

**REPORT HIGHLIGHTS**  
SINGLE AUDIT

**Subject**

Maricopa County spent \$102.9 million of federal monies and additional required state matching monies this past year for 93 programs. The largest federal grants were for child development, housing, healthcare, nutrition, and job training. In return, the County must be accountable for its use of both federal and state monies, maintain strong internal controls, and comply with federal program requirements.

**Our Conclusion**

The County maintained adequate internal controls over financial reporting. The County also maintained adequate internal controls over, and complied with, the federal compliance requirements for 7 of the 11 federal programs tested. For four federal programs auditors found material noncompliance with certain program requirements. For two of the programs auditors also noted material internal control weaknesses.



**2003**

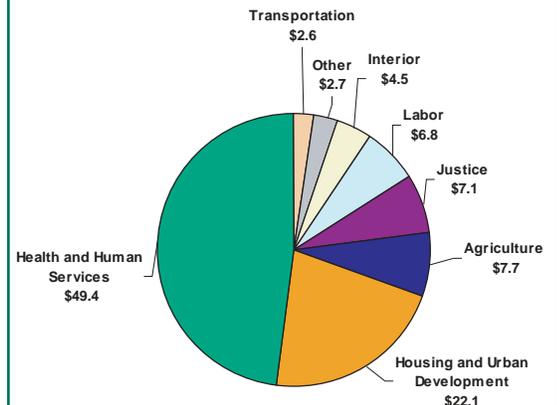
Year Ended June 30, 2003

**The County Experienced an Overall Increase in Federal Award Expenditures**

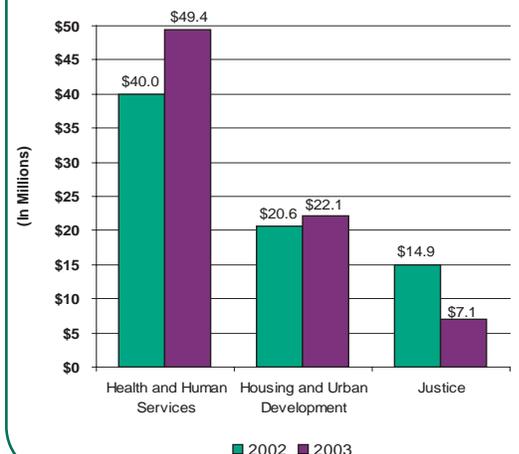
Although most of the County's federal programs had increased expenditures from the prior year, a few programs had decreases. Overall, federal award expenditures increased by approximately \$3.6 million over the prior year. The most significant fluctuations occurred in funding from the following federal agencies and programs:

- \$9.4 million increase in U.S. Department of Health and Human Services programs, mostly related to the HIV Care Formula Grants, HIV Emergency Relief Project Grants, Centers for Disease Control and Prevention—Investigations and Technical Assistance, and Immunization Grants programs.
- \$1.5 million increase in U.S. Department of Housing and Urban Development programs, mostly related to the Section 8 Housing Choice Vouchers program.
- \$7.8 million decrease in U.S. Department of Justice programs, mostly related to the fact that no State Criminal Alien Assistance Program monies were received during fiscal year 2003.

**Federal Expenditures by Awarding Agency Totaling \$102.9 Million Fiscal Year 2003 (In Millions)**



**Federal Awarding Agencies with Significant Expenditure Fluctuations Fiscal Years 2002 and 2003**



# The County's Single Audit Covered More Than Fifty Percent of Federal Expenditures

In fiscal years 2001 and 2002, the County met all of the conditions specified in OMB Circular A-133 and qualified as a low-risk auditee, requiring that major programs comprising at least 25 percent of federal expenditures be tested. However, in fiscal year 2003, the County was not considered a low-risk auditee because of a finding reported in the June 30, 2002, Single Audit Reporting Package pertaining to the

State Criminal Alien Assistance Program that resulted in a questioned cost exceeding 5 percent of that program's reported expenditures. As a result, major programs that comprised at least 50 percent of federal expenditures were required to be tested for 2003. Therefore, we tested 11 federal programs comprising 53 percent of the County's federal expenditures for 2003.

## TO OBTAIN MORE INFORMATION

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



or by visiting our Web site at:  
[www.auditorgen.state.az.us](http://www.auditorgen.state.az.us)

Contact person for this report:  
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## Four County Programs with Material Noncompliance

Our report indicates that four County programs had material noncompliance with federal compliance requirements. For two of the programs, the material noncompliance was also considered a material internal control weakness.

### Reporting

The County did not submit the Financial Data Schedule year-end report for the Public and Indian Housing, Section 8 Housing Choice Vouchers, and Public Housing Capital Fund programs. In addition, for the Section 8 Housing Choice Vouchers program, the year-end Section 8 Management Assessment Program certification was not submitted. Our report indicates that these conditions resulted in material noncompliance with the programs' reporting requirements and were also considered internal control weaknesses.

### Eligibility/Special Tests and Provisions

The County did not follow the federally-required procedures for determining eligibility and performing inspections and quality control reinspections to ensure that

the compliance requirements were followed for the Section 8 Housing Choice Vouchers program. Our report indicates that this condition resulted in both a material internal control weakness and material noncompliance with the program's eligibility and special tests and provisions requirements.

### Subrecipient Monitoring

The County awarded 86 percent of the Coordinated Services and Access to Research for Women, Infants, Children, and Youth program monies it received to seven subrecipients to carry out the program's objectives. However, the County did not follow the federally-required procedures for monitoring the subrecipients to ensure that the program's compliance requirements were followed. Our report indicates that this condition resulted in both a material internal control weakness and material noncompliance with the program's subrecipient monitoring requirement.

### The Single Audit Fact Sheet

- No weaknesses in financial reporting internal controls.
- Four weaknesses in federal compliance internal controls, two of these were considered material internal control weaknesses.
- Four violations of federal compliance requirements all of which were considered material noncompliance.

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Year Ended June 30, 2003