADE), Exceptional Student Services (ESS) Unit, will revise its policies and procedures to address the December 1 Federal child count verification process in the following manner:

- ADE will pursue statutory changes to reduce the Student Accountability Information System (SAIS) adjustment window. The statutory change process will begin in January of 2008 and estimated date of completion is April of 2010. Currently, ARS §15-915 allows school districts and charter schools to submit changes to their financial information and their student count to SAIS for a maximum of three years from the initial submission date. As a result, this allows LEAs to change financial and student count information after its submission of Federal child count reports. This could result in submitted Federal child count data not matching more current SAIS student count information.
- ESS will provide LEAs with a bimonthly confirmation status report that alerts the LEAs to SAIS conflicts so the conflicts can be resolved in a timely manner. This process will begin in January 2008.
- ESS will include accuracy of LEA SAIS data in the Individuals with Disabilities Education Act (IDEA) determinations in accordance with 34CFR 300.600. This process will begin in July 1, 2007.
- ESS will send an alert no later than August 27, 2007 via the list-serve to LEAs advising them of the use of the Systems Training and Response Team (STAR) to resolve SAIS discrepancies prior to the verification letter due date of May 31, 2008. ESS will continue working with the STAR team to improve LEA reconciliation techniques.
- ESS will require LEA December 1 Federal child count verification numbers match SAIS student count numbers for May 31, 2008. LEAs must reconcile their child count numbers with SAIS data before ESS will accept the LEA Federal child count. May 31, 2008, SAIS student count numbers reports will be retained to provide documentation showing that LEA counts matched SAIS counts at that time. In addition, if the SAIS student count is higher than the LEA verification count, then the LEA may be subject to an Average Daily Membership audit.

State of Arizona  
Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2006

Status of Federal Award Findings and Questioned Costs

Contact person: Art Heikkila  
(602) 364-2097

Agency: Department of Emergency & Military Affairs

CFDA No.: 16.007 State Domestic Preparedness Equipment Support Program  
97.004 State Domestic Preparedness Equipment Support Program  
97.042 Emergency Management Performance Grants  
97.053 Citizen Corps  
97.067 Homeland Security Grant Program

Finding No.: 05-125

Status: Not corrected

Agency description:

The Division implemented the internal control policies and procedures in accordance with OMB A-133 §.400(d) in October 2006. Subrecipients will be informed of the accurate Catalog of Federal Domestic Assistance (CFDA) title and number as required. The Division will develop a system to monitor the activities of subrecipients. This will be coordinated through site visits, review of reports, and other means necessary to ensure compliance with OMB Circular A-133. The Division will ensure that subrecipients expending \$500,000 or more in federal awards meet the required audit requirements by closely monitoring the Single Audits and documenting these actions.

Contact person: Andrew Allen  
(602) 267-2322

Agency: Department of Emergency and Military Affairs

CFDA No.: 16.007 State Domestic Preparedness Equipment Support Program  
97.004 State Domestic Preparedness Equipment Support Program  
97.042 Emergency Management Performance Grants  
97.053 Citizen Corps  
97.067 Homeland Security Grant Program

Finding No.: 05-126

Status: Not corrected



State of Arizona  
Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2006

Status of Federal Award Findings and Questioned Costs

Agency description:

The Division is no longer responsible for any actions or transactions conducted under the auspices of this program for obligating grant funds. This responsibility was deferred to the Arizona Department of Homeland Security for the 2006 grant awards. The Arizona Division of Emergency Management sent conditional award notices on September 29, 2006. The Arizona Department of Homeland Security became the new State Administrative Agency when it received a new FFY 2006 award for the Homeland Security Grant Program on December 18, 2006. The Department issued final grant award notices confirming the initial conditional awards on January 16, 2007. The department established new policies and procedures (last revised in June, 2007) in response to prior audit findings and U.S. DHS Technical Assistance. These policies and procedures were developed and implemented at the date of federal award—December 18, 2006.

Contact Person: Todd Mason  
(602) 542-7062

Agency: Department of Emergency & Military Affairs

CFDA No.: 16.007 State Domestic Preparedness Equipment Support Program  
97.004 State Domestic Preparedness Equipment Support Program  
97.042 Emergency Management Performance Grants  
97.053 Citizen Corps  
97.067 Homeland Security Grant Program

Finding No.: 05-127

Status: Not corrected

Agency description:

The Division implemented the recommended policies and procedures to comply with 31 CFR Part 205, 28 CFR Part 66 in October 2006.

Contact person: Andrew Allen  
(602) 267-2322