

**REPORT HIGHLIGHTS**  
SINGLE AUDIT

**Subject**

Maricopa County spent \$99 million of federal monies and additional required state matching monies this past year for 91 programs. The largest federal grants were for child development, incarceration, housing, nutrition, healthcare, 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 and federal compliance. However, the report recommends that the County improve its subrecipient monitoring practices and other administrative practices for selected federal programs. The subrecipient monitoring practices for one of the programs represents a material weakness and resulted in the County's material noncompliance with a federal health services program.



2002

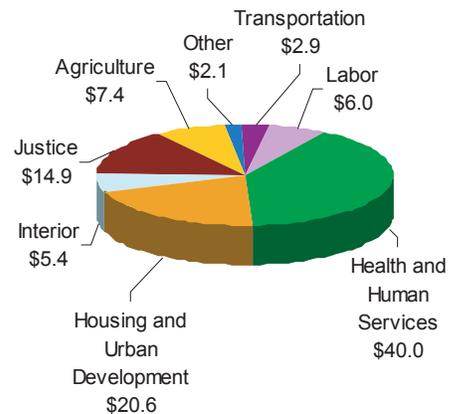
Year Ended June 30, 2002

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

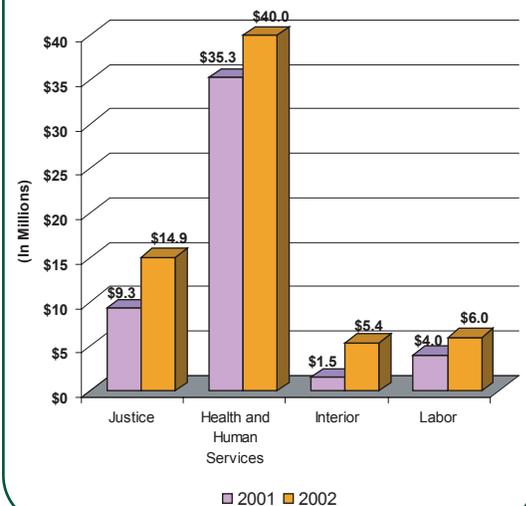
Although most of the County's federal programs experienced increases in expenditures over the prior year, a few programs had significant increases. Overall, federal award expenditures increased by approximately \$16.5 million over the prior year. The most significant fluctuations occurred in the following federal agencies and programs:

- \$5.6 million increase in U.S. Department of Justice programs, mostly related to the State Criminal Alien Assistance Program
- \$4.7 million increase in U.S. Department of Health and Human Services programs, mostly related to the Head Start program
- \$3.9 million increase in U.S. Department of the Interior programs, mostly related to the Payments in Lieu of Taxes and Reclamation Projects programs
- \$2.0 million increase in U.S. Department of Labor programs, mostly related to job training

**Federal Award Expenditures**  
**Totaling \$99.3 Million**  
**Fiscal Year 2002**  
**(In Millions)**



**Federal Awarding Agencies with Significant Expenditure Fluctuations**  
**Fiscal Years 2001 and 2002**



# Auditors Evaluated Compliance with 11 Federal Programs

Auditors identified and tested 11 federal programs under the guidelines established by the Single Audit Act. Three of these programs were administered by the Maricopa County Housing Department and were tested by a public accounting firm.

Audit tests included evaluating the County's compliance with each program's federal regulations generally related to expending, reporting, and monitoring federal awards. The table below lists the programs we and the public accounting firm audited and the federal awarding agency.

### Federal Programs Audited

Federal Program	Federal Awarding Agency
Community Development Block Grants/Entitlement Grants	Department of Housing and Urban Development
HOME Investment Partnerships Program	Department of Housing and Urban Development
Public and Indian Housing	Department of Housing and Urban Development
Section 8 Housing Choice Vouchers	Department of Housing and Urban Development
Public Housing Capital Fund	Department of Housing and Urban Development
State Criminal Alien Assistance Program	Department of Justice
Federal Transit—Formula Grants	Department of Transportation
Consolidated Knowledge Development and Application (KD&A) Program	Department of Health and Human Services
Immunization Grants	Department of Health and Human Services
HIV Prevention Activities—Health Department Based	Department of Health and Human Services
Preventive Health Services—Sexually Transmitted Diseases Control Grants	Department of Health and Human Services

In addition, as part of an audit followup on a prior year finding for the Health Center Grants for Homeless Populations program, we noted a violation of the period of

availability compliance requirement that is reported as a current year compliance finding with a questioned cost of \$13,226.

### 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)

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### The Single Audit Fact Sheet

- Three weaknesses in federal compliance internal controls, one of these was considered a material internal control weakness.
- Two violations of federal compliance requirements with unknown questioned costs, one of these was considered material noncompliance.
- One violation of a federal compliance requirement with a questioned cost of \$13,226.

# Inadequate Subrecipient Monitoring Results in Material Noncompliance

The County passes 56 percent of the Consolidated Knowledge Development and Application Program monies it receives to a subrecipient to carry out the program's objectives. However, the County did not follow the federally required procedures for monitoring the subrecipient to ensure that the

program's compliance requirements were followed.

Our report indicates that this condition resulted in a material internal control weakness and material noncompliance with the program's subrecipient monitoring requirement.

## REPORT HIGHLIGHTS SINGLE AUDIT

Year Ended June 30, 2002