



A REPORT
TO THE
ARIZONA LEGISLATURE

Financial Audit Division

Single Audit

State of Arizona

Year Ended June 30, 2009



Debra K. Davenport
Auditor General

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State of Arizona
Single Audit Reporting Package
Year Ended June 30, 2009

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DEBRA K. DAVENPORT, CPA
AUDITOR GENERAL

STATE OF ARIZONA
OFFICE OF THE
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 Janice K. Brewer, Governor
State of Arizona

The Honorable Bob Burns, President
Arizona State Senate

The Honorable Kirk Adams, Speaker
Arizona House of Representatives

The Honorable Rebecca White Berch, 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, 2009, which collectively comprise the State's basic financial statements, and have issued our report thereon dated May 7, 2010. 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. Other auditors audited the financial statements of the Arizona Department of Transportation, Arizona Health Care Cost Containment System, Arizona Lottery, Arizona State Retirement System, Public Safety Personnel Retirement System, Corrections Officer Retirement Plan, Elected Officials' Retirement Plan, and the discretely presented component units, as described in our report on the State's financial statements. The financial statements of the Arizona Power Authority and the universities-affiliated component units, which were reported as discretely presented component units, were not audited by the other auditors 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 as a basis for designing our auditing procedures for the purpose of expressing our opinions on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the State's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the State's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we and the other auditors identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the State's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the State's basic financial statements that is more than inconsequential will not be prevented or detected by the State's internal control. We consider items 09-01 through 09-17 and 09-19 through 09-26 described in the Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the State's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider items 09-01, 09-19, 09-20, 09-22, and 09-26 to be material weaknesses.

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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*, and which is described in the Schedule of Findings and Questioned Costs as item 09-18.

The State's responses to the findings identified in our audit are presented on pages 121 through 139. The response for the finding noted by the other auditors is included in the body of the finding (see finding 09-26). We did not audit the State's responses and, accordingly, we express no opinion on them.

This report is intended solely for your information and use and that of the Chairperson and Vice Chairperson of the Joint Legislative Audit Committee, management of state agencies, 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 7, 2010



DEBRA K. DAVENPORT, CPA
AUDITOR GENERAL

STATE OF ARIZONA
OFFICE OF THE
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 Janice K. Brewer, Governor
State of Arizona

The Honorable Bob Burns, President
Arizona State Senate

The Honorable Kirk Adams, Speaker
Arizona House of Representatives

The Honorable Rebecca White Berch, 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, 2009, except for that portion of the federal programs administered by the Arizona Department of Transportation, the Arizona Health Care Cost Containment System, and the Water Infrastructure Finance Authority. Those entities were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the compliance of those entities 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 provide 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 the requirements applicable to those programs.

<u>Program Title (CFDA Number)</u>	<u>Compliance Requirement</u>	<u>Finding Number</u>
SNAP Cluster: Supplemental Nutrition Assistance Program (10.551) State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (10.561) ARRA—State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (10.561)	Special Tests and Provisions	09-104, 09-105
Title I, Part A Cluster: Title I Grants to Local Educational Agencies (84.010) Title I Grants to Local Educational Agencies, Recovery Act (84.389)	Subrecipient Monitoring	09-122
Vocational Rehabilitation Cluster: Rehabilitation Services—Vocational Rehabilitation Grants to States (84.126)	Eligibility	09-109
Improving Teacher Quality State Grants (84.367)	Subrecipient Monitoring	09-122
TANF Cluster: Temporary Assistance for Needy Families (93.558)	Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Eligibility, Special Tests and Provisions	09-104, 09-111
Child Support Enforcement (93.563) ARRA—Child Support Enforcement (93.563)	Special Tests and Provisions	09-113
Research and Development Cluster	Allowable Costs/Cost Principles	09-128

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, 2009. The results of our auditing procedures and the reports of the other auditors also disclosed other instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and are described in the accompanying Schedule of Findings and Questioned Costs as items 09-101, 09-102, 09-103, 09-106, 09-107, 09-108, 09-110, 09-112, 09-114, 09-115, 09-116, 09-117, 09-118, 09-119, 09-120, 09-123, 09-124, 09-125, 09-126, 09-127, 09-129, and 09-130.

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 the 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the State's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the State's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we and the reports of the other auditors identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies and others that we consider to be material weaknesses.

A control deficiency in the State's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the State's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the State's internal control. We consider items 09-101, 09-103 through 09-119, and 09-121 through 09-130 described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the State's internal control. Of the significant deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs, we consider items 09-101, 09-104, 09-105, 09-109, 09-111, 09-113, 09-121, 09-122, and 09-128 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 as of and for the year ended June 30, 2009, and have issued our report thereon dated May 7, 2010. 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 our 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.

The State's responses to the findings identified in our audit are presented on pages 140 through 161. We did not audit the State's responses and, accordingly, we express no opinion on them.

This report is intended solely for your information and use and that of the Chairperson and Vice Chairperson of the Joint Legislative Audit Committee, management of state agencies, 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 4, 2010, except for the
Schedule of Expenditures of Federal
Awards, for which the date is May 7, 2010

State of Arizona
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2009

CFDA/Identifying Number	Federal Grantor/Program Title/Pass-Through Grantor/Contract Number	Grantee (Appendix)	Expenditures
<u>WHITE HOUSE OFFICE OF NATIONAL DRUG CONTROL POLICY</u>			
07.HT17-07-1110, HT18-08-1111, HT15-05-1510, HT16-06-1510, HT17-07-1510, HT18-08-1510, HT17-07-2410, HT18-08-2410, HT17-07-0510, HT18-08-0510	High Intensity Drug Trafficking Areas, <i>Arizona Alliance Planning Committee</i>	AGA	\$ 769,947
07.I6PSAP501Z	High Intensity Drug Trafficking Areas, <i>Arizona Alliance Planning Committee</i>	JCA	8,171,096
07.I4PSAP549, I5PSAP549, HT16-06-0210, HT16-06-0212, HT16-06-2312, HT17-07-0210, HT17-07-0511, HT17-07-0910, HT17-07-1111, HT17-07-1410, HT17-07-1511, HT17-07-1710, HT17-07-1810, HT17-07-1911, HT17-07-2312, HT18-08-0210, HT18-08-0910, HT18-08-1511, 2-2-05EXECMEETING, LETTER, DPS2007271	High Intensity Drug Trafficking Areas, <i>Arizona Alliance Planning Committee</i>	PSA	1,866,080
Total White House Office of National Drug Control Policy			<u>\$ 10,807,123</u>
<u>PEACE CORPS</u>			
08.PC078090	Peace Corps	ASA	\$ 3,962
08.PC-08-8-123, PC-07-8-070	Peace Corps Coordinator	NAA	16,218
Total Peace Corps			<u>\$ 20,180</u>
<u>DEPARTMENT OF AGRICULTURE</u>			
<u>SNAP Cluster</u>			
10.551	Supplemental Nutrition Assistance Program	DEA	\$ 1,049,658,332
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	DEA	35,981,605
10.561	ARRA—State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	DEA	3,363,269
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	HSA	9,367,600
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	UAA	1,775,636
10.561 Subtotal			<u>50,488,110</u>
SNAP Cluster Subtotal			<u>1,100,146,442</u>
<u>Child Nutrition Cluster</u>			
10.553	School Breakfast Program	DCA	89,826
10.553	School Breakfast Program	DJA	154,477
10.553	School Breakfast Program	EDA	52,806,921
10.553 Subtotal			<u>53,051,224</u>
10.555	National School Lunch Program	DCA	97,691
10.555	National School Lunch Program	DJA	266,479
10.555	National School Lunch Program	EDA	221,434,363
10.555	National School Lunch Program	SDA	195,575
10.555 Subtotal			<u>221,994,108</u>
10.556	Special Milk Program for Children	EDA	66,654
10.559	Summer Food Service Program for Children	EDA	2,737,559
Child Nutrition Cluster Subtotal			<u>277,849,545</u>
<u>Emergency Food Assistance Cluster</u>			
10.568	Emergency Food Assistance Program (Administrative Costs)	DEA	1,241,761
10.569	Emergency Food Assistance Program (Food Commodities)	DEA	9,690,377
10.569	ARRA—Emergency Food Assistance Program (Food Commodities)	DEA	769,717
10.569 Subtotal			<u>10,460,094</u>
Emergency Food Assistance Cluster Subtotal			<u>11,701,855</u>

See accompanying notes to schedule.

State of Arizona
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2009

CFDA/Identifying Number	Federal Grantor/Program Title/Pass-Through Grantor/Contract Number	Grantee (Appendix)	Expenditures
	<u>Schools and Roads Cluster</u>		
10.665	Schools and Roads—Grants to States	MIA	25,084
10.665	Schools and Roads—Grants to States	TRA	18,368,268
	Schools and Roads Cluster Subtotal		18,393,352
	<u>Other Department of Agriculture Programs</u>		
10.001	Agricultural Research—Basic and Applied Research	AHA	37,196
10.025	Plant and Animal Disease, Pest Control, and Animal Care	AHA	2,748,625
10.025	Plant and Animal Disease, Pest Control, and Animal Care	GFA	206,834
	10.025 Subtotal		2,955,459
10.156	Federal-State Marketing Improvement Program	AHA	234,517
10.169	Specialty Crop Block Grant Program	AHA	141,912
10.170	Specialty Crop Block Grant Program—Farm Bill	UAA	9,919
10.200	Grants for Agricultural Research, Special Research Grants	UAA	53,452
10.206	Grants for Agricultural Research—Competitive Research Grants	UAA	14,499
10.210	Food and Agricultural Sciences National Needs Graduate Fellowship Grants	ASA	117,574
10.210	Food and Agricultural Sciences National Needs Graduate Fellowship Grants	UAA	74,750
	10.210 Subtotal		192,324
10.217	Higher Education Challenge Grants	UAA	291,154
10.303	Integrated Programs	UAA	474,396
10.303	Integrated Programs, <i>University of California-Davis</i> , Contract #s 07001492AR110, 07001492ARIZ9, 07001492UA2, 07001492UA3, K009607AZ	UAA	74,866
	10.303 Subtotal		549,262
10.304	Homeland Security—Agricultural, <i>University of California-Davis</i> , Contract # K007797-18	AHA	5,782
10.435	State Mediation Grants	ASA	109,241
10.446	Rural Community Development Initiative	EPA	2,023
10.455	Community Outreach and Assistance Partnership Program	UAA	75,604
10.457	Commodity Partnerships for Risk Management Education	UAA	45,463
10.475	Cooperative Agreements with States for Intrastate Meat and Poultry Inspection	AHA	77,650
10.479	Food Safety Cooperative Agreements	HSA	814,000
10.500	Cooperative Extension Service	UAA	3,734,074
10.500	Cooperative Extension Service, <i>Kansas State University</i> , Contract #s S08024, S08102, S09143	UAA	103,321
10.500	Cooperative Extension Service, <i>Louisiana State University</i> , Contract # 25702	UAA	2,450
10.500	Cooperative Extension Service, <i>National 4-H Council</i> , Contract #s 20054520103332, 200545201033321	UAA	9,345
10.500	Cooperative Extension Service, <i>University of Wyoming</i> , Contract #s UTSTUNV46460AZ, UTSTUNV46466AZ, UTSTUNV46467AZ	UAA	8,859
10.500	Cooperative Extension Service, <i>Utah State University</i> , Contract #s 061554014, 080018004	UAA	34,867
10.500	Cooperative Extension Service, <i>Washington State University</i> , Contract # G001820	UAA	11,199
	10.500 Subtotal		3,904,115
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	HSA	175,648,751
10.558	Child and Adult Care Food Program	EDA	48,707,059
10.560	State Administrative Expenses for Child Nutrition	EDA	3,681,429
10.565	Commodity Supplemental Food Program	HSA	4,781,399
10.572	WIC Farmers' Market Nutrition Program (FMNP)	HSA	173,109
10.574	Team Nutrition Grants	EDA	33,712
10.576	Senior Farmers Market Nutrition Program	HSA	89,518
10.580	Supplemental Nutrition Assistance Program, Outreach/Participation Program	GVA	7,179
10.582	Fresh Fruit and Vegetable Program	EDA	574,924
10.652	Forestry Research	GFA	25,846
10.652	Forestry Research	NAA	10,177
	10.652 Subtotal		36,023

See accompanying notes to schedule.

State of Arizona
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2009

CFDA/Identifying Number	Federal Grantor/Program Title/Pass-Through Grantor/Contract Number	Grantee (Appendix)	Expenditures
10.664	Cooperative Forestry Assistance	ASA	6,464
10.664	Cooperative Forestry Assistance	FOA	2,991,953
10.664	Cooperative Forestry Assistance	LDA	4,368,048
10.664	Cooperative Forestry Assistance	UAA	4,670
10.664	Cooperative Forestry Assistance, <i>Coconino County, Contract #s 071542, 70989</i>	UAA	42,438
10.664	Cooperative Forestry Assistance, <i>Navajo County Board of Supervisors, Contract # SFA1005</i>	UAA	67,479
	10.664 Subtotal		7,481,052
10.679	Collaborative Forest Restoration	GFA	80,203
10.762	Solid Waste Management Grants	NAA	179,752
10.766	Community Facilities Loans and Grants	NAA	18,890
10.769	Rural Business Enterprise Grants	EPA	174,000
10.773	Rural Business Opportunity Grants	UAA	35,237
10.901	Resource Conservation and Development	LDA	10,004
10.902	Soil and Water Conservation	GFA	42,002
10.904	Watershed Protection and Flood Prevention	NAA	1,206
10.912	Environmental Quality Incentives Program	AHA	189,756
10.912	Environmental Quality Incentives Program	GFA	84,549
10.912	Environmental Quality Incentives Program	UAA	8,206
	10.912 Subtotal		282,511
10.914	Wildlife Habitat Incentive Program	GFA	32,709
10.921	Conservation Security Program	UAA	23,367
10.961	Scientific Cooperation and Research	UAA	22,399
10.05-CR-11031600-079, AG-3187-C-07-0033, AG-3187-P-08-0044	Forest Service	NAA	2,100,989
10.06CR11030511022	National Fire Plan's Firewise Program	UAA	3,961
10.06CS011031200036	AZ Bald Eagle Management Program	GFA	20,064
10.0794190073CA, 0894190073CA	Classical Swine Fever Surveillance	UAA	24,168
10.07CS11132422195	Wildcat5 Hydrograph Program	UAA	137
10.07DG11030121004	Sitgreaves NF and Associated Communities' Parcel Assessment and Data Management	UAA	8,232
10.07DG11031600138	Consolidated Grant	LDA	75,520
10.08CS11030504027	Rangeland Monitoring and Inventory	UAA	23,998
10.20054640103316	Managing Rangelands Before, During and After Drought, <i>University of Tennessee, Contract # AES00792300102100381</i>	UAA	1,596
10.HS961116	Nutrition Education for Food Bank Clients	ASA	11,156
10.Unknown	Coca Cola 4-H2O Replenish Project Grant—Arizona 4-H Proposal Plan of Action, <i>National 4H Council, Contract #s LTD DTD 022409, LTD DTD 042409</i>	UAA	20,966
10.Unknown	Solid Waste Training, <i>Shonto Community</i>	NAA	2,433
10.Unknown	Wildfire Risk Reduction for Yavapai County Homeowners, <i>Yavapai County, Contract # CK40229118</i>	UAA	26,242
	Total Department of Agriculture		\$ 1,662,040,663

DEPARTMENT OF COMMERCE

Public Works and Economic Development Cluster

11.307	Economic Adjustment Assistance	EPA	\$ 45,335
11.307	Economic Adjustment Assistance	UAA	53,064
	Public Works and Economic Development Cluster Subtotal		98,399

Other Department of Commerce Programs

11.303	Economic Development—Technical Assistance	NAA	118,219
11.431	Climate and Atmospheric Research	ASA	23,590
11.467	Meteorologic and Hydrologic Modernization Development, <i>University Corp. for Atmospheric Research, Contract # S0766807</i>	UAA	2,033
11.550	Public Telecommunications Facilities Planning and Construction	ASA	190,329

See accompanying notes to schedule.

State of Arizona
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2009

CFDA/Identifying Number	Federal Grantor/Program Title/Pass-Through Grantor/Contract Number	Grantee (Appendix)	Expenditures
11.555	Public Safety Interoperable Communications Grant Program	HLA	826,189
11.555	Public Safety Interoperable Communications Grant Program	PSA	191,827
	11.555 Subtotal		1,018,016
	Total Department of Commerce		\$ 1,450,586
<u>DEPARTMENT OF DEFENSE</u>			
12.110	Planning Assistance to States	GFA	\$ 408,148
12.113	State Memorandum of Agreement Program for the Reimbursement of Technical Services	EVA	678,339
12.300	Basic and Applied Scientific Research	ASA	249,678
12.300	Basic and Applied Scientific Research	GFA	91,683
	12.300 Subtotal		341,361
12.400	Military Construction, National Guard	MAA	29,611,323
12.401	National Guard Military Operations and Maintenance (O&M) Projects	MAA	35,047,837
12.404	National Guard Civilian Youth Opportunities	MAA	1,357,970
12.431	Basic Scientific Research	ASA	85,365
12.431	Basic Scientific Research, <i>Academy of Applied Science</i> , Contract # W911NF0410001	ASA	15,510
	12.431 Subtotal		100,875
12.550	National Flagship Language Program Grants to U.S. Institutions of Higher Education, <i>Institute of International Education</i> , Contract # HQ0034-07-C-1010	ASA	52,397
12.630	Basic, Applied, and Advanced Research in Science and Engineering	NAA	5,075
12.800	Air Force Defense Research Sciences Program	ASA	402,660
12.800	Air Force Defense Research Sciences Program	GFA	183,855
	12.800 Subtotal		586,515
12.901	Mathematical Sciences Grants Program	ASA	107,225
12.DAHA2 00 2 3003, DAHA2 98 3003	Camp Navajo	MAA	10,693,760
12.F1ATA09012PD01	Intergovernmental Personnel Act (IPA) Assignment—Dr. Douglas Cochran	ASA	134,353
12.H9823006C0483	Technical Consultation Services for ADIR Project Oversight	ASA	855,606
12.MEM0308	IPA for Ronald Pace (Working for Tricaremanagement Activity/Office of the Chief, Information Officer=TMA/OCIO)	UAA	196,131
12.W9124A-05-D-0002	Business Enterprise Program/FT Huachuca	DEA	4,250,292
12.W9137B070064	CLI+: Islamic Rim Language and Culture Training for ROTC Cadets, <i>Institute of International Education</i> , Contract # W9137B070064	ASA	354,391
12.Unknown	Uniform Commutation Fund 5010-2986-01	UAA	1,319
	Total Department of Defense		\$ 84,782,917
<u>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
<u>Section 8 Project-Based Cluster</u>			
14.195	Section 8 Housing Assistance Payments Program	HDA	\$ 42,359,019
	Section 8 Project-Based Cluster Subtotal		42,359,019
<u>CDBG—Entitlement Grants Cluster</u>			
14.218	Community Development Block Grants/Entitlement Grants, <i>City of Phoenix</i> , Contract # 105830	ASA	29,204
14.218	Community Development Block Grants/Entitlement Grants, <i>City of Tucson</i> , Contract #s 000407, 000508	UAA	9,873
	CDBG—Entitlement Grants Cluster Subtotal		39,077
<u>CDBG—State-Administered Small Cities Program Cluster</u>			
14.228	Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	HDA	13,036,912
	CDBG—State-Administered Small Cities Program Cluster Subtotal		13,036,912
<u>Other Department of Housing and Urban Development Programs</u>			
14.231	Emergency Shelter Grants Program	DEA	879,942

See accompanying notes to schedule.

State of Arizona
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2009

CFDA/Identifying Number	Federal Grantor/Program Title/Pass-Through Grantor/Contract Number	Grantee (Appendix)	Expenditures
14.235	Supportive Housing Program	HDA	2,069,481
14.238	Shelter Plus Care	HDA	7,127,627
14.239	Home Investment Partnerships Program	EPA	201
14.239	Home Investment Partnerships Program	HDA	8,958,239
	14.239 Subtotal		8,958,440
14.241	Housing Opportunities for Persons with AIDS	HDA	124,816
14.256	Neighborhood Stabilization Program (Recovery Act Funded)	HDA	152,008
14.401	Fair Housing Assistance Program—State and Local	AGA	448,621
14.511	Community Outreach Partnership Center Program	UAA	72,940
14.866	Demolition and Revitalization of Severely Distressed Public Housing, <i>City of Tucson</i> , Contract #s 032906, 033306	UAA	35,123
14.871	Section 8 Housing Choice Vouchers	HDA	579,086
14.Unknown	IGA Summer—Social Justice Education Project, <i>Pima County, Arizona</i> , Contract # 0170A1414921008	UAA	6,525
14.Unknown	Social Justice Education Project—08 Summer Leadership Camp, <i>Pima County, Arizona</i> , Contract # 0710A1406550108	UAA	10,416
	Total Department of Housing and Urban Development		\$ 75,900,033
<u>DEPARTMENT OF THE INTERIOR</u>			
<u>Fish and Wildlife Cluster</u>			
15.605	Sport Fish Restoration Program	GFA	\$ 7,231,698
15.611	Wildlife Restoration	GFA	6,027,793
	Fish and Wildlife Cluster Subtotal		13,259,491
<u>Other Department of the Interior Programs</u>			
15.059	Indian Graduate Student Scholarships	ASA	210,919
15.130	Indian Education—Assistance to Schools	EDA	332,172
15.224	Cultural Resource Management	GFA	15,931
15.224	Cultural Resource Management	NAA	2,255
15.224	Cultural Resource Management	UAA	42,607
	15.224 Subtotal		60,793
15.227	Distribution of Receipts to State and Local Governments	DTA	267,955
15.228	National Fire Plan—Wildland Urban Interface Community Fire Assistance	FOA	386,978
15.228	National Fire Plan—Wildland Urban Interface Community Fire Assistance	LDA	133,319
	15.228 Subtotal		520,297
15.231	Fish, Wildlife and Plant Conservation Resource Management	GFA	240,020
15.517	Fish and Wildlife Coordination Act	GFA	94,101
15.530	Water Conservation Field Services Program (WCFSP)	UAA	15,343
15.530	Water Conservation Field Services Program (WCFSP)	WCA	2,500
	15.530 Subtotal		17,843
15.608	Fish and Wildlife Management Assistance	GFA	55,639
15.615	Cooperative Endangered Species Conservation Fund	GFA	1,706,468
15.616	Clean Vessel Act	GFA	28,810
15.617	Wildlife Conservation and Appreciation	UAA	6,658
15.622	Sportfishing and Boating Safety Act	GFA	180,000
15.623	North American Wetlands Conservation Fund	GFA	72,500
15.626	Firearm and Bow Hunter Education and Safety Program	GFA	207,212
15.633	Landowner Incentive Program	GFA	653,817
15.634	State Wildlife Grants	GFA	1,343,339
15.637	Migratory Bird Joint Ventures	GFA	18,787
15.642	Challenge Cost Share	GFA	22,665
15.647	Migratory Bird Conservation	GFA	7,359
15.649	Service Training and Technical Assistance (Generic Training)	GFA	18,677

See accompanying notes to schedule.

State of Arizona
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2009

CFDA/Identifying Number	Federal Grantor/Program Title/Pass-Through Grantor/Contract Number	Grantee (Appendix)	Expenditures
15.650	Research Grants (Generic)	GFA	39,026
15.650	Research Grants (Generic)	UAA	4,989
	15.650 Subtotal		44,015
15.808	U.S. Geological Survey—Research and Data Collection	GFA	543,858
15.808	U.S. Geological Survey—Research and Data Collection	GSA	1,786
15.808	U.S. Geological Survey—Research and Data Collection	LDA	1,176
	15.808 Subtotal		546,820
15.809	National Spatial Data Infrastructure Cooperative Agreements Program	NAA	9,098
15.810	National Cooperative Geologic Mapping Program	GSA	219,947
15.814	National Geological and Geophysical Data Preservation Program	GSA	19,245
15.904	Historic Preservation Fund Grants-In-Aid	PRA	50,209
15.916	Outdoor Recreation—Acquisition, Development and Planning	PRA	1,163,993
15.04FC320310	Native Fishes Hatchery Development	GFA	22,929
15.04FG320270	Projects to Enhance Arizona's Environment: Their Functions, Water Requirements and Public Benefits	UAA	33,189
15.05PG303295	A Weather Network to Provide Reference Evapotranspiration Data for the Bureau of Reclamation's Lower Colorado River ACCT System	UAA	9,889
15.06FC340008	Flat Tailed Horn Lizard Study	GFA	34,279
15.06FG300040	Razorback Sucker Production & Bubbling Ponds Hatchery	GFA	93,330
15.06FG320640	Arizona Site Steward Program	PRA	7,500
15.07FG320790	Bald Eagle Surveys	GFA	38,499
15.07PG321016, 08PG320360	Bureau of Reclamation	NAA	12,204
15.08FG300030	Razorback Growth Studies	GFA	27,606
15.08FG320150	Water Festival Evaluation—Demonstration of Program Impact	UAA	26,247
15.1 07 34 CO165	Mumme Farm	GFA	2,730
15.142598FG3200540	Roosevelt Lake Goose Mitigation Project	GFA	11,937
15.50730W0330	Bureau of Reclamation Restricted Endowment	ASA	6,483,752
15.99FC320140	Bureau of Reclamation	WCA	10,000
15.AAA000011AAF040042	Living with Wildfire in Arizona	UAA	1,007
15.AAA000011AAF050041	ADR Conflict Resolution Prevention Program	UAA	13,613
15.AAA050001	Sonoran Pronghorn Semi Captive Breeding, Ajo	GFA	10,245
15.AAA060013	Ranchland Cleanup	GFA	10,000
15.AAA070012	Mount Trumbull Ponderosa Pine Restoration	GFA	2,453
15.AAA070015	Beaver Habitat Assessment on Las Cienegas National Conservation Area	GFA	8,800
15.AAA070025	Mud Mountains Water Catchments	GFA	2,100
15.CA235000010H822705402	Living with Wildfire in Arizona—Educational Materials	UAA	4,700
15.H1200040002	National Park Service	NAA	16,577
15.H1200040002J1330050051	Preparation Lodge Historic District and Housing Historic District Cultural Landscape Reports—Bryce Canyon National Park	UAA	15,221
15.H1200040002J180080051	Provide Technical Assistance for Guadalupe Mountains National Park Library	UAA	4,278
15.H1200040002J719005011	Architectural Documentation and Preservation Planning Earl Head Homestead (UAZ16)	UAA	4,406
15.H1200040002J7481G019	Cultural Resource Management Technical Assistance—Intermountain Regional Parks	UAA	4,526
15.H1200040002J800080160	Upgrade Museum Cases at Old Santa Fe Trail Building (UAZCP134)	UAA	31,153
15.H1200040002J8100060213	Increase Digital Photo Database for Tonto National Monument (UAZCP54)	UAA	1,366
15.H1200040002J8100070114	Provide Registrar Assistance at the Western Archaeological and Conservation Center	UAA	12,953
15.H1200040002J8100070136	Providing Library Assistance to the Intermountain Region Museum Services Program	UAA	2,049
15.H1200040002J8100070195	Maintain WACC Library and Respond to Research Requests (UAZCP95)	UAA	597
15.H1200040002J8100070196	Migrate Electronic Data and Maintain Computer Hardware (UAZCP93)	UAA	3,626
15.H1200040002J8100080070	Provide Exhibit Assistance for Tumacacori National Historical Park & Tuzigoot National Monument (UAZCP121)	UAA	5,682
15.H1200040002J8100080148	Provide Library Assistance for the Santa Fe Move (UAZCP132)	UAA	24,982
15.H1200040002J8100080193	Manage FY Museum Collection Reporting and Correct Documentation Deficiencies for Tonto National Monument (UAZCP136)	UAA	1,886
15.H1200040002J8100080200	Conduct Collection Condition Survey at Chiricahua National Monument (UAZCP161)	UAA	4,337
15.H1200040002J8100080205	Provide Exhibit Assistance to Tuzigoot National Monument and Tumacacori National Historical Park (UAZCP160)	UAA	4,297
15.H1200040002J8100080216	Upgrade Objects Repository Storage at the Western Archeological and Conservation Center (UAZCP146)	UAA	34,135
15.H1200040002J8100080223	Provide Library Assistance to Grand Teton National Park (UAZCP148)	UAA	4,343
15.H1200040002J8100080224	Implement Corrective Action Plan, Improve Access, and Manage FY08 Year-End Reporting—CASA Grande Ruins/Saguaro Nat'l (UAZCP156)	UAA	7,806
15.H1200040002J8100080240	Move Santa Fe and WACC Libraries and Archives (UAZCP162)	UAA	10,961
15.H1200040002J8100080242	Provide Museum Assistance	UAA	203

See accompanying notes to schedule.

State of Arizona
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2009

CFDA/Identifying Number	Federal Grantor/Program Title/Pass-Through Grantor/Contract Number	Grantee (Appendix)	Expenditures
15.H1200040002J8100080246	Move Chiricahua National Monument Collections to the Western Archeological Center (WACC)	UAA	545
15.H1200040002J8100080312	Improve Accountability & Access Information at Western Archeological & Conservation Center (UAZCP171)	UAA	14,767
15.H1200040002J8219060993	Preparation of a Historic Structures Report for Four Buildings Village Historic District (UAZCP21)	UAA	7,770
15.H1200040002J8219070419	Preparation of Historic Structure Report First Administration Building—Grand Canyon National Park	UAA	1,364
15.H1200040002J8430080089	Performing Energy Audit & Developing an Energy Plan (UAZCP140)	UAA	21,277
15.H1200040002J8430080810	Cultural Affiliation Study Nagpra Inventory Completion & Improved Visitor Interpretation of Native American Culture & History Phase I	UAA	18,642
15.H1200050003J1242030603	Missions Initiative Project Administration—Tumacacori National Park, Pecos National Monument, Salinas Pueblo Missions National Monument, San Antonio Missions National Park (UAZDS202)	UAA	15,462
15.H1200050003J1242060042	Architectural Documentation for Dos Lomitas and Gachado Line Camp—Organ Pipe Cactus National Park (UAZCP21)	UAA	1,992
15.H1200050003J1242070003	Speaker Series Graduate Planning Seminar564—Desert Southwest CESU (UAZDS219)	UAA	393
15.H1200050003J12420700057	Missions Initiative Project Administration—Tumacacori National Park, Pecos National Monument, Salinas Pueblo Missions National Monument, San Antonio Missions National Park (UAZDS257)	UAA	5,351
15.H1200050003J12420700062	Missions Initiative Project Administration—Tumacacori National Park, Pecos National Monument, Salinas Pueblo Missions National Monument, San Antonio Missions National Park (UAZDS259)	UAA	5,950
15.H1200050003J7220070111	Conceptual Master Plan for Interpretative Spaces and Signage at Fort Davis National Historical Site (UAZDS284)	UAA	9,604
15.H1200050003J8610080010	Develop Schematic Design for New Multi-Purpose Room Existing Visitor Center (UAZDS288)	UAA	123
15.H1200050003J865006001	Exhibit Production at Various Southern Arizona National Park Service Sites	UAA	71,953
15.H8660040001	Sonoran Pronghorn Semi Captive Breeding Activity	GFA	10,870
15.J8601050141	Assistance with Collections Management Plans at MOCA, TUZI, MOWE, SAGU, CAGR, and TUMA. Project No. ASU-16 and 21	ASA	701
15.L08AC13646	Rangeland Monitoring Years 5 & 6	UAA	20,677
15.L08AC14260	Arizona Strip Rangeland Monitoring	UAA	74,082
15.Unknown	Indian Children's Program, <i>Utah State University</i> , Contract # 070042001	NAA	216,267
	Total Department of the Interior		<u>\$ 28,939,032</u>
<u>DEPARTMENT OF JUSTICE</u>			
16.202	Prisoner Reentry Initiative Demonstration (Offender Reentry)	DCA	\$ 186,420
16.202	Prisoner Reentry Initiative Demonstration (Offender Reentry)	JCA	72,738
	16.202 Subtotal		<u>259,158</u>
16.523	Juvenile Accountability Block Grants	DJA	132,345
16.523	Juvenile Accountability Block Grants	GVA	578,131
16.523	Juvenile Accountability Block Grants	SPA	137,135
	16.523 Subtotal		<u>847,611</u>
16.527	Supervised Visitation, Safe Havens for Children	GVA	50,256
16.540	Juvenile Justice and Delinquency Prevention—Allocation to States	GVA	1,362,436
16.547	Victims of Child Abuse	SPA	55,359
16.548	Title V—Delinquency Prevention Program	GVA	119,192
16.550	State Justice Statistics Program for Statistical Analysis Centers	JCA	124,046
16.554	National Criminal History Improvement Program (NCHIP)	JCA	328,918
16.554	National Criminal History Improvement Program (NCHIP)	PSA	154,531
16.554	National Criminal History Improvement Program (NCHIP)	SPA	39,631
	16.554 Subtotal		<u>523,080</u>
16.560	National Institute of Justice Research, Evaluation, and Development Project Grants	JCA	428,660
16.560	National Institute of Justice Research, Evaluation, and Development Project Grants	PSA	416,302
	16.560 Subtotal		<u>844,962</u>

See accompanying notes to schedule.

State of Arizona
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2009

CFDA/Identifying Number	Federal Grantor/Program Title/Pass-Through Grantor/Contract Number	Grantee (Appendix)	Expenditures
16.575	Crime Victim Assistance	AGA	112,008
16.575	Crime Victim Assistance	DCA	43,486
16.575	Crime Victim Assistance	DJA	61,223
16.575	Crime Victim Assistance	PSA	6,953,917
	16.575 Subtotal		7,170,634
16.576	Crime Victim Compensation	JCA	953,659
16.579	Edward Byrne Memorial Formula Grant Program	AGA	967,562
16.579	Edward Byrne Memorial Formula Grant Program, <i>City of Tucson</i> , Contract # 027705	UAA	159,758
	16.579 Subtotal		1,127,320
16.580	Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	PMA	25,598
16.580	Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	UAA	384,837
	16.580 Subtotal		410,435
16.582	Crime Victim Assistance/Discretionary Grants	DCA	2,591
16.588	Violence Against Women Formula Grants	GVA	1,820,238
16.589	Rural Domestic Violence, Dating Violence, Sexual Assault, and Stalking Assistance Program	GVA	493,425
16.589	Rural Domestic Violence, Dating Violence, Sexual Assault, and Stalking Assistance Program	UAA	50,693
	16.589 Subtotal		544,118
16.593	Residential Substance Abuse Treatment for State Prisoners	DCA	33,829
16.593	Residential Substance Abuse Treatment for State Prisoners	DJA	61,909
16.593	Residential Substance Abuse Treatment for State Prisoners	JCA	66,481
	16.593 Subtotal		162,219
16.595	Community Capacity Development Office, <i>City of Phoenix Neighborhood Services Division</i> , Contract # 2007WSQ70235	ASA	9,360
16.597	Motor Vehicle Theft Protection Act Program	ATA	145
16.606	State Criminal Alien Assistance Program	DCA	12,821,790
16.607	Bulletproof Vest Partnership Program	ADA	6,176
16.609	Community Prosecution and Project Safe Neighborhoods	JCA	468,079
16.609	Community Prosecution and Project Safe Neighborhoods	PSA	43,976
	16.609 Subtotal		512,055
16.610	Regional Information Sharing Systems	PSA	5,548,722
16.727	Enforcing Underage Drinking Laws Program	GHA	451,002
16.727	Enforcing Underage Drinking Laws Program	GVA	24,953
16.727	Enforcing Underage Drinking Laws Program	UAA	6,234
	16.727 Subtotal		482,189
16.738	Edward Byrne Memorial Justice Assistance Grant Program	AGA	273,177
16.738	Edward Byrne Memorial Justice Assistance Grant Program	JCA	2,711,695
16.738	Edward Byrne Memorial Justice Assistance Grant Program	PSA	484,570
16.738	Edward Byrne Memorial Justice Assistance Grant Program	SPA	1,746,962
	16.738 Subtotal		5,216,404
16.741	Forensic DNA Backlog Reduction Program	JCA	8,648
16.741	Forensic DNA Backlog Reduction Program	PSA	23,085
	16.741 Subtotal		31,733
16.742	Paul Coverdell Forensic Sciences Improvement Grant Program	JCA	149,243
16.742	Paul Coverdell Forensic Sciences Improvement Grant Program	PSA	117,842
	16.742 Subtotal		267,085

See accompanying notes to schedule.

State of Arizona
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2009

CFDA/Identifying Number	Federal Grantor/Program Title/Pass-Through Grantor/Contract Number	Grantee (Appendix)	Expenditures
16.743	Forensic Casework DNA Backlog Reduction Program	AGA	37,858
16.743	Forensic Casework DNA Backlog Reduction Program	JCA	431,670
	16.743 Subtotal		469,528
16.744	Anti-Gang Initiative	DJA	184,236
16.748	Convicted Offender and/or Arrestee DNA Backlog Reduction Program (In-House Analysis and Data Review)	JCA	132,539
16.66FPXA54566SLMOU	FBI Joint Terrorism Task Force	PSA	34,482
16.99326	FBI Violent Street Gang Task Force	PSA	46,180
16.DOJDEA200805	Drug Enforcement Administration—Marijuana Eradication	PSA	67,307
16.DPCONTRT2006009, DPCONTRT2006009A2	Drug Enforcement Administration Financial Investigations Team	PSA	11,496
16.MN060018, KL070013 SWAZT0427, MN070134 SWAZ432, MN080124 SWAZPO450H, SWAZP447 MN070146, SWAZP410 MN060018	Drug Enforcement Administration OCDEF	PSA	69,278
16.Unknown	Federal Asset Sharing	AGA	375,347
16.Unknown	Multi-Agency Surveillance Team: Arizona High Intensity Drug Trafficking Area	UAA	61,043
16.Unknown	Southwest Border Prosecution Initiative (SWBPI)	AGA	67,699
	Total Department of Justice		\$ 42,792,108
<u>DEPARTMENT OF LABOR</u>			
<u>Employment Service Cluster</u>			
17.207	Employment Service/Wagner-Peyser Funded Activities	AFA	\$ 69,526
17.207	Employment Service/Wagner-Peyser Funded Activities	DEA	6,983,218
17.207	ARRA—Employment Service/Wagner-Peyser Funded Activities	DEA	319,944
17.207	Employment Service/Wagner-Peyser Funded Activities	GVA	833,891
	17.207 Subtotal		8,206,579
17.801	Disabled Veterans' Outreach Program (DVOP)	DEA	1,448,676
17.804	Local Veterans' Employment Representative Program	DEA	1,352,466
	Employment Service Cluster Subtotal		11,007,721
<u>WIA Cluster</u>			
17.258	WIA Adult Program	DEA	13,276,836
17.258	ARRA—WIA Adult Program	DEA	343,519
17.258	WIA Adult Program	EDA	202,682
	17.258 Subtotal		13,823,037
17.259	WIA Youth Activities	DEA	13,581,863
17.259	ARRA—WIA Youth Activities	DEA	2,651,563
17.259	WIA Youth Activities	EPA	551,077
17.259	WIA Youth Activities	GVA	265,777
	17.259 Subtotal		17,050,280
17.260	WIA Dislocated Workers	DEA	10,823,204
17.260	ARRA—WIA Dislocated Workers	DEA	484,291
17.260	WIA Dislocated Workers	GVA	23,756
	17.260 Subtotal		11,331,251
	WIA Cluster Subtotal		42,204,568
<u>Other Department of Labor Programs</u>			
17.002	Labor Force Statistics	DEA	216,041
17.002	Labor Force Statistics	EPA	832,579
	17.002 Subtotal		1,048,620
17.005	Compensation and Working Conditions	ICA	75,436
17.225	Unemployment Insurance	DEA	1,066,200,165
17.225	ARRA—Unemployment Insurance	DEA	57,322,358
	17.225 Subtotal		1,123,522,523

See accompanying notes to schedule.

State of Arizona
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2009

CFDA/Identifying Number	Federal Grantor/Program Title/Pass-Through Grantor/Contract Number	Grantee (Appendix)	Expenditures
17.235	Senior Community Service Employment Program, <i>National Council on Aging</i> , Contract # AD-10840-00-55-02	DEA	1,195,962
17.235	ARRA—Senior Community Service Employment Program, <i>National Council on Aging</i> , Contract # AD-10840-00-55-02	DEA	15,121
	17.235 Subtotal		1,211,083
17.245	Trade Adjustment Assistance	DEA	962,092
17.245	Trade Adjustment Assistance	EDA	109,353
	17.245 Subtotal		1,071,445
17.252	Attestations by Employers Using Alien Crewmembers for Longshore Activities in U.S. Ports	EPA	688,832
17.261	WIA Pilots, Demonstrations, and Research Projects	GVA	26,817
17.266	Work Incentive Grants	DEA	490,826
17.267	Incentive Grants—WIA Section 503	DEA	718,215
17.267	Incentive Grants—WIA Section 503	EDA	930,527
	17.267 Subtotal		1,648,742
17.268	H-1B Job Training Grants	EPA	33,033
17.270	Reintegration of Ex-Offenders	JCA	34,062
17.271	Work Opportunity Tax Credit Program (WOTC)	DEA	130,643
17.273	Temporary Labor Certification for Foreign Workers	DEA	163,117
17.503	Occupational Safety and Health—State Program	ICA	3,551,431
17.504	Consultation Agreements	ICA	712,591
17.600	Mine Health and Safety Grants	MIA	293,713
17.Unknown	Reed Act Distribution	DEA	6,443,501
17.Unknown	Workforce Innovation in Regional Economic Development (WIRED) Program, <i>Pima County, Arizona</i> , Contract # 0169A1404080707	UAA	107,941
	Total Department of Labor		\$ 1,194,466,645
<u>DEPARTMENT OF STATE</u>			
19.300	Program for Study of Eastern Europe and the Independent States of the Former Soviet Union, <i>American Council of Learned Societies (ACLS)</i> , Contract #s AGR71907, LTR5112006	ASA	\$ 19,120
19.430	International Education Training and Research, <i>NAFAS: Association of International Educators</i>	NAA	4,059
19.AGR 01/27/09	Junior Faculty Development Program, <i>American Councils for International Education</i> , Contract # AGR 01/27/09	ASA	3,064
19.SECAAE07CA064	"New Technologies & Contemporary Issues" for Iraqi Young Leaders Exchange Program, <i>World Learning</i> , Contract # 005	UAA	107,585
19.SECAAE07GR146	IIE Eight-Week Language Study Program for Indonesian Students—Indonesian English, <i>Institute of International Education</i> , Contract # CK441250	UAA	76,929
19.SECAAE07GR146	IIE's Fulbright Pre-Academic Program, <i>Institute of International Education</i> , Contract # LTR DTD 032708	UAA	160,490
19.SECAAE08CA029TG	Western Hemisphere Institute, <i>Institute for Training and Development</i> , Contract # SECAAE08CA029TG	UAA	248,670
19.SECAAE08CA031DT	Western Hemisphere Institute, <i>Institute for Training and Development</i> , Contract # SECAAE08CA031DT	UAA	161,673
19.SECAPE07GR218	Faith Communities and Civil Society: A Dialogue Linking Bosnian, Kosovar, and American Clergy, Laypeople, and Scholars	ASA	243,097
19.SIZ10008GR079	Contemporary Issues—The Environment and Society, <i>World Learning</i> , Contract # SIZ10008GR079	UAA	21,086
19.SLMAQM08GR538	Kids Voting in Kosovo: Advancing Democracy and Human Rights in Southeastern Europe	ASA	221,522
19.SLMAQM09GR008	North America Next: Memo to President Obama and Cross Talk II: Building Common Security in North America	ASA	14,280
19.SMX53008GR150	U.S. Mexico Academic Border Tour (English-Spanish Simultaneous Translation Service)	UAA	3,500
19.SMX53008GR168	U.S. Mexico Academic Border Tour	UAA	25,746
19.Unknown	IIE's Indonesia Language Study Program (IELSP), <i>Institute of International Education</i> , Contract # LTR DTD 010308	UAA	184,344
	Total Department of State		\$ 1,495,165

See accompanying notes to schedule.

State of Arizona
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2009

CFDA/Identifying Number	Federal Grantor/Program Title/Pass-Through Grantor/Contract Number	Grantee (Appendix)	Expenditures
<u>DEPARTMENT OF TRANSPORTATION</u>			
<u>Highway Planning and Construction Cluster</u>			
20.205	Highway Planning and Construction	ADA	\$ 125,566
20.205	Highway Planning and Construction	ASA	4,141
20.205	Highway Planning and Construction	DTA	601,101,272
20.205	Highway Planning and Construction	GFA	368,270
	20.205 Subtotal		<u>601,599,249</u>
20.219	Recreational Trails Program	DTA	2,187,391
20.219	Recreational Trails Program	PRA	1,965,413
	20.219 Subtotal		<u>4,152,804</u>
	Highway Planning and Construction Cluster Subtotal		<u>605,752,053</u>
<u>Transit Services Programs Cluster</u>			
20.513	Capital Assistance Program for Elderly Persons and Persons with Disabilities	DTA	3,535,450
20.516	Job Access—Reverse Commute	DTA	82,288
20.521	New Freedom Program	DTA	147,696
	Transit Services Programs Cluster Subtotal		<u>3,765,434</u>
<u>Highway Safety Cluster</u>			
20.600	State and Community Highway Safety	DTA	101,064
20.600	State and Community Highway Safety	GHA	3,261,322
20.600	State and Community Highway Safety	PSA	486,446
	20.600 Subtotal		<u>3,848,832</u>
20.601	Alcohol Impaired Driving Countermeasures Incentive Grants I	ASA	10,000
20.601	Alcohol Impaired Driving Countermeasures Incentive Grants I	GHA	3,528,337
20.601	Alcohol Impaired Driving Countermeasures Incentive Grants I	LLA	130,545
20.601	Alcohol Impaired Driving Countermeasures Incentive Grants I	PSA	574,779
	20.601 Subtotal		<u>4,243,661</u>
20.604	Safety Incentive Grants for Use of Seatbelts	GHA	85,006
20.605	Safety Incentives to Prevent Operation of Motor Vehicles by Intoxicated Persons	GHA	10,525
20.610	State Traffic Safety Information System Improvement Grants	GHA	15,629
20.612	Incentive Grant Program to Increase Motorcyclist Safety	GHA	34,704
	Highway Safety Cluster Subtotal		<u>8,238,357</u>
<u>Other Department of Transportation Programs</u>			
20.106	Airport Improvement Program	DTA	3,901,863
20.215	Highway Training and Education	DTA	354,761
20.218	National Motor Carrier Safety	DTA	4,734,154
20.218	National Motor Carrier Safety	PSA	7,106,162
	20.218 Subtotal		<u>11,840,316</u>
20.505	Federal Transit—Metropolitan Planning Grants	DTA	2,064,943
20.509	Formula Grants for Other Than Urbanized Areas	DTA	8,001,777
20.514	Public Transportation Research	DTA	20,801
20.614	National Highway Traffic Safety Administration (NHTSA) Discretionary Safety Grants	GHA	1,338
20.700	Pipeline Safety Program Base Grants	CCA	472,752
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants	MAA	280,863
20.05093566	Education on the Implementation of Performance Based Service Contracting, <i>Northern Taiga Ventures Inc.</i> , Contract # 05093566	ASA	3,515
20.DTFH6107P00168	2007 Traffic Modelers Workshop	UAA	32,178
20.Unknown	Safe Routes to School	UAA	7,002
	Total Department of Transportation		<u>\$ 644,737,953</u>
<u>DEPARTMENT OF THE TREASURY</u>			
21.000	National Foreclosure Mitigation Counseling (NFMC), <i>Neighborhood Reinvestment Corporation</i> , Contract # PL110-161:95X1350	HDA	\$ 878,953
	Total Department of the Treasury		<u>\$ 878,953</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
<u>OFFICE OF PERSONNEL MANAGEMENT</u>			
27.011	Intergovernmental Personnel Act (IPA) Mobility Program	ASA	\$ 124,041
	Total Office of Personnel Management		<u>\$ 124,041</u>
<u>EQUAL EMPLOYMENT OPPORTUNITY COMMISSION</u>			
30.001	Employment Discrimination—Title VII of the Civil Rights Act of 1964	AGA	\$ 277,089
	Total Equal Employment Opportunity Commission		<u>\$ 277,089</u>
<u>FEDERAL COMMUNICATIONS COMMISSION</u>			
32.LTR DTD 082007	Chief Economist at the Federal Communications Commission (IPA)	UAA	\$ 12,899
	Total Federal Communications Commission		<u>\$ 12,899</u>
<u>GENERAL SERVICES ADMINISTRATION</u>			
39.003	Donation of Federal Surplus Personal Property	ADA	\$ 69,584
	Total General Services Administration		<u>\$ 69,584</u>
<u>LIBRARY OF CONGRESS</u>			
42.GA08C0011	Persistent Digital Archives and Library Systems	LAA	\$ 228,996
42.Unknown	Library of Congress, <i>Metropolitan State College of Denver</i>	NAA	4,199
	Total Library of Congress		<u>\$ 233,195</u>
<u>NATIONAL AERONAUTICS AND SPACE ADMINISTRATION</u>			
43.001	Aerospace Education Services Program	ASA	\$ 147,050
43.001	Aerospace Education Services Program, <i>Jet Propulsion Laboratory (JPL)</i> , Contract # NM0710819	ASA	10,038
	43.001 Subtotal		<u>157,088</u>
43.NAS526555	Exploring Light and Planetary Atmospheres Through the Eyes of the Hubble Space Telescope, <i>Space Telescope Science Institute</i> , Contract # HSTEO1086912A	UAA	3,839
43.NAS526555	Hubble's Diverse Universe—A Film on Extragalactic Research by Minority Astronomers, <i>Space Telescope Science Institute</i> , Contract # HSTEO1175103A	UAA	17,110
43.NAS71407	Curriculum and Training Support for Navigators Extra-Solar Planet Research, <i>Jet Propulsion Laboratory</i> , Contract # 1251186	UAA	40,885
43.Unknown	Phoenix Mars Scout Mission	NAA	3,271
43.Unknown	Space Grant Program	NAA	140,003
43.Unknown	Internet-Based Workshops to Support the 2003/4 SIRTf EPO Effort, <i>Jet Propulsion Laboratory</i> , Contract # 1260022	UAA	24,301
	Total National Aeronautics and Space Administration		<u>\$ 386,497</u>
<u>NATIONAL ENDOWMENT FOR THE ARTS</u>			
45.024	Promotion of the Arts—Grants to Organizations and Individuals	ASA	\$ 66,312
45.024	Promotion of the Arts—Grants to Organizations and Individuals	UAA	20,342
	45.024 Subtotal		<u>86,654</u>
45.025	Promotion of the Arts—Partnership Agreements	HUA	789,500
45.025	Promotion of the Arts—Partnership Agreements, <i>New England Foundation for the Arts</i> , Contract #s 200812362, 200812560, 200812573	UAA	9,000
	45.025 Subtotal		<u>798,500</u>
	Total National Endowment for the Arts		<u>\$ 885,154</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
<u>NATIONAL ENDOWMENT FOR THE HUMANITIES</u>			
45.129	Promotion of the Humanities—Federal/State Partnership	PRA	\$ 30,000
45.129	Promotion of the Humanities—Federal/State Partnership, <i>Arizona Humanities Council</i> , Contract #s GG2150092008, GG2350112008, GG6749342007	UAA	9,674
	45.129 Subtotal		<u>39,674</u>
45.149	Promotion of Humanities—Division of Preservation and Access	HIA	4,200
45.149	Promotion of Humanities—Division of Preservation and Access	LAA	76,120
45.149	Promotion of Humanities—Division of Preservation and Access	UAA	46,199
45.149	Promotion of Humanities—Division of Preservation and Access, <i>Cornell University</i> , Contract # 485038230	UAA	741
	45.149 Subtotal		<u>127,260</u>
45.162	Promotion of the Humanities—Teaching and Learning Resources and Curriculum Development	NAA	87,995
45.163	Promotion of the Humanities—Professional Development	ASA	212,216
45.163	Promotion of the Humanities—Professional Development	UAA	117,274
	45.163 Subtotal		<u>329,490</u>
45.164	Promotion of the Humanities—Public Programs	ASA	128,324
45.164	Promotion of the Humanities—Public Programs	NAA	101,673
	45.164 Subtotal		<u>229,997</u>
45.168	Promotion of the Humanities—We the People, <i>Arizona Humanities Council</i> , Contract # GG2547162007	UAA	5,135
45.169	Promotion of the Humanities—Office of Digital Humanities	UAA	16,743
45.Unknown	Creative Photo Term Endowment	UAA	37,100
45.Unknown	NEA Challenge Permanent Endowment	UAA	55,400
45.Unknown	NEH/ASM Education Endowment	UAA	317,655
	Total National Endowment for the Humanities		<u>\$ 1,246,449</u>
<u>INSTITUTE OF MUSEUM AND LIBRARY SERVICES</u>			
45.301	Museums for America	UAA	\$ 11,800
45.310	Grants to States	ASA	46,479
45.310	Grants to States	LAA	3,528,782
45.310	Grants to States	NAA	19,803
45.310	Grants to States	UAA	22,805
	45.310 Subtotal		<u>3,617,869</u>
45.313	Laura Bush 21st Century Librarian Program	UAA	878,174
	Total Institute of Museum and Library Services		<u>\$ 4,507,843</u>
<u>NATIONAL SCIENCE FOUNDATION</u>			
47.041	Engineering Grants	ASA	\$ 130,239
47.049	Mathematical and Physical Sciences	ASA	616,691
47.049	Mathematical and Physical Sciences	NAA	11,536
47.049	Mathematical and Physical Sciences	UAA	978,985
47.049	Mathematical and Physical Sciences, <i>American Physical Society</i> , Contract # CK096771	UAA	13,819
	47.049 Subtotal		<u>1,621,031</u>
47.050	Geosciences	ASA	33,820
47.050	Geosciences	GSA	112,117
47.050	Geosciences	NAA	32,336
47.050	Geosciences	UAA	201,812
	47.050 Subtotal		<u>380,085</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
47.070	Computer and Information Science and Engineering	ASA	8,609
47.070	Computer and Information Science and Engineering	UAA	113,271
	47.070 Subtotal		121,880
47.074	Biological Sciences	ASA	257,322
47.074	Biological Sciences	NAA	23,323
47.074	Biological Sciences	UAA	65,328
	47.074 Subtotal		345,973
47.075	Social, Behavioral, and Economic Sciences	ASA	115,949
47.075	Social, Behavioral, and Economic Sciences	NAA	34,850
47.075	Social, Behavioral, and Economic Sciences	UAA	68,304
	47.075 Subtotal		219,103
47.076	Education and Human Resources	ASA	3,629,784
47.076	Education and Human Resources	NAA	1,141,963
47.076	Education and Human Resources	UAA	4,921,068
47.076	Education and Human Resources, <i>Boston College</i> , Contract # 9304	UAA	74,572
47.076	Education and Human Resources, <i>University of California-San Diego</i> , Contract # 10251211	UAA	38,076
47.076	Education and Human Resources, <i>University of Montana</i> , Contract # PG086598002	UAA	10,110
47.076	Education and Human Resources, <i>University of Nebraska</i> , Contract # 2505360004002	UAA	21,335
	47.076 Subtotal		9,836,908
47.079	International Science and Engineering (OISE)	UAA	79,563
47.080	Office of Cyberinfrastructure, <i>University of Texas-Austin</i> , Contract # 0622780	ASA	259,303
47.082	ARRA—Trans-NSF Recovery Act Research Support	UAA	1,420
47.0845720	IPA-Susan Penfield	UAA	72,227
47.CBA200810NSYDYE	Regional Participation in the US-Japan Workshop on Monsoon Asia Tropical Forest (Asian-Pacific Network for Global Change)	UAA	7,051
47.GE00631389	An Online Earth System Science Teacher Education Program at the University of Arizona, <i>Institute of Global Environmental Strategies</i> , Contract # 071028	UAA	2,560
47.Unknown	International Computer Science Institute, <i>International Computer Science Institute</i> , Contract # LTR DTD 111308	UAA	10,912
	Total National Science Foundation		\$ 13,088,255
<u>DEPARTMENT OF VETERANS AFFAIRS</u>			
64.124	All-Volunteer Force Educational Assistance	VSA	\$ 544,843
64.Unknown	VA Headcount	UAA	3,549
	Total Department of Veterans Affairs		\$ 548,392
<u>ENVIRONMENTAL PROTECTION AGENCY</u>			
66.001	Air Pollution Control Program Support	EVA	\$ 8,836,560
66.032	State Indoor Radon Grants	AEA	87,283
66.034	Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	ASA	17,063
66.034	Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	EVA	445,677
66.034	Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	NAA	39,119
	66.034 Subtotal		501,859
66.040	ARRA—State Clean Diesel Grant Program	EVA	1,083
66.419	Water Pollution Control State, Interstate, and Tribal Program Support	EVA	345,911
66.454	Water Quality Management Planning	EVA	121,493
66.458	Capitalization Grants for Clean Water State Revolving Funds	WFA	4,599,122
66.458	ARRA—Capitalization Grants for Clean Water State Revolving Funds	WFA	887,248
	66.458 Subtotal		5,486,370

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
66.460	Nonpoint Source Implementation Grants	EVA	4,134,381
66.463	Water Quality Cooperative Agreements	EVA	5,846
66.468	Capitalization Grants for Drinking Water State Revolving Funds	EVA	2,872,343
66.468	Capitalization Grants for Drinking Water State Revolving Funds	WFA	16,985,657
	66.468 Subtotal		<u>19,858,000</u>
66.471	State Grants to Reimburse Operators of Small Water Systems for Training and Certification Costs	EVA	400,328
66.474	Water Protection Grants to the States	EVA	44,617
66.512	Regional Environmental Monitoring and Assessment Program (REMAP) Research Projects	EVA	55,935
66.514	Science To Achieve Results (STAR) Fellowship Program	ASA	29,530
66.605	Performance Partnership Grants	EVA	4,637,456
66.607	Training and Fellowships for the Environmental Protection Agency	EVA	97,330
66.607	Training and Fellowships for the Environmental Protection Agency	NAA	1,636,763
	66.607 Subtotal		<u>1,734,093</u>
66.608	Environmental Information Exchange Network Grant Program and Related Assistance	EVA	283,837
66.608	Environmental Information Exchange Network Grant Program and Related Assistance, <i>Walker River Paiute Tribe</i> , Contract # WR-106-2006	NAA	30,633
	66.608 Subtotal		<u>314,470</u>
66.700	Consolidated Pesticide Enforcement Cooperative Agreements	AHA	347,104
66.700	Consolidated Pesticide Enforcement Cooperative Agreements	SBA	93,231
	66.700 Subtotal		<u>440,335</u>
66.708	Pollution Prevention Grants Program	EVA	12,968
66.708	Pollution Prevention Grants Program	UAA	26,888
	66.708 Subtotal		<u>39,856</u>
66.709	Multi-Media Capacity Building Grants for States and Tribes	NAA	177,127
66.801	Hazardous Waste Management State Program Support	EVA	2,176,828
66.802	Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements	EVA	587,758
66.804	Underground Storage Tank Prevention, Detection and Compliance Program	EVA	862,468
66.805	Leaking Underground Storage Tank Trust Fund Corrective Action Program	EVA	1,469,973
66.808	Solid Waste Management Assistance Grants	EVA	2,934
66.808	Solid Waste Management Assistance Grants	NAA	63,486
	66.808 Subtotal		<u>66,420</u>
66.817	State and Tribal Response Program Grants	EVA	1,153,382
66.818	ARRA—Brownfields Assessment and Cleanup Cooperative Agreements	EVA	3,408
66.931	International Financial Assistance Projects Sponsored by the Office of International and Tribal Affairs	AGA	258
66.931	International Financial Assistance Projects Sponsored by the Office of International and Tribal Affairs	AHA	14,806
66.931	International Financial Assistance Projects Sponsored by the Office of International and Tribal Affairs	EVA	79,525
	66.931 Subtotal		<u>94,589</u>
66.940	Environmental Policy and State Sustainability Grants	EVA	100,712
66.TAA07013	Indoor Air Quality "Tools for Schools" Program	UAA	14,619
66.Unknown	River Quality	GFA	18,744
66.Unknown	Preparing Emission Inventories, <i>Portage Inc.</i> , Contract # PEI-2155S01	NAA	60,061
	Total Environmental Protection Agency		<u>\$ 53,861,495</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
<u>NUCLEAR REGULATORY COMMISSION</u>			
77.006	U.S. Nuclear Regulatory Commission Nuclear Education Grant Program	ASA	\$ 54,076
	Total Nuclear Regulatory Commission		<u>\$ 54,076</u>
<u>DEPARTMENT OF ENERGY</u>			
81.041	State Energy Program	EPA	\$ 476,957
81.042	Weatherization Assistance for Low-Income Persons	EPA	1,378,866
81.087	Renewable Energy Research and Development	NAA	84,895
81.087	Renewable Energy Research and Development, <i>Hopi Tribe</i> , Contract # 08-024	NAA	9,062
	81.087 Subtotal		<u>93,957</u>
81.106	Transport of Transuranic Wastes to the Waste Isolation Pilot Plant: States and Tribal Concerns, Proposed Solutions	AEA	76,208
81.117	Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance	EPA	153,546
81.117	Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance	NAA	34,640
	81.117 Subtotal		<u>188,186</u>
81.119	State Energy Program Special Projects	EPA	268,053
81.0516221	Lawrence Livermore National Laboratory	NAA	4,694
81.DEAC5206NA25396	Los Alamos National Laboratories-Sers, Sensit, Bioalgae, <i>Los Alamos National Laboratory</i> , Contract #s 59621001FY3N, 7134000108	UAA	14,999
81.U215X060247	Teaching American History Grant, <i>Tucson Unified School District</i> , Contract # TUSD10000130547	UAA	79,948
81.Unknown	Petroleum Escrow Funds	EPA	734,956
	Total Department of Energy		<u>\$ 3,316,824</u>
<u>DEPARTMENT OF EDUCATION</u>			
<u>Title I, Part A Cluster</u>			
84.010	Title I Grants to Local Educational Agencies	EDA	\$ 275,537,192
84.389	Title I Grants to Local Educational Agencies, Recovery Act	EDA	16,000
	Title I, Part A Cluster Subtotal		<u>275,553,192</u>
<u>Special Education Cluster (IDEA)</u>			
84.027	Special Education—Grants to States	ASA	656,367
84.027	Special Education—Grants to States	DCA	124,797
84.027	Special Education—Grants to States	DJA	203,156
84.027	Special Education—Grants to States	EDA	168,958,198
84.027	Special Education—Grants to States	HSA	2,517
84.027	Special Education—Grants to States	NAA	237,591
84.027	Special Education—Grants to States	SDA	670,465
84.027	Special Education—Grants to States	SPA	354,201
84.027	Special Education—Grants to States	UAA	409,666
84.027	Special Education—Grants to States, <i>Navajo Nation</i>	NAA	204,311
	84.027 Subtotal		<u>171,821,269</u>
84.173	Special Education—Preschool Grants	EDA	5,547,762
84.173	Special Education—Preschool Grants	SDA	52,201
	84.173 Subtotal		<u>5,599,963</u>
	Special Education Cluster (IDEA) Subtotal		<u>177,421,232</u>
<u>TRIO Cluster</u>			
84.042	TRIO—Student Support Services	ASA	414,815
84.042	TRIO—Student Support Services	NAA	311,552
84.042	TRIO—Student Support Services	UAA	255,809
	84.042 Subtotal		<u>982,176</u>

See accompanying notes to schedule.

State of Arizona
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84.044	TRIO—Talent Search	NAA	365,344
84.047	TRIO—Upward Bound	ASA	838,122
84.047	TRIO—Upward Bound	NAA	753,962
	84.047 Subtotal		1,592,084
84.066	TRIO—Educational Opportunity Centers	NAA	399,283
84.217	TRIO—McNair Post-Baccalaureate Achievement	UAA	257,351
	TRIO Cluster Subtotal		3,596,238
	<u>Vocational Rehabilitation Cluster</u>		
84.126	Rehabilitation Services—Vocational Rehabilitation Grants to States	DEA	61,531,122
84.126	Rehabilitation Services—Vocational Rehabilitation Grants to States	DJA	15,182
84.126	Rehabilitation Services—Vocational Rehabilitation Grants to States	HSA	7,416
84.126	Rehabilitation Services—Vocational Rehabilitation Grants to States	SDA	342,877
84.126	Rehabilitation Services—Vocational Rehabilitation Grants to States	UAA	133,380
	Vocational Rehabilitation Cluster Subtotal		62,029,977
	<u>Early Intervention Services (IDEA) Cluster</u>		
84.181	Special Education—Grants for Infants and Families	DEA	8,763,003
84.181	Special Education—Grants for Infants and Families	NAA	435,006
84.181	Special Education—Grants for Infants and Families	SDA	487,952
	84.181 Subtotal		9,685,961
84.393	Special Education—Grants for Infants and Families, Recovery Act	DEA	4,993,979
	Early Intervention Services (IDEA) Cluster Subtotal		14,679,940
	<u>State Fiscal Stabilization Fund Cluster</u>		
84.394	State Fiscal Stabilization Fund (SFSF)—Education State Grants, Recovery Act	ASA	69,822,487
84.394	State Fiscal Stabilization Fund (SFSF)—Education State Grants, Recovery Act	GVA	28,671,000
84.394	State Fiscal Stabilization Fund (SFSF)—Education State Grants, Recovery Act	NAA	23,491,539
84.394	State Fiscal Stabilization Fund (SFSF)—Education State Grants, Recovery Act	UAA	60,824,274
	State Fiscal Stabilization Fund Cluster Subtotal		182,809,300
	<u>Other Department of Education Programs</u>		
84.002	Adult Education—Basic Grants to States	EDA	8,976,586
84.004	Civil Rights Training and Advisory Services	ASA	297,443
84.004	Civil Rights Training and Advisory Services	UAA	149,870
	84.004 Subtotal		447,313
84.011	Migrant Education—State Grant Program	ASA	121,518
84.011	Migrant Education—State Grant Program	EDA	5,800,428
	84.011 Subtotal		5,921,946
84.013	Title I Program for Neglected and Delinquent Children	DCA	480,383
84.013	Title I Program for Neglected and Delinquent Children	DJA	469,182
84.013	Title I Program for Neglected and Delinquent Children	SPA	1,082,167
	84.013 Subtotal		2,031,732
84.015	National Resource Centers Program for Foreign Language and Area Studies or Foreign Language and International Studies Program and Foreign Language and Area Studies Fellowship Program	UAA	494,895
84.015	National Resource Centers Program for Foreign Language and Area Studies or Foreign Language and International Studies Program and Foreign Language and Area Studies Fellowship Program, <i>University of California-Berkeley</i> , Contract # CK11773956	UAA	372
84.015	National Resource Centers Program for Foreign Language and Area Studies or Foreign Language and International Studies Program and Foreign Language and Area Studies Fellowship Program, <i>University of Utah</i> , Contract # CK2072965	UAA	2,520
84.015	National Resource Centers Program for Foreign Language and Area Studies or Foreign Language and International Studies Program and Foreign Language and Area Studies Fellowship Program, <i>University of Washington</i> , Contract # CKA685306	UAA	2,981
	84.015 Subtotal		500,768

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84.016	Undergraduate International Studies and Foreign Language Programs	ASA	70,039
84.016	Undergraduate International Studies and Foreign Language Programs	UAA	40,617
	84.016 Subtotal		110,656
84.017	International Research and Studies	UAA	152,519
84.021	Overseas Programs—Group Projects Abroad	UAA	59,590
84.022	Overseas Programs—Doctoral Dissertation Research Abroad	ASA	17,821
84.031	Higher Education—Institutional Aid, <i>Central Arizona College</i> , Contract # P031S050056	ASA	165,749
84.031	Higher Education—Institutional Aid, <i>Cochise College</i> , Contract # P031S030013	UAA	94,504
	84.031 Subtotal		260,253
84.048	Career and Technical Education—Basic Grants to States	ASA	1,058,021
84.048	Career and Technical Education—Basic Grants to States	DJA	252,627
84.048	Career and Technical Education—Basic Grants to States	EDA	27,657,245
84.048	Career and Technical Education—Basic Grants to States	NAA	24,130
84.048	Career and Technical Education—Basic Grants to States	UAA	260,557
	84.048 Subtotal		29,252,580
84.069	Leveraging Educational Assistance Partnership	NAA	293,918
84.069	Leveraging Educational Assistance Partnership	PEA	1,636,679
	84.069 Subtotal		1,930,597
84.116	Fund for the Improvement of Postsecondary Education	ASA	15,838
84.116	Fund for the Improvement of Postsecondary Education	UAA	750,129
84.116	Fund for the Improvement of Postsecondary Education, <i>Baylor University</i> , Contract # P116J020002	ASA	245
84.116	Fund for the Improvement of Postsecondary Education, <i>University of Cincinnati</i> , Contract # P000030N8700269	UAA	6,887
	84.116 Subtotal		773,099
84.129	Rehabilitation Long-Term Training	UAA	346,548
84.169	Independent Living—State Grants	DEA	291,355
84.170	Javits Fellowships	ASA	85,962
84.177	Rehabilitation Services—Independent Living Services for Older Individuals Who are Blind	DEA	749,041
84.184	Safe and Drug-Free Schools and Communities—National Programs	ASA	218,857
84.184	Safe and Drug-Free Schools and Communities—National Programs	EDA	757,803
84.184	Safe and Drug-Free Schools and Communities—National Programs, <i>Vail Unified School District</i> , Contract #s MEM0106, Q184L050306	UAA	228,933
84.184	Safe and Drug-Free Schools and Communities—National Programs, <i>Washington Elementary School District (WESD)</i> , Contract # 07011427	ASA	2,214
	84.184 Subtotal		1,207,807
84.185	Byrd Honors Scholarships	EDA	813,243
84.185	Byrd Honors Scholarships	UAA	295,875
	84.185 Subtotal		1,109,118
84.186	Safe and Drug-Free Schools and Communities—State Grants	EDA	5,170,603
84.186	Safe and Drug-Free Schools and Communities—State Grants	GVA	1,147,108
84.186	Safe and Drug-Free Schools and Communities—State Grants	SPA	995
84.186	Safe and Drug-Free Schools and Communities—State Grants	UAA	13,214
84.186	Safe and Drug-Free Schools and Communities—State Grants, <i>Washington Elementary School District (WESD)</i> , Contract # AGR022908	ASA	3,366
	84.186 Subtotal		6,335,286
84.187	Supported Employment Services for Individuals with Significant Disabilities	DEA	603,780
84.195	Bilingual Education—Professional Development	ASA	315,136
84.195	Bilingual Education—Professional Development	NAA	502,209
84.195	Bilingual Education—Professional Development	UAA	58,435
	84.195 Subtotal		875,780
84.196	Education for Homeless Children and Youth	EDA	1,402,790
84.200	Graduate Assistance in Areas of National Need	UAA	100,041

See accompanying notes to schedule.

State of Arizona
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2009

CFDA/Identifying Number	Federal Grantor/Program Title/Pass-Through Grantor/Contract Number	Grantee (Appendix)	Expenditures
84.213	Even Start—State Educational Agencies	EDA	1,314,356
84.215	Fund for the Improvement of Education, <i>Deer Valley Unified School District</i> , Contract # 06085789	ASA	102,136
85.215	Fund for the Improvement of Education, <i>Young Men's Christian Association</i> , Contract # Q215R040754	UAA	79,962
	84.215 Subtotal		182,098
84.224	Assistive Technology	NAA	498,370
84.229	Language Resource Centers	UAA	316,985
84.243	Tech-Prep Education	EDA	1,790,152
84.243	Tech-Prep Education, <i>Valley Academy for Career and Technology Education</i> , Contract # 04FCTDTP-470045-01A	ASA	15,992
	84.243 Subtotal		1,806,144
84.264	Rehabilitation Training—Continuing Education, <i>San Diego State University Foundation</i> , Contract # 55587AP26997802212	UAA	57,691
84.265	Rehabilitation Training—State Vocational Rehabilitation Unit In-Service Training	DEA	124,677
84.282	Charter Schools	CSA	8,743
84.286	Ready to Teach, <i>Public Broadcasting Service (PBS)</i> , Contract #s R286A050005, U286A0500D5	ASA	40,029
84.287	Twenty-First Century Community Learning Centers	EDA	19,801,584
84.295	Ready-To-Learn Television, <i>Corporation for Public Broadcasting (CPB)</i> , Contract #s U295A050003, U295B050003	ASA	54,356
84.298	State Grants for Innovative Programs	DCA	935
84.298	State Grants for Innovative Programs	DJA	5,276
84.298	State Grants for Innovative Programs	EDA	1,347,457
	84.298 Subtotal		1,353,668
84.299	Indian Education—Special Programs for Indian Children	ASA	147,881
84.299	Indian Education—Special Programs for Indian Children	NAA	97,859
	84.299 Subtotal		245,740
84.315	Capacity Building for Traditionally Underserved Populations	NAA	258,532
84.318	Education Technology State Grants	EDA	5,525,476
84.323	Special Education—State Personnel Development	ASA	32,880
84.323	Special Education—State Personnel Development	EDA	841,357
84.323	Special Education—State Personnel Development	NAA	9,766
84.323	Special Education—State Personnel Development	UAA	19,352
	84.323 Subtotal		903,355
84.325	Special Education—Personnel Development to Improve Services and Results for Children with Disabilities	ASA	396,311
84.325	Special Education—Personnel Development to Improve Services and Results for Children with Disabilities	NAA	494,352
84.325	Special Education—Personnel Development to Improve Services and Results for Children with Disabilities	UAA	1,392,163
84.325	Special Education—Personnel Development to Improve Services and Results for Children with Disabilities, <i>Michigan State University</i> , Contract # 611669A	UAA	15,139
84.325	Special Education—Personnel Development to Improve Services and Results for Children with Disabilities, <i>Pennsylvania College of Optometry</i> , Contract # 57201	UAA	85,382
	84.325 Subtotal		2,383,347
84.326	Special Education—Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities	EDA	101,752
84.326	Special Education—Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities	SDA	160,915
	84.326 Subtotal		262,667
84.327	Special Education—Technology and Media Services for Individuals with Disabilities	SDA	8,846
84.329	Special Education—Studies and Evaluations	NAA	68,382
84.330	Advanced Placement Program (Advanced Placement Test Fee; Advanced Placement Incentive Program Grants)	EDA	480,893

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
84.331	Grants to States for Workplace and Community Transition Training for Incarcerated Individuals	DCA	1,125,044
84.334	Gaining Early Awareness and Readiness for Undergraduate Programs	NAA	3,354,967
84.334	Gaining Early Awareness and Readiness for Undergraduate Programs	UAA	1,448,660
	84.334 Subtotal		<u>4,803,627</u>
84.335	Child Care Access Means Parents in School	ASA	241,813
84.336	Teacher Quality Partnership Grants	ASA	2,202,301
84.336	Teacher Quality Partnership Grants	EDA	426,506
84.336	Teacher Quality Partnership Grants	GVA	1,356,307
84.336	Teacher Quality Partnership Grants	NAA	232,796
	84.336 Subtotal		<u>4,217,910</u>
84.350	Transition to Teaching	ASA	565,143
84.350	Transition to Teaching	EDA	619,663
	84.350 Subtotal		<u>1,184,806</u>
84.351	Arts in Education, <i>Childsplay, Inc.</i> , Contract # 07057476	ASA	96,416
84.351	Arts in Education, <i>The Kennedy Center</i> , Contract # 09012380, LTR 08/23/07	ASA	14,250
	84.351 Subtotal		<u>110,666</u>
84.357	Reading First State Grants	ASA	564,618
84.357	Reading First State Grants	EDA	21,997,026
	84.357 Subtotal		<u>22,561,644</u>
84.358	Rural Education	EDA	738,825
84.360	School Dropout Prevention Program	EDA	484,137
84.363	School Leadership	ASA	91,142
84.364	Literacy Through School Libraries	DJA	300,549
84.365	English Language Acquisition Grants	EDA	21,163,917
84.366	Mathematics and Science Partnerships	EDA	4,166,081
84.366	Mathematics and Science Partnerships, <i>Coconino County Education Service Agency</i> , Contract # 08-0637	NAA	102,675
84.366	Mathematics and Science Partnerships, <i>Navajo County Education Service Agency</i>	NAA	98,020
84.366	Mathematics and Science Partnerships, <i>Pendergast Elementary School District</i> , Contract #s S0356B070003, S366B070003	ASA	23,931
84.366	Mathematics and Science Partnerships, <i>Pima County, Arizona</i> , Contract # CK33547977	UAA	34,194
84.366	Mathematics and Science Partnerships, <i>Pima County Schools</i>	NAA	59,005
84.366	Mathematics and Science Partnerships, <i>Yavapai County Education Service Agency</i>	NAA	133,053
	84.366 Subtotal		<u>4,616,959</u>
84.367	Improving Teacher Quality State Grants	ASA	428,807
84.367	Improving Teacher Quality State Grants	BRA	245,157
84.367	Improving Teacher Quality State Grants	DCA	32,526
84.367	Improving Teacher Quality State Grants	DJA	320,086
84.367	Improving Teacher Quality State Grants	EDA	47,984,771
84.367	Improving Teacher Quality State Grants	NAA	611,448
84.367	Improving Teacher Quality State Grants	SPA	263,353
84.367	Improving Teacher Quality State Grants	UAA	290,581
84.367	Improving Teacher Quality State Grants, <i>Tucson Unified School District</i> , Contract #s 0000140646, TUSD1-0000157819	UAA	20,296
	84.367 Subtotal		<u>50,197,025</u>
84.369	Grants for State Assessments and Related Activities	EDA	9,490,569
84.372	Statewide Data Systems	EDA	3,953,174
84.373	Special Education—Technical Assistance on State Data Collection	EDA	12,776
84.377	School Improvement Grants	EDA	7,711,102
84.378	College Access Challenge Grant Program	EPA	743,818
84.928	National Writing Project, <i>National Writing Project</i> , Contract # 09-AZ04	ASA	9,601
84.928	National Writing Project, <i>National Writing Project Corporation</i> , Contract # 0516221	NAA	56,460
	84.928 Subtotal		<u>66,061</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
84.U215X080026	East Meets Southwest: Traditional American History for Mesa Public School Teachers, <i>Mesa Public Schools</i> , Contract # U215X080026	ASA	1,740
84.Unknown	Application for National Writing Project Matching Funds, <i>National Writing Project</i> , Contract # 92AZ03	UAA	254,890
84.Unknown	Math Science Partnership Grant: Timex2, <i>Tucson Unified School District</i> , Contract # 0000133540	UAA	49,040
84.Unknown	Promoting Inquiry in Science Education (PRISE), <i>Pinon Unified School District</i> , Contract # 72409	UAA	46,362
84.Unknown	Second Certification Project, <i>Catalina Foothills School District</i> , Contract # 234284	UAA	27,254
Total Department of Education			\$ 949,523,636
<u>SCHOLARSHIP AND FELLOWSHIP FOUNDATIONS</u>			
85.E4018802	Morris K. Udall Workplan FY 2008	UAA	\$ 150,213
85.LTR DTD 031609	Morris K. Udall Workplan FY 2009	UAA	161,766
85.MKUF-WP2007	Morris K. Udall Workplan FY 2007	UAA	15,764
85.NNI001	Native Nations Institute for Leadership, Management, and Policy	UAA	851,820
Total Scholarship and Fellowship Foundations			\$ 1,179,563
<u>NATIONAL ARCHIVES AND RECORDS ADMINISTRATION</u>			
89.003	National Historical Publications and Records Grants	ASA	\$ 16,743
89.003	National Historical Publications and Records Grants	LAA	25,840
89.003 Subtotal			42,583
Total National Archives and Records Administration			\$ 42,583
<u>ELECTION ASSISTANCE COMMISSION</u>			
90.401	Help America Vote Act Requirements Payments	STA	\$ 11,721,178
Total Election Assistance Commission			\$ 11,721,178
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
<u>Aging Cluster</u>			
93.044	Special Programs for the Aging—Title III, Part B—Grants for Supportive Services and Senior Centers	DEA	\$ 7,932,146
93.045	Special Programs for the Aging—Title III, Part C—Nutrition Services	DEA	10,038,286
93.053	Nutrition Services Incentive Program	DEA	2,469,495
93.705	ARRA—Aging Home-Delivered Nutrition Services for States	DEA	99,038
93.707	ARRA—Aging Congregate Nutrition Services for States	DEA	237,053
Aging Cluster Subtotal			20,776,018
<u>Immunization Cluster</u>			
93.268	Immunization Grants	HSA	81,937,952
Immunization Cluster Subtotal			81,937,952
<u>TANF Cluster</u>			
93.558	Temporary Assistance for Needy Families	DEA	254,356,078
93.558	Temporary Assistance for Needy Families	GVA	125,067
TANF Cluster Subtotal			254,481,145
<u>CSBG Cluster</u>			
93.569	Community Services Block Grant	DEA	5,602,957
CSBG Cluster Subtotal			5,602,957

See accompanying notes to schedule.

State of Arizona
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2009

CFDA/Identifying Number	Federal Grantor/Program Title/Pass-Through Grantor/Contract Number	Grantee (Appendix)	Expenditures
<u>CCDF Cluster</u>			
93.575	Child Care and Development Block Grant	DEA	54,354,746
93.575	Child Care and Development Block Grant	GVA	437,630
93.575	Child Care and Development Block Grant	HSA	767,110
93.575	Child Care and Development Block Grant	UAA	196,593
	93.575 Subtotal		<u>55,756,079</u>
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	DEA	52,699,262
93.713	ARRA—Child Care and Development Block Grant	DEA	20,600,000
	CCDF Cluster Subtotal		<u>129,055,341</u>
<u>Head Start Cluster</u>			
93.600	Head Start	EDA	3,000
93.600	Head Start	GVA	190,867
	Head Start Cluster Subtotal		<u>193,867</u>
<u>Medicaid Cluster</u>			
93.775	State Medicaid Fraud Control Units	AGA	697,710
93.777	State Survey and Certification of Health Care Providers and Suppliers	BNA	205,000
93.777	State Survey and Certification of Health Care Providers and Suppliers	HSA	4,215,520
	93.777 Subtotal		<u>4,420,520</u>
93.778	Medical Assistance Program	DEA	41,326,656
93.778	Medical Assistance Program	HCA	5,662,637,000
93.778	ARRA—Medical Assistance Program	HCA	561,610,000
93.778	Medical Assistance Program	HSA	34,135,164
93.778	Medical Assistance Program	SDA	265,172
	93.778 Subtotal		<u>6,299,973,992</u>
	Medicaid Cluster Subtotal		<u>6,305,092,222</u>
<u>Other Department of Health and Human Services Programs</u>			
93.003	Public Health and Social Services Emergency Fund	AEA	48,355
93.003	Public Health and Social Services Emergency Fund	HSA	1,955,459
	93.003 Subtotal		<u>2,003,814</u>
93.006	State and Territorial and Technical Assistance Capacity Development Minority HIV/AIDS Demonstration Program	HSA	181,874
93.009	Compassion Capital Fund	GVA	2,818
93.018	Strengthening Public Health Services at the Outreach Offices of the U.S.-Mexico Border Health Commission	HSA	172,435
93.018	Strengthening Public Health Services at the Outreach Offices of the U.S.-Mexico Border Health Commission	UAA	95,544
	93.018 Subtotal		<u>267,979</u>
93.041	Special Programs for the Aging—Title VII, Chapter 3—Programs for Prevention of Elder Abuse, Neglect, and Exploitation	DEA	106,679
93.042	Special Programs for the Aging—Title VII, Chapter 2—Long Term Care Ombudsman Services for Older Individuals	DEA	332,657
93.043	Special Programs for the Aging—Title III, Part D—Disease Prevention and Health Promotion Services	DEA	407,648
93.048	Special Programs for the Aging—Title IV—and Title II—Discretionary Projects	DEA	421,405
93.048	Special Programs for the Aging—Title IV—and Title II—Discretionary Projects	GVA	29,963
93.048	Special Programs for the Aging—Title IV—and Title II—Discretionary Projects	HSA	239,110
93.048	Special Programs for the Aging—Title IV—and Title II—Discretionary Projects	UAA	21,284
	93.048 Subtotal		<u>711,762</u>
93.051	Alzheimer's Disease Demonstration Grants to States	DEA	670
93.052	National Family Caregiver Support, Title III, Part E	DEA	3,221,848

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
93.069	Public Health Emergency Preparedness	HSA	15,777,591
93.069	Public Health Emergency Preparedness, <i>Oklahoma State Department of Health</i> , Contract # MEM0408	UAA	31,011
	93.069 Subtotal		15,808,602
93.087	Enhance the Safety of Children Affected by Parental Methamphetamine or Other Substance Abuse	DEA	395,657
93.103	Food and Drug Administration—Research	HSA	318,941
93.107	Model State-Supported Area Health Education Centers	UAA	385,505
93.110	Maternal and Child Health Federal Consolidated Programs	CDA	159,804
93.110	Maternal and Child Health Federal Consolidated Programs	GVA	11,924
93.110	Maternal and Child Health Federal Consolidated Programs	HSA	374,642
93.110	Maternal and Child Health Federal Consolidated Programs	NAA	6,458
93.110	Maternal and Child Health Federal Consolidated Programs	UAA	449,013
93.110	Maternal and Child Health Federal Consolidated Programs, <i>Texas Health Institute</i> , Contract # MEM0408	UAA	1,655
93.110	Maternal and Child Health Federal Consolidated Programs, <i>University of Alaska Anchorage</i> , Contract #s PO324591A, PO324593A	UAA	4,818
93.110	Maternal and Child Health Federal Consolidated Programs, <i>University of Colorado</i> , Contract # FY08003006H30MCO0008	UAA	74,354
	93.110 Subtotal		1,082,668
93.111	Adolescent Family Life Research Grants	UAA	316,130
93.116	Project Grants and Cooperative Agreements for Tuberculosis Control Programs	HSA	1,200,548
93.127	Emergency Medical Services for Children	HSA	110,715
93.130	Cooperative Agreements to States/Territories for the Coordination and Development of Primary Care Offices	HSA	158,617
93.136	Injury Prevention and Control Research and State and Community Based Programs	ASA	111,179
93.136	Injury Prevention and Control Research and State and Community Based Programs	HSA	720,113
93.136	Injury Prevention and Control Research and State and Community Based Programs	UAA	64,340
93.136	Injury Prevention and Control Research and State and Community Based Programs, <i>Pennsylvania Coalition Against Domestic Violence</i> , Contract # CK057466	UAA	12,513
93.136	Injury Prevention and Control Research and State and Community Based Programs, <i>Pennsylvania Coalition Against Rape</i> , Contract # LTR DTD 090808	UAA	37,773
	93.136 Subtotal		945,918
93.142	NIEHS Hazardous Waste Worker Health and Safety Training, <i>University of California-Los Angeles</i> , Contract # U45 ES006173	ASA	254,230
93.145	AIDS Education and Training Centers, <i>University of California-San Francisco</i> , Contract # 2943SC	UAA	181,571
93.150	Projects for Assistance in Transition from Homelessness (PATH)	HSA	950,571
93.161	Health Program for Toxic Substances and Disease Registry	HSA	5,901
93.165	Grants to States for Loan Repayment Program	HSA	70,513
93.197	Childhood Lead Poisoning Prevention Projects—State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	HSA	77,813
93.210	Tribal Self-Governance Program: IHS Compacts/Funding Agreements	ASA	80,083
93.213	Research and Training in Complementary and Alternative Medicine	UAA	8,836
93.217	Family Planning—Services, <i>Arizona Family Planning Council</i> , Contract #s AGR010108, AGR010407	ASA	160,562
93.226	Research on Healthcare Costs, Quality and Outcomes	ASA	11,053
93.230	Consolidated Knowledge Development and Application (KD&A) Program, <i>Codac Behavioral Health Services of Pima</i> , Contract # H79T112145	UAA	18,880
93.230	Consolidated Knowledge Development and Application (KD&A) Program, <i>Empact-SPC</i> , Contract # KD1T111892	UAA	17,099
	93.230 Subtotal		35,979
93.231	Epidemiology Cooperative Agreements, <i>Inter Tribal Council of Arizona, Incorporated</i> , Contract #s U26IHA300007, U26IHS300007	UAA	192,288
93.234	Traumatic Brain Injury State Demonstration Grant Program	DEA	72,854
93.235	Abstinence Education Program	HSA	702,418
93.235	Abstinence Education Program	UAA	30,589
	93.235 Subtotal		733,007

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
93.236	Grants for Dental Public Health Residency Training	HSA	75,083
93.240	State Capacity Building	HSA	190,919
93.243	Substance Abuse and Mental Health Services—Projects of Regional and National Significance	ASA	497,536
93.243	Substance Abuse and Mental Health Services—Projects of Regional and National Significance	DCA	113,924
93.243	Substance Abuse and Mental Health Services—Projects of Regional and National Significance	DJA	36,160
93.243	Substance Abuse and Mental Health Services—Projects of Regional and National Significance	GVA	3,262,161
93.243	Substance Abuse and Mental Health Services—Projects of Regional and National Significance	HSA	1,096,480
93.243	Substance Abuse and Mental Health Services—Projects of Regional and National Significance	UAA	2,119,301
93.243	Substance Abuse and Mental Health Services—Projects of Regional and National Significance, <i>Community Bridges</i> , Contract # 1H79TI018924-01	ASA	85,115
93.243	Substance Abuse and Mental Health Services—Projects of Regional and National Significance, <i>Pima County Juvenile Courts</i> , Contract # B504013	UAA	68,565
93.243	Substance Abuse and Mental Health Services—Projects of Regional and National Significance, <i>TERROS Behavioral Health Services</i> , Contract # SP 13318-01	ASA	36,113
93.243	Substance Abuse and Mental Health Services—Projects of Regional and National Significance, <i>University of California-Los Angeles</i> , Contract # 2000GJG913	ASA	209,851
	93.243 Subtotal		7,525,206
93.247	Advanced Education Nursing Grant Program	ASA	364,320
93.247	Advanced Education Nursing Grant Program	UAA	673,783
	93.247 Subtotal		1,038,103
93.251	Universal Newborn Hearing Screening	HSA	162,497
93.253	Poison Control Stabilization and Enhancement Grants	UAA	118,558
93.259	Rural Access to Emergency Devices Grant	HSA	99,573
93.264	Nurse Faculty Loan Program (NFLP)	UAA	394,054
93.265	Comprehensive Geriatric Education Program (CGEP)	ASA	39,918
93.275	Substance Abuse and Mental Health Services-Access to Recovery	GVA	1,391,146
93.275	Substance Abuse and Mental Health Services-Access to Recovery	SPA	271,246
	93.275 Subtotal		1,662,392
93.283	Centers for Disease Control and Prevention—Investigations and Technical Assistance	DCA	53,819
93.283	Centers for Disease Control and Prevention—Investigations and Technical Assistance	HSA	3,748,140
93.283	Centers for Disease Control and Prevention—Investigations and Technical Assistance	UAA	1,581,807
93.283	Centers for Disease Control and Prevention—Investigations and Technical Assistance, <i>Hispanic Serving Health Professions Schools</i> , Contract # 325128UAAHCOE	UAA	13,634
93.283	Centers for Disease Control and Prevention—Investigations and Technical Assistance, <i>University of Colorado</i> , Contract # FY07003006U01DD000198	UAA	11,531
93.283	Centers for Disease Control and Prevention—Investigations and Technical Assistance, <i>University of Colorado—Denver Health Sciences Center</i> , Contract # 2574044FY08001008	UAA	24,728
	93.283 Subtotal		5,433,659
93.286	Discovery and Applied Research for Technological Innovations to Improve Human Health	UAA	11,300
93.301	Small Rural Hospital Improvement Grant Program	UAA	122,360
93.307	Minority Health and Health Disparities Research	UAA	241,469
93.358	Advanced Education Nursing Traineeships	NAA	20,230
93.358	Advanced Education Nursing Traineeships	UAA	71,100
	93.358 Subtotal		91,330
93.359	Nurse Education, Practice and Retention Grants	ASA	1,175,532
93.361	Nursing Research	ASA	31,639
93.361	Nursing Research, <i>Caracal Incorporated</i> , Contract # R43NR010441	UAA	18,325
	93.361 Subtotal		49,964

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State of Arizona
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CFDA/Identifying Number	Federal Grantor/Program Title/Pass-Through Grantor/Contract Number	Grantee (Appendix)	Expenditures
93.389	National Center for Research Resources	ASA	716,000
93.389	National Center for Research Resources	UAA	289,665
93.389	National Center for Research Resources, <i>University of Medicine & Dentistry of New Jersey</i> , Contract # R25RR018490	UAA	7,409
	93.389 Subtotal		1,013,074
93.395	Cancer Treatment Research, <i>Gynecologic Oncology Group Administration</i> , Contract # CA101165	UAA	187,563
93.398	Cancer Research Manpower	NAA	10,517
93.398	Cancer Research Manpower	UAA	106,566
	93.398 Subtotal		117,083
93.448	Food Safety and Security Monitoring Project	HSA	35,908
93.556	Promoting Safe and Stable Families	DEA	6,333,086
93.556	Promoting Safe and Stable Families, <i>Navajo Nation—Division of Social Services</i> , Contract # C03137	ASA	44,523
	93.556 Subtotal		6,377,609
93.563	Child Support Enforcement	DEA	42,105,435
93.563	ARRA—Child Support Enforcement	DEA	7,796,873
	93.563 Subtotal		49,902,308
93.566	Refugee and Entrant Assistance—State Administered Programs	DEA	11,733,310
93.566	Refugee and Entrant Assistance—State Administered Programs	HSA	92,586
	93.566 Subtotal		11,825,896
93.568	Low-Income Home Energy Assistance	DEA	20,395,150
93.568	Low-Income Home Energy Assistance	EPA	3,259,191
	93.568 Subtotal		23,654,341
93.576	Refugee and Entrant Assistance—Discretionary Grants	DEA	719,537
93.576	Refugee and Entrant Assistance—Discretionary Grants	EDA	460,105
	93.576 Subtotal		1,179,642
93.584	Refugee and Entrant Assistance—Targeted Assistance Grants	DEA	1,128,490
93.586	State Court Improvement Program	SPA	432,355
93.590	Community-Based Child Abuse Prevention Grants	DEA	2,895,087
93.597	Grants to States for Access and Visitation Programs	DEA	116,488
93.599	Chafee Education and Training Vouchers Program (ETV)	DEA	1,106,406
93.617	Voting Access for Individuals with Disabilities—Grants to States	STA	52,742
93.623	Basic Center Grant	GVA	130,011
93.630	Developmental Disabilities Basic Support and Advocacy Grants	DEA	1,370,220
93.632	University Centers for Excellence in Developmental Disabilities Education, Research, and Service	NAA	435,481
93.632	University Centers for Excellence in Developmental Disabilities Education, Research, and Service	UAA	552,555
	93.632 Subtotal		988,036
93.643	Children's Justice Grants to States	DJA	12,055
93.643	Children's Justice Grants to States	GVA	292,700
93.643	Children's Justice Grants to States	NAA	250,884
	93.643 Subtotal		555,639
93.645	Child Welfare Services—State Grants	DEA	4,462,965
93.648	Child Welfare Research Training or Demonstration	ASA	908,568
93.658	Foster Care—Title IV-E	ASA	3,048,349
93.658	Foster Care—Title IV-E	DEA	79,692,042
93.658	ARRA—Foster Care—Title IV-E	DEA	2,557,480
93.658	Foster Care—Title IV-E	SPA	388,102
	93.658 Subtotal		85,685,973

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
93.659	Adoption Assistance	DEA	61,865,561
93.659	ARRA—Adoption Assistance	DEA	4,386,317
	93.659 Subtotal		66,251,878
93.667	Social Services Block Grant	ADA	172,762
93.667	Social Services Block Grant	DEA	50,223,856
	93.667 Subtotal		50,396,618
93.669	Child Abuse and Neglect State Grants	DEA	425,779
93.669	Child Abuse and Neglect State Grants	UAA	33,831
	93.669 Subtotal		459,610
93.671	Family Violence Prevention and Services/Grants for Battered Women's Shelters—Grants to States and Indian Tribes	HSA	1,535,519
93.674	Chafee Foster Care Independence Program	DEA	2,380,221
93.767	Children's Health Insurance Program	HCA	110,550,000
93.768	Medicaid Infrastructure Grants to Support the Competitive Employment of People with Disabilities	HCA	329,000
93.779	Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	DEA	842,520
93.779	Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	UAA	139,093
	93.779 Subtotal		981,613
93.793	Medicaid Transformation Grants	HCA	6,250,000
93.837	Cardiovascular Diseases Research	ASA	13,152
93.853	Extramural Research Programs in the Neurosciences and Neurological Disorders	ASA	124,682
93.855	Allergy, Immunology and Transplantation Research	ASA	35,122
93.859	Biomedical Research and Research Training	ASA	165,213
93.884	Grants for Training in Primary Care Medicine and Dentistry	UAA	182,584
93.889	National Bioterrorism Hospital Preparedness Program	HSA	6,509,628
93.889	National Bioterrorism Hospital Preparedness Program, <i>Oklahoma State Department of Health</i> , Contract # MEM0408	UAA	13,599
	93.889 Subtotal		6,523,227
93.912	Rural Health Care Services Outreach and Rural Health Network Development Program	UAA	574,038
93.912	Rural Health Care Services Outreach and Rural Health Network Development Program, <i>Hardrock Council on Substance Abuse, Inc.</i> , Contract # CK2115	UAA	31,758
	93.912 Subtotal		605,796
93.913	Grants to States for Operation of Offices of Rural Health	UAA	126,992
93.914	HIV Emergency Relief Project Grants	DCA	85,370
93.914	HIV Emergency Relief Project Grants	HSA	1,001,693
	93.914 Subtotal		1,087,063
93.917	HIV Care Formula Grants	HSA	16,913,407
93.918	Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	UAA	225,878
93.919	Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs	HSA	2,087,029
93.919	Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs	UAA	358
	93.919 Subtotal		2,087,387
93.923	Disadvantaged Health Professions Faculty Loan Repayment (FLRP) and Minority Faculty Fellowship Program (MFFP)	NAA	55,607
93.938	Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems	EDA	724,944
93.938	Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems	HSA	78,920
93.938	Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems	UAA	61,702

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State of Arizona
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CFDA/Identifying Number	Federal Grantor/Program Title/Pass-Through Grantor/Contract Number	Grantee (Appendix)	Expenditures
93.938	Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems, <i>National 4H Club Foundation</i> , Contract # U58DP000456	UAA	147,928
	93.938 Subtotal		1,013,494
93.940	HIV Prevention Activities—Health Department Based	HSA	2,877,766
93.940	HIV Prevention Activities—Health Department Based	UAA	1,749
	93.340 Subtotal		2,879,515
93.944	Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	HSA	970,520
93.958	Block Grants for Community Mental Health Services	HSA	8,224,962
93.959	Block Grants for Prevention and Treatment of Substance Abuse	HSA	31,224,101
93.969	Geriatric Education Centers	UAA	366,223
93.970	Health Professions Recruitment Program for Indians	ASA	260,883
93.970	Health Professions Recruitment Program for Indians	UAA	331,809
93.970	Health Professions Recruitment Program for Indians, <i>Phoenix Area Indian Health Service</i> , Contract # 6TGANR0008	ASA	156
	93.970 Subtotal		592,848
93.977	Preventive Health Services—Sexually Transmitted Diseases Control Grants	HSA	1,467,840
93.988	Cooperative Agreements for State-Based Diabetes Control Programs and Evaluation of Surveillance Systems	HSA	262,246
93.988	Cooperative Agreements for State-Based Diabetes Control Programs and Evaluation of Surveillance Systems	UAA	120,991
	93.988 Subtotal		383,237
93.991	Preventive Health and Health Services Block Grant	HSA	1,173,432
93.994	Maternal and Child Health Services Block Grant to the States	GVA	76,168
93.994	Maternal and Child Health Services Block Grant to the States	HSA	6,128,016
	93.994 Subtotal		6,204,184
93.996	Bioterrorism Training and Curriculum Development Program, <i>University of New Mexico</i> , Contract # 3R88538854	UAA	135,529
93.233030107	National Centers of Excellence in Women's Health	UAA	126
93.3 312 0211557	Health Information Security & Privacy Collaboration	GTA	307,478
93.5H79T11586303	Eon Capacity Enhancement to Improve and Integrate Culturally Relevant Substance Abuse and HIV/AIDS Services, <i>Pima County Health Dept.</i> , Contract #	UAA	41,424
93.6H79SP12923011	South Tucson Drug Free Communities, <i>City of South Tucson</i> , Contract # H79SP12923	UAA	58,856
93.90IC0058	Self-Assessment and Quality Improvement Trainings, <i>United Way</i> , Contract # 90IC0058	UAA	6,281
93.HHSH230200432004C	U.S. Mexico Border Center of Excellence Consortium, <i>University of Texas Health Science Center-San Antonio</i> , Contract # 12221312209	UAA	23,197
93.N01LM63507	National Network of Libraries of Medicine NN.LM Region 7, Arizona Outreach to AM, <i>University of California-Los Angeles</i> , Contract # 54155JB234	UAA	41,467
93.Unknown	NAU Dental Hygiene	NAA	51,747
93.Unknown	Self Advocacy Coalition of Arizona	NAA	51,071
93.Unknown	2007 Trejo Foster Foundation Institute, <i>Center for Public Service Communications, LLC</i> , Contract # LTR DTD 02192007	UAA	2,236
93.Unknown	The Office of Native Medicine: A Case Study, <i>Center for Public Service Communications, LLC</i> , Contract # MEM0907	UAA	39,371
93.Unknown	Steps to a Healthier Cochise County, <i>Cochise County, Arizona</i> , Contract # 0755HEA03	UAA	6,581
93.Unknown	Support for Knowledge River Library School Internships, <i>Center for Public Service Communications, LLC</i> , Contract #s 200815, CK2312	UAA	62,315
93.Unknown	YAC-AZ Youth Health and Wellness Web-Based Fact Sheets, <i>Southwest Institute for Families and Children with SPE</i> , Contract # MEM0308	UAA	8,256
	Total Department of Health and Human Services		\$ 7,363,110,994

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State of Arizona
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CFDA/Identifying Number	Federal Grantor/Program Title/Pass-Through Grantor/Contract Number	Grantee (Appendix)	Expenditures
<u>CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</u>			
<u>Foster Grandparent/Senior Companion Cluster</u>			
94.011	Foster Grandparent Program	DEA	\$ 218,453
94.011	Foster Grandparent Program	NAA	331,838
	94.011 Subtotal		<u>550,291</u>
94.016	Senior Companion Program	NAA	231,976
	Foster Grandparent/Senior Companion Cluster Subtotal		<u>782,267</u>
<u>Other Corporation for National and Community Service Programs</u>			
94.002	Retired and Senior Volunteer Program	NAA	114,880
94.003	State Commissions	GVA	270,656
94.004	Learn and Serve America—School and Community Based Programs	EDA	468,310
94.005	Learn and Serve America—Higher Education, <i>Community Campus Partnerships for Healthcare</i> , Contract # HDSLCAZ07	UAA	22,286
94.005	Learn and Serve America—Higher Education, <i>Morehouse School of Medicine</i> , Contract # 06LHGA001	UAA	2,772
	94.005 Subtotal		<u>25,058</u>
94.006	AmeriCorps	GVA	1,525,004
94.006	AmeriCorps	NAA	422,051
94.006	ARRA—AmeriCorps	NAA	5,918
94.006	AmeriCorps	UAA	117,896
94.006	ARRA—AmeriCorps	UAA	1,980
94.006	AmeriCorps, <i>Jumpstart for Young Children, Inc.</i> , Contract # 140100	ASA	193
94.006	AmeriCorps, <i>Public Allies</i> , Contract # 06NDHWI0010004	ASA	257,717
	94.006 Subtotal		<u>2,330,759</u>
94.007	Program Development and Innovation Grants	GVA	183,050
94.009	Training and Technical Assistance	GVA	107,749
94.009	Training and Technical Assistance	UAA	116,493
	94.009 Subtotal		<u>224,242</u>
	Total Corporation for National and Community Service		<u>\$ 4,399,222</u>
<u>SOCIAL SECURITY ADMINISTRATION</u>			
<u>Disability Insurance/SSI Cluster</u>			
96.001	Social Security—Disability Insurance	DEA	\$ 30,218,576
	Disability Insurance/SSI Cluster Subtotal		<u>30,218,576</u>
	Total Social Security Administration		<u>\$ 30,218,576</u>
<u>DEPARTMENT OF HOMELAND SECURITY</u>			
<u>Homeland Security Cluster</u>			
97.067	Homeland Security Grant Program	AEA	\$ 41,233
97.067	Homeland Security Grant Program	ASA	92,178
97.067	Homeland Security Grant Program	DCA	94,634
97.067	Homeland Security Grant Program	GTA	210,954
97.067	Homeland Security Grant Program	GVA	4,069
97.067	Homeland Security Grant Program	HLA	27,689,057
97.067	Homeland Security Grant Program	MAA	1,045,705
97.067	Homeland Security Grant Program	PSA	3,224,537
97.067	Homeland Security Grant Program	WCA	35,486
	Homeland Security Cluster Subtotal		<u>32,437,853</u>
<u>Other Department of Homeland Security Programs</u>			
97.008	Urban Areas Security Initiative	HLA	32,726
97.008	Urban Areas Security Initiative	MAA	911
	97.008 Subtotal		<u>33,637</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
97.012	Boating Safety Financial Assistance	GFA	1,661,069
97.017	Pre-Disaster Mitigation (PDM) Competitive Grants	GSA	277,276
97.017	Pre-Disaster Mitigation (PDM) Competitive Grants	MAA	1,004,797
97.017	Pre-Disaster Mitigation (PDM) Competitive Grants, <i>Arizona Geological Survey</i>	NAA	588
	97.017 Subtotal		1,282,661
97.023	Community Assistance Program State Support Services Element (CAP-SSSE)	WCA	152,399
97.029	Flood Mitigation Assistance	MAA	65,517
97.036	Disaster Grants-Public Assistance (Presidentially Declared Disasters)	MAA	3,281,132
97.036	Disaster Grants-Public Assistance (Presidentially Declared Disasters)	PRA	199,433
	97.036 Subtotal		3,480,565
97.039	Hazard Mitigation Grant	GSA	11,604
97.039	Hazard Mitigation Grant	MAA	8,222
	97.039 Subtotal		19,826
97.041	National Dam Safety Program	WCA	8,946
97.042	Emergency Management Performance Grants	MAA	5,911,888
97.068	Competitive Training Grants	ASA	191,265
97.070	Map Modernization Management Support	WCA	132,888
97.071	Metropolitan Medical Response System	MAA	69,497
97.073	State Homeland Security Program (SHSP)	PSA	8,729
97.074	Law Enforcement Terrorism Prevention Program (LETPP)	MAA	94,417
97.075	Rail and Transit Security Grant Program	HLA	274,176
97.078	Buffer Zone Protection Program (BZPP)	HLA	766,890
97.078	Buffer Zone Protection Program (BZPP)	PSA	71,105
	97.078 Subtotal		837,995
	Total Department of Homeland Security		\$ 46,663,328
<u>UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT</u>			
98.001	USAID Foreign Assistance for Programs Overseas	ASA	\$ 31,419
98.012	USAID Development Partnerships for University Cooperation and Development, <i>Higher Education for Development (HED)</i> , Contract # AEGA00050000700	ASA	222,992
98.306A00060052400	Afghan Digital Libraries Alliance, <i>Washington State University</i> , Contract # G002117	UAA	53,131
98.EDHA00030000400	Project Cass, <i>Georgetown University</i> , Contract # UARRX205085207K1	UAA	145,453
98.EDHA00030000400	Project Cass-Teacher Training, <i>Georgetown University</i> , Contract #	UAA	268,456
	Total United States Agency for International Development		\$ 721,451
<u>MISCELLANEOUS FEDERAL AGENCIES</u>			
99.DPS2005307	US Postal Inspection Service Identity Crimes	PSA	\$ 9,331
99.SJI 08T075	Develop Performance Measurement System for Appellate Courts, <i>State Justice Institute</i> , Contract # SJI-08-T-075	SPA	30,000
99.Unknown	CPB FY08—Radio Community Service Grant, <i>Corporation for Public Broadcasting</i> , Contract # 1281	UAA	227,574
99.Unknown	CPB FY08—Television Community Service Grant, <i>Corporation for Public Broadcasting</i> , Contract # 1707	UAA	927,168
99.Unknown	CPB FY08—Television Interconnection Grant, <i>Corporation for Public Broadcasting</i> , Contract # 1707	UAA	19,590
99.Unknown	CPB FY09—Television Interconnection Grant, <i>Corporation for Public Broadcasting</i> , Contract # 1707	UAA	545
99.Unknown	Ready to Lead in Literacy—KUAT, <i>Corporation for Public Broadcasting</i> , Contract # 10735	UAA	5,396
	Total Miscellaneous Federal Agencies		\$ 1,219,604

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<u>STUDENT FINANCIAL AID CLUSTER</u>			
<u>Department of Education</u>			
84.007	Federal Supplemental Educational Opportunity Grants	ASA	\$ 2,478,538
84.007	Federal Supplemental Educational Opportunity Grants	NAA	378,229
84.007	Federal Supplemental Educational Opportunity Grants	UAA	902,134
	84.007 Subtotal		<u>3,758,901</u>
84.033	Federal Work-Study Program	ASA	2,065,989
84.033	Federal Work-Study Program	NAA	839,135
84.033	Federal Work-Study Program	UAA	2,109,471
	84.033 Subtotal		<u>5,014,595</u>
84.038	Federal Perkins Loan Program—Federal Capital Contributions	UAA	54,322
84.063	Federal Pell Grant Program	ASA	42,625,281
84.063	Federal Pell Grant Program	NAA	15,848,671
84.063	Federal Pell Grant Program	UAA	22,963,843
	84.063 Subtotal		<u>81,437,795</u>
84.375	Academic Competitiveness Grants	ASA	69,375
84.375	Academic Competitiveness Grants	NAA	504,055
84.375	Academic Competitiveness Grants	UAA	1,096,328
	84.375 Subtotal		<u>1,669,758</u>
84.376	National Science and Mathematics Access to Retain Talent (SMART) Grants	ASA	1,539,776
84.376	National Science and Mathematics Access to Retain Talent (SMART) Grants	NAA	586,914
84.376	National Science and Mathematics Access to Retain Talent (SMART) Grants	UAA	803,152
	84.376 Subtotal		<u>2,929,842</u>
84.379	Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)	ASA	1,103,806
84.379	Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)	NAA	57,788
84.379	Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)	UAA	201,715
	84.379 Subtotal		<u>1,363,309</u>
93.925	Scholarships for Health Professions Students from Disadvantaged Backgrounds	NAA	477,806
	Total Student Financial Aid Cluster		<u>\$ 96,706,328</u>
<u>RESEARCH AND DEVELOPMENT CLUSTER</u>			
<u>Department of Agriculture</u>			
10.RD	Agricultural Marketing Service	ASA	\$ 31,813
10.RD	Agricultural Research Service	ASA	25,202
10.RD	Cooperative State Research, Education, and Extension Service	ASA	490,003
10.RD	Cooperative State Research, Education, and Extension Service	NAA	456,332
10.RD	Department of Agriculture	ASA	94,924
10.RD	Department of Agriculture	UAA	9,352,305
10.RD	Economic Research Service	ASA	61,748
10.RD	Forest Service	NAA	559,791
10.RD	Forest Service	UAA	683,193
10.RD	Natural Resources Conservation Service	UAA	56,018
10.RD	Rural Business—Cooperative Service	ASA	92,148
10.RD	Arizona Department of Agriculture, Contract # OOD1007	ASA	19,095
10.RD	Arizona Department of Agriculture, Contract #s SCBGP0704, SCBGP0706, SCBGP0713, SCBGP0714, SCBGP0717, SCBGP0721, SCBGP0722, SCBGP0903, Arizona State Land Department, Contract # SFA 6004	UAA	112,808
10.RD	Arizona State University, Contract # 09123	NAA	207,348
10.RD	Arizona State University, Contract # 09123	UAA	11,104
10.RD	Baylor College of Medicine, Contract # SC100480017	UAA	60,378
10.RD	Inbios International, Contract # 20073361018620	UAA	1,510
10.RD	Interregional Research Project No. 4, Contract # 07009ETX	UAA	1,080
10.RD	Las Comunidades, Contract # 06-DG-11030200-013	NAA	3,725
10.RD	New Mexico Highland University, Contract # P0095991	UAA	4,754
10.RD	New Mexico State University, Contract #s Q01239, SUBJ90Q01274	UAA	38,738
10.RD	North Carolina State University, Contract #s 2004157802, 2007037639	UAA	207,722

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10.RD	Oceanic Institute, Contract #s USMSFP200819163UAZ, USMSFP200819163UAZAPL	UAA	245,323
10.RD	Penn State University, Contract # 3044-NAU-USDA-6179	NAA	35,286
10.RD	Penn State University, Contract # 3623JAUUSDA8710	UAA	25,000
10.RD	Portland State University, Contract # 207JOH051	UAA	25,889
10.RD	Rutgers, The State University of New Jersey, Contract #s 2007AZ001TT, 2008AZ001BDP	UAA	31,589
10.RD	RXOA Biosciences, LLC, Contract #s 20073361018013, 20083361019594	ASA	20,403
10.RD	Texas Technology University, Contract # 2007-35100-18382	ASA	19,544
10.RD	The Research Corp. of the University of Hawaii, Contract # Z892287	UAA	58,297
10.RD	University of California-Davis, Contract #s 06010ETX, 07001492UA4, 0700198805, 0700255801, 08001766ARIZ8, 0800399603	UAA	102,879
10.RD	University of California-Santa Cruz, Contract # S0181771	UAA	7,292
10.RD	University of Cincinnati, Contract #s 0049061005015, 0060241006782	UAA	89,179
10.RD	University of Delaware, Contract # 15713	UAA	38,088
10.RD	University of Kentucky, Contract # 304810436508396	UAA	15,648
10.RD	University of Missouri-Columbia, Food & Ag Policy Research, Contract # 20008 34318 19107	ASA	128,995
10.RD	University of Nevada-Reno, Contract # 0865	UAA	97,499
10.RD	University of Rhode Island, Contract # 2007-51130-03873	ASA	33,300
10.RD	University of Tennessee, Contract # AES00792300105100717	UAA	2,080
10.RD	University of Texas A&M, Texas AgriLife Research, Contract #s 570493, LTR DTD	UAA	31,285
10.RD	University of Wyoming, Contract # UTSTUNV46465AZ	UAA	12,890
10.RD	Utah State University, Contract # 041535056	UAA	2,066
10.RD	Washington State University, Contract #s 108493G002325, G002154	UAA	37,187
	Department of Agriculture Subtotal		13,631,458
	<u>Department of Commerce</u>		
11.RD	Department of Commerce	UAA	218
11.RD	Economic Development Administration	ASA	38,200
11.RD	National Institute for Standards and Technology	UAA	36,507
11.RD	National Oceanic and Atmospheric Administration	ASA	36,421
11.RD	National Oceanic and Atmospheric Administration	NAA	25,326
11.RD	National Oceanic and Atmospheric Administration	UAA	1,489,083
11.RD	Autenti-Corp, Contract # ACNISTIRIS01	UAA	1,084
11.RD	Center for Cultural & Technical Interchange, Contract # HC12165	UAA	3,284
11.RD	Columbia University, Contract # NA08OAR4320912	ASA	28,015
11.RD	Seagate, Contract # 70NANB1H3056	UAA	8,627
	Department of Commerce Subtotal		1,666,765
	<u>Department of Defense</u>		
12.RD	Air Force Research Laboratory	UAA	47,655
12.RD	Army, Research, Development and Engineering Command Public Communications Office	UAA	580,733
12.RD	Counterintelligence Field Activity	UAA	785,345
12.RD	Defense Advanced Research Projects Agency	ASA	628,378
12.RD	Defense Advanced Research Projects Agency	UAA	180,700
12.RD	Department of the Air Force	ASA	3,258,835
12.RD	Department of the Air Force	UAA	5,130,757
12.RD	Department of the Army	NAA	64,580
12.RD	Department of the Army	UAA	1,356,004
12.RD	Department of Defense	ASA	1,051,074
12.RD	Department of Defense	NAA	130,623
12.RD	Department of Defense	UAA	381,183
12.RD	Department of the Navy	ASA	1,960,123
12.RD	Department of the Navy	UAA	1,140,376
12.RD	National Geospatial-Intelligence Agency	UAA	53,229
12.RD	National Reconnaissance Office	UAA	110,524
12.RD	National Security Agency	ASA	98,351
12.RD	National Security Agency	UAA	56,821
12.RD	Naval Facilities Engineer Command Southwest	NAA	24,695
12.RD	Office of the Secretary	ASA	404,848
12.RD	The Missile Defense Agency	UAA	180,916
12.RD	U.S. Army Material Command	ASA	9,869,645
12.RD	U.S. Army Material Command	UAA	51,791
12.RD	U.S. Army Medical Command	ASA	2,097,911
12.RD	U.S. Army Medical Command	UAA	775,271

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12.RD	Advanced Optical Technologies, Contract #s 3008, 4001	UAA	32,966
12.RD	Architecture Technology Corporation, Contract # W15P7T-07-C-P005	ASA	12,235
12.RD	ASR Corporation, Contract #s 03160701068, 05210801071, 06140701061,	UAA	103,299
12.RD	Atmospheric and Environmental Research, Inc., Contract # N00039-8-0017	ASA	31,277
12.RD	Ball Aerospace Systems Division, Contract #s 07RDK00458, 07RDK00460	UAA	306,487
12.RD	Banner Health, Contract # W18XWH-08-2-0186	ASA	17,636
12.RD	Barrows Neurological Institute (St. Josephs Hospital), Contract # W81XWH-09-1-0121	ASA	9,247
12.RD	Battelle, Contract # W911NF-07-D-0001	ASA	40,096
12.RD	Boeing Company, Contract # HDTRA1-05-D-0001.DO-0002	ASA	127,433
12.RD	California Institute of Technology, Contract # 38A1077196	UAA	151,031
12.RD	Carnegie Mellon University, Contract #s MARCO 2003-CT-888, W911-NF-07-2-0062	ASA	57,741
12.RD	Cherokee CRC, Contract # W9127S-07-D-0017	ASA	9,629
12.RD	Colorado State University, Contract # G23341	UAA	123,887
12.RD	Dow Corning Corporation, Contract #s N0001405C0324, N0001407C0918, N0001408C0398	ASA	82,120
12.RD	Duke University, Contract # W911NF0510248	ASA	227,539
12.RD	Dynetics, Contract # FA8650-08-D-1303	ASA	5,831
12.RD	EWA Government Systems, Incorporated, Contract #s EWAGSI07LS0002, EWAGSI08SC0010	UAA	160,704
12.RD	General Atomics, Contract # HR0011-09-C-0034	ASA	102,871
12.RD	Georgia Institute of Technology, Contract # E216WGG1	UAA	159,958
12.RD	Heat, Light, and Sound Research, Inc., Contract # N00014-07-C-0143	ASA	4,380
12.RD	High Performance Technologies, Inc., Contract # GS04T01BFC0061	ASA	199,844
12.RD	Indiana University, Contract # N00014-07-1-1049	ASA	199,338
12.RD	Institute for the Study of Learning and Expertise (ISLE), Contract # FA87500520283	ASA	255,272
12.RD	Institute of International Education, Contract # HQ0034-07-C-1010	ASA	296,415
12.RD	Intelligent Automation, Inc. (IAI), Contract #s FA955009C0008, HQ000607C7377, W911QX07C0007	ASA	140,088
12.RD	Ionatron, Inc., Contract # 202200	UAA	240,562
12.RD	Iowa State University, Contract # 4212553	UAA	10,674
12.RD	Johns Hopkins University, Contract #s JPL 1263326, N00024-03-D-6606	ASA	10,023
12.RD	Johns Hopkins University Applied Physics Laboratory, Contracts # JPL 1263326, N00024-03-D-6606	ASA	77,091
12.RD	Leaf Networks, Contract # FA8750-09-C-0082	ASA	8,684
12.RD	Lockheed Martin Aeronautics, Contract # FA8650-06-C-7605	ASA	130,456
12.RD	Luna Innovations, Inc., Contract # FA9550-04-C-0088	ASA	191
12.RD	Massachusetts Institute of Technology, Contract # 5710002102	UAA	338,067
12.RD	Materials and Electrochemical Research Corp, Contract #s 91832, S9184	UAA	20,737
12.RD	Michigan State University, Contract # FA8650-09-C-1619	ASA	408
12.RD	Microelectronics Research and Development Corporation, Contract #s FA9453-06-C-0227, HQ0006-07-C-7655, W9113M-07-C-0065	ASA	263,962
12.RD	Minnesota Wire & Cable Co.-Minnesota Defense, Contract # A07047RESS	ASA	8,505
12.RD	Mississippi State University, Contract # GS04T01BFC0060	ASA	50,000
12.RD	MITRE Corporation, Contract # 78043	UAA	39,052
12.RD	Montana Alberta Tie Ltd., Contract # LTR DTD 051507	UAA	350
12.RD	Motorola Labs, Contract # NMA4010292002	ASA	73,323
12.RD	NanoRTD LLC, Contract #s W911NF07C0082, W911NF08C0084	ASA	130,609
12.RD	National Security Innovations, Inc., Contract # FA865002	UAA	89,461
12.RD	New Mexico Institute of Mining and Technology, Contract # P0005345	UAA	2,864
12.RD	North Carolina Agriculture and Technology State University, Contract # H98230-07-1-0122	ASA	57,373
12.RD	Northrop Grumman Space Technology Sector, Contract # ACIMSSC04033	UAA	210,862
12.RD	NuTrek, Contract # HQ0006-09-C-7071	ASA	21,116
12.RD	Penn State University, Contract # W911NF-06-1-0265	ASA	43,214
12.RD	Portland State University, Contract # N00014-07-1-0457	ASA	29,753
12.RD	Princeton University, Contract #s N000140110741, N000140811110	ASA	56,447
12.RD	Prewitt & Associates, Inc., Contract # 207042	UAA	68,049
12.RD	Purdue University, Contract # 531089501	UAA	39,597
12.RD	Raytheon Company, Contract # N00014-04-C-0437	ASA	1,168
12.RD	Raytheon Company, Contract #s F4962002C0055, N0001905G0082002	ASA	63,451
12.RD	Raytheon Company, Contract #s 2599,4200103482	UAA	221,075
12.RD	RXOA Biosciences, LLC, Contract # W911NF-06-C-0105	ASA	2,877
12.RD	Sandia Research Corporation, Contract #s N00014-07-M-0352, N00014-09-C-0138	ASA	40,454
12.RD	Science & Engineering Associates, Inc., Contract # S497301	UAA	14,720
12.RD	Scientific Systems Company Incorporated, Contract # 14661	UAA	21,308

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
12.RD	SET Corporation, Contract # FA955008C0041	ASA	9,861
12.RD	Signal Processing, Inc., Contract # W31P4Q-09-C-0229	ASA	19,575
12.RD	Silicon Photonics Group, Contract # A2-2369	ASA	76,527
12.RD	SJT Micropower Inc., Contract # 07098532	ASA	12,687
12.RD	SRI International, Contract # 27001328	UAA	236,782
12.RD	State University of New York-Albany, Contract # FA87500720043	ASA	479
12.RD	Technology Service Corporation, Contract # 36078	UAA	72,864
12.RD	Technology Solutions Experts, Inc., Contract # W9111Q406C0062	ASA	92,221
12.RD	Teledyne Brown Engineering, Contract # B7U538221	UAA	25,521
12.RD	Teravision Inc., Contract #s POG0204, POC0023, POF0193	UAA	154,115
12.RD	Texas Engineering Experiment Station, Contract # A5931	UAA	13,673
12.RD	The Rendon Group Inc., Contract # N41756-08-C-3072	ASA	79,350
12.RD	Translational Genomics Research Institute, Contract # W81XWH-06-1-090	ASA	5,343
12.RD	Universal Technology Corporation, Contract #s 07T583006C1, 08S50800925C1	UAA	57,364
12.RD	University of Alaska-Fairbanks, Contract #s UAF080079, UAF090041	UAA	135,261
12.RD	University of Arizona, Contract #s F496200310377, NBCHC020001	ASA	8,722
12.RD	University of California-Berkeley, Contract # W911NF-07-1-0314	ASA	304,975
12.RD	University of California-Berkeley, Contract # 000060181433400	UAA	23,202
12.RD	University of California-San Diego, Contract #s B6U529295, N00014-07-1-0739	ASA	92,750
12.RD	University of Central Florida, Contract # N000140610446	ASA	324,595
12.RD	University of Central Florida, Contract # 105755	UAA	175,054
12.RD	University of Hawaii, Contract # Pending 301B	ASA	12,510
12.RD	University of Hawaii, Contract # A891173	UAA	2,043
12.RD	University of Illinois-Chicago, Contract #s FA9550-05-1-0443, N00173061G006	ASA	174,147
12.RD	University of Illinois-Urbana-Champaign, Contract #s FA9550-09-1-0098, HR0011-07-1-0002	ASA	131,000
12.RD	University of Iowa, Contract #s 1000610251, 4000508757, 4000516859	UAA	130,352
12.RD	University of Maryland, Contract # FA95500810406	ASA	60,973
12.RD	University of Michigan, Contract # N66001-07-1-2006	ASA	17,551
12.RD	University of New Mexico, Contract # DTRA01-03-D-0009	ASA	139,840
12.RD	University of New Mexico, Contract #s 271129873W, 707195873W	UAA	92,681
12.RD	University of North Carolina-Chapel Hill, Contract # 536924	UAA	458
12.RD	University of Pennsylvania, Contract # N00014-08-1-0696	ASA	50,989
12.RD	University of Southern California, Contract #s 130871, 4400157007	UAA	1,133,166
12.RD	University of Texas A&M, Texas AgriLife Research, Contract # 570540	UAA	361
12.RD	University of Texas-Dallas, Contract # W911NF-07-2-0059	ASA	31,685
12.RD	University of Texas Health Science Center-Houston, Contract # W81XWH-08-2-2005	ASA	24,375
12.RD	University of Virginia, Contract #s F496020110352, N000140710723	ASA	123,358
12.RD	University of Waterloo, Contract # 4041901	UAA	36,445
12.RD	Vanderbilt University, Contract #s FA9550-05-1-0306, HR0011-04-C-0106	ASA	55,199
12.RD	Vanderbilt University, Contract # 18796S4	UAA	199,226
12.RD	Ventana Research Company, Contract # LTR DTD 070308	UAA	70,300
12.RD	Virginia Commonwealth University, Contract #s N00014-07-1-0474, N00014-08-1-1050	ASA	17,145
12.RD	VW International, Inc., Contract # W912DY-04-D-0022	ASA	64,028
12.RD	West Virginia High Technology Consortium Foundation, Inc., Contract # N00014-07-C-0227	ASA	154,707
12.RD	Zona Technology, Inc., Contract #s FA955008C0004, W31P4Q04CR045	ASA	178,078
	Department of Defense Subtotal		40,485,713
<u>Department of the Interior</u>			
15.RD	Bureau of Land Management	ASA	20,242
15.RD	Bureau of Land Management	NAA	131,271
15.RD	Bureau of Land Management	UAA	66,117
15.RD	Bureau of Reclamation	NAA	244,589
15.RD	Bureau of Reclamation	UAA	462,900
15.RD	Department of the Interior	ASA	283,112
15.RD	National Park Service	ASA	2,018
15.RD	National Park Service	NAA	1,094,856
15.RD	National Park Service	UAA	1,252,583
15.RD	US Fish and Wildlife Service	ASA	78,366
15.RD	US Fish and Wildlife Service	NAA	20,572
15.RD	US Fish and Wildlife Service	UAA	242,645
15.RD	US Geological Survey	ASA	19,957
15.RD	US Geological Survey	NAA	778,695

See accompanying notes to schedule.

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CFDA/Identifying Number	Federal Grantor/Program Title/Pass-Through Grantor/Contract Number	Grantee (Appendix)	Expenditures
15.RD	US Geological Survey	UAA	2,210,939
15.RD	Valles Caldera Trust	UAA	79,015
15.RD	American Fisheries Society, Contract # CK0295	UAA	4,230
15.RD	Arizona Department of Agriculture, Contract # AZE66	UAA	112,959
15.RD	Arizona Game and Fish Department	NAA	16,440
15.RD	Arizona Game and Fish Department, Contract # LTR DTD 062608	UAA	39,062
15.RD	ISIS Pharmaceuticals	NAA	58,467
15.RD	National Fish and Wildlife Foundation, Contract # 20060099002	UAA	15,359
15.RD	State of Utah, Contract # 976475	NAA	3,522
15.RD	University of Houston, Contract #s R070077, R080140	UAA	210,880
	Department of the Interior Subtotal		<u>7,448,796</u>
	<u>Department of Justice</u>		
16.RD	Federal Bureau of Investigation	NAA	12,111
16.RD	National Institute of Justice	ASA	15,413
16.RD	National Institute of Justice	UAA	109,595
16.RD	Johns Hopkins University, Contract # 2008-WG-BX-0002	ASA	27,897
16.RD	Pima County, Arizona, Contract # 0702A1406430208	UAA	32,045
16.RD	Pima Prevention Partnership, Incorporated, Contract # 0809RE5485001	UAA	41,814
16.RD	State University of New York-Albany, Contract # 2007-IJ-CX-0024	ASA	9,596
16.RD	University of North Carolina-Charlotte, Contract # 2007-U-CX-0018	ASA	25,016
16.RD	University of Pittsburgh, Contract #s 2000-MU-0007, 2005-JK-FX-K001, 2007-MU-FX-0002, 2008-IJ-CX-0023	ASA	227,501
16.RD	Urban Institute, Contract # 2007MUFX0001	ASA	24,586
	Department of Justice Subtotal		<u>525,574</u>
	<u>Department of State</u>		
19.RD	National Council for Eurasian & East Europe, Contract # 82307	UAA	1,715
19.RD	Social Science Research Council, Contract # LTR DTD 010107	UAA	1,451
	Department of State Subtotal		<u>3,166</u>
	<u>Department of Transportation</u>		
20.RD	Department of Transportation	ASA	536,030
20.RD	Federal Aviation Administration	ASA	219,034
20.RD	Federal Highway Administration	UAA	127,043
20.RD	Pipeline and Hazardous Materials Safety Administration	ASA	157,942
20.RD	ADOT Research Center, Contract #s 07014, 08005T, 08010T 088004	ASA	100,635
20.RD	Applied Research Associates, Inc., Contract # HR 09-30A	ASA	39,997
20.RD	Arizona Department of Transportation, Contract #s JPA07001TR060418P, JPA07011T, JPA07013T, JAP08009T, JPA08019M, JPA08020T	UAA	199,637
20.RD	Arizona Governor's Office of Highway Safety, Contract # 2007-408-002	ASA	26,948
20.RD	Arizona State University, Contract # 09022	UAA	79,977
20.RD	BRE-Fugro, Contract # DTFH61-08-H-000035	ASA	6,201
20.RD	Cambridge Systems, Inc., Contract # 7661120	UAA	157,579
20.RD	Iteris, Inc., Contract # 18J06183201	UAA	14,309
20.RD	Maricopa Association of Governments, Transportation Planning, Contract # 321LPL094	UAA	16,143
20.RD	NAS-TRB-National Cooperative Highway Research Program, Contract # HR 09-23A	ASA	16,517
20.RD	Ohio State University Research Foundation, Contract #s 60003341RF01009706, 60011901	UAA	218,206
20.RD	Oregon State University, Contract # 07-01	ASA	64,526
20.RD	Portland State University, Contract # DTRT06-G-0017	ASA	46,790
20.RD	University of Texas-Austin, Contract # 21741	ASA	10,002
	Department of Transportation Subtotal		<u>2,037,516</u>
	<u>Office of Personnel Management</u>		
27.RD	Office of Personnel Management	ASA	41,746
	Office of Personnel Management Subtotal		<u>41,746</u>
	<u>National Aeronautics and Space Administration</u>		
43.RD	Ames Research Center	ASA	1,237,511
43.RD	Ames Research Center	UAA	620,241
43.RD	George C. Marshall Space Flight Center	ASA	22,503
43.RD	Goddard Space Flight Center	ASA	6,957,482
43.RD	Goddard Space Flight Center	UAA	52,525,910
43.RD	John H. Glenn Research Center, Lewis Field	ASA	316,187

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
43.RD	Kennedy Space Center	UAA	126,353
43.RD	Langley Research Center	ASA	4,997
43.RD	Langley Research Center	UAA	430,729
43.RD	Lyndon B. Johnson Space Center	ASA	479,897
43.RD	Marshall Space Flight Center	UAA	137,833
43.RD	National Aeronautics and Space Administration	NAA	204,160
43.RD	National Aeronautics and Space Administration	UAA	6,798,465
43.RD	Advanced Fluidics, LLC, Contract # LTR DTD 040609	UAA	5,416
43.RD	AERO Institute, Contract # CSGF 002-016-01-R1	ASA	2,658
43.RD	Arizona State University, Contract #s 07790, 08980, KMS0019151F09UR010, KMS0019151F09UR012	UAA	287,749
43.RD	Aura, Inc., Contract #s 44286, C10556A	UAA	86,569
43.RD	California Institute of Technology, Contract #s 21062198, 21083117, 21085182, 65P1080063	UAA	413,717
43.RD	Carnegie Institution of Washington, Contract # NASW-00002	ASA	266,010
43.RD	Carnegie Institution of Washington, Contract #s DTM325002, DTM325008 (PHASE E)	UAA	303,549
43.RD	Cornell University, Contract # 1223696	ASA	215,867
43.RD	EIC Laboratories, Inc., Contract # LTR DTD 040408	UAA	19,183
43.RD	Harvard University, Contract # 123362	UAA	1,575
43.RD	Institute of Global Environment and Society, Contract # 3113	UAA	75,634
43.RD	Jet Propulsion Laboratory, Contract #s 1275804, 1277588, 1292164, 1293417, 1313375, 1313916, 710819, NAS7-03001, NAS7-1407, NMO710076, NMO710079, NMO710209, NMO710621, NMO710764, NMO710805, NMO710819, NMO710824, NMO710829, NMO710830, NMO710837, NMO710843, NMO710846, NMO710947, NMO710991	ASA	4,470,706
43.RD	Jet Propulsion Laboratory	NAA	30,257
43.RD	Jet Propulsion Laboratory, Contract #s 1216369, 1226582, 1228726, 1243073, 1255094, 1256318, 1256424, 1270067, 1272218, 1272250, 1272252, 1275618, 1278361, 1278445, 1278446, 1279652, 1279653, 1279654, 1279655, 1282867, 1287326, 1290775, 1290777, 1290779, 1306547, 1310926, 1319248, 1322190, 1332204, 1342544, 1343576, 1347772, 1350367, 1350371, 1350372, 1350373, 1350742, 1352424, 1352485, 1352487, 1354929, 1360236	UAA	13,068,777
43.RD	Johns Hopkins University, Contract #s 782694, 935140, NNX07AC51GTSA	UAA	86,445
43.RD	Johns Hopkins University Applied Physics Laboratory, Contract # NNN06AA01C	ASA	7,672
43.RD	National Space Biomedical Research Institute, Contract #s NCC958166HPF00403, NCC958166HPF01645	UAA	10,248
43.RD	Planetary Science Institute, Contract #s 492, 553	UAA	145,275
43.RD	Rensselaer Polytechnic Institute, Contract # B10554	UAA	16,610
43.RD	Seti Institute, Contract # NNX07AQ05G	ASA	143
43.RD	Seti Institute, Contract # NNG06GH12G06001	UAA	27,825
43.RD	SJT Micropower Inc., Contract # 08091267	ASA	13,962
43.RD	Smithsonian Astrophysics Observatory, Contract # NAS803060	ASA	53,845
43.RD	Southwest Research Institute, Contract #s 699051X, 699053X, 699083KC	UAA	115,398
43.RD	Space Science Institute, Contract # NNX06AD87G	ASA	15,292
43.RD	Space Telescope Science Institute, Contract #s HSTAR1029802A, NAS5-26555	ASA	388,044
43.RD	Space Telescope Science Institute, Contract #s HSTAR1066104A, HSTAR1094601A, HSTAR1094901A, HSTAR1097102A, HSTAR1098701A, HSTAR1125901A, HSTAR1127901, HSTAR1130301A, HSTAR1175101A, HSTGO1014501A, HSTGO1017603A, HSTGO1017701A, HSTGO1019201A, HSTGO1023505A, HSTGO1049903A, HSTGO1052703A, HSTGO1053801A, HSTGO1061902A, HSTGO1062101A, HSTGO1083905A, HSTGO1084705A, HSTGO1084905A, HSTGO1085601A, HSTGO1086404A, HSTGO1086901A, HSTGO1100001A, HSTGO1111701A, HSTGO1112904A, HSTGO1114901A, HSTGO1114904A, HSTGO1115702A, HSTGO1117805A, HSTHF0118201A, HSTHF0119201A	UAA	582,323
43.RD	Spitzer Science Center, Contract #s NMO710076, NMO810076	ASA	18,132
43.RD	United Negro College Fund Special Program, Contract # CK013008	UAA	8,748
43.RD	Universities Space Research Association, Contract # NNJ06HG25A	ASA	16,739
43.RD	Universities Space Research Association, Contract # 0804101	UAA	133,435
43.RD	University of Arizona, Contract #s NNG05GE72H, NNH04CC16C	ASA	223,179
43.RD	University of California-Los Angeles, Contract # 1000SKC673	UAA	26,707
43.RD	University of Illinois-Urbana-Champaign, Contract # 20070637401A3824	UAA	23,956
43.RD	University of Maryland, Contract # Z631511	UAA	1,200
43.RD	University of Missouri, Contract # C000094401	UAA	84,699
43.RD	University of New Mexico, Contract #s 985003873W, 985070873W	UAA	237,782
43.RD	University of Notre Dame, Contract # 201255	UAA	35,635
43.RD	University of Tennessee, Contract # NNX08AU47G	ASA	3,579

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
43.RD	Wyle Laboratories, Contract # T71182	UAA	102,085
43.RD	Xinetics Incorporated, Contract # 5044S001	UAA	1,725,495
43.RD	Zona Technology, Inc., Contract #s NNX08CC57P, NNX08CD34P, NNX09CB19C	ASA	77,456
	National Aeronautics and Space Administration Subtotal		93,291,844
	<u>National Endowment for the Arts</u>		
45.RD	National Endowment for the Arts	ASA	6,405
	National Endowment for the Arts Subtotal		6,405
	<u>National Endowment for the Humanities</u>		
45.RD	Institute of Museum and Library Services	UAA	78,098
45.RD	National Endowment for the Humanities	UAA	17,240
45.RD	Arizona Department of Library, Archives and Public Records, Contract # LTR DTD 070708	UAA	24,293
	National Endowment for the Humanities Subtotal		119,631
	<u>National Science Foundation</u>		
47.RD	National Science Foundation	ASA	33,072,708
47.RD	National Science Foundation	NAA	4,077,421
47.RD	National Science Foundation	UAA	42,935,486
47.RD	ARRA—National Science Foundation	UAA	160,106
47.RD	American Educational Research Association, Contract # DRL0634035	ASA	16,729
47.RD	American Physical Society, Contract # AGR 01/05/09	ASA	14,907
47.RD	Arizona State University, Contract #s KMS00191148SUBF07UR012, KMS00191149SUBS08UR005, KMS00191149SUBS08UR006, KMS00191149SUBV08UR011, KMS00191149SUBV08UR017, KMS00191150SUBN08UR002, KMS00191150SUBV08UR003, KMS00191150SUBV08UR004, KMS00191150SUBV08UR005, KMS00181151F08UR009, KMS00181151F08UR0011, KMS00191152S09UR002, KMS00191152S09UR004, KMS00191152S09UR005	UAA	7,376
47.RD	Aura, Inc., Contract #s C10527A, C10554A, C10563N, C10566A, C10589A, C10602A, C10614A, C10618A, C10619A, C10627A, Pre-Award Costs	UAA	281,563
47.RD	Ball Aerospace Systems Division, Contract # LTR DTD 021109	UAA	26,355
47.RD	BBN Technologies Corp., Contract # 9500009455	UAA	60,524
47.RD	Bermuda Institute of Ocean Sciences, Inc., Contract # 072050	UAA	111,076
47.RD	Biological Sciences Curriculum Studies, Contract # ESI-0455846	NAA	159,775
47.RD	California Institute of Technology, Contract # 0533064	ASA	24,327
47.RD	California State University-San Bernardino, Contract # GT90960	UAA	4,669
47.RD	Carnegie Institution of Washington, Contract #s GMTO041208A, GMTO070213A, Pre-Award Costs	UAA	3,907,561
47.RD	Carnegie Mellon University, Contract #s 0354420, 0442618	ASA	221,690
47.RD	Cash Donation-Miscellaneous, Contract # CK1043	UAA	1,223
47.RD	Center for American Archeology, Contract # 0822880	ASA	49,340
47.RD	Colorado State University, Contract # G30881	UAA	3,091
47.RD	Columbia University, Contract # 1SES0637151	UAA	2,232
47.RD	Cornell University, Contract # 0335765	ASA	219,756
47.RD	Creighton University, Contract # ATM0809214	ASA	54,541
47.RD	Denritech, Inc., Contract # IIP0810595	UAA	15,000
47.RD	Florida Institute of Technology, Contract # P0040228	UAA	35,232
47.RD	Harvard University, Contract #s ATM0304213, REC0532446, SES0621004	ASA	3,218
47.RD	Inter-American Institute for Global Change Research, Contract # SGPHD005	UAA	72,774
47.RD	Iowa State University, Contract # 4202133B	UAA	19,029
47.RD	Joint Oceanic Institution, Contract # JSA50T310A50	UAA	1,830
47.RD	LG Synoptic Survey Telescope Corp., Contract #s C44007L, C44022L	UAA	242,931
47.RD	Maricopa Community Colleges, Contract # ES1-053469	ASA	77,636
47.RD	Medipacs, LLC, Contract #s LTR DTD 012808, LTR DTD043009	UAA	67,872
47.RD	Mesa Community College	NAA	4,283
47.RD	Michigan State University, Contract #s 612554UA, 615292UA	UAA	121,960
47.RD	Middle Tennessee State University, Contract # EEC0438679	ASA	119
47.RD	Montana State University, Contract # G15107Z2484	UAA	2,653
47.RD	National Optical Astronomy Observatory, Contract # AST0132798	ASA	11,560
47.RD	National Optical Astronomy Observatory, Contract #s C10616A, P15394A	UAA	25,303
47.RD	New Mexico State University, Contract # Q01298	UAA	160
47.RD	New York University, Contract # F607501	UAA	6,231
47.RD	North Carolina State University, Contract #s 0600596, EEC-0812121	ASA	334,290

See accompanying notes to schedule.

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CFDA/Identifying Number	Federal Grantor/Program Title/Pass-Through Grantor/Contract Number	Grantee (Appendix)	Expenditures
47.RD	Portland State University, Contract # ESI-0554379	ASA	41,242
47.RD	Purdue University, Contract # 501159701	UAA	42,971
47.RD	Rockefeller University, Contract # DMS0443803	UAA	72,515
47.RD	Silicon Photonics Group, Contract # IIP0638253	ASA	1,195
47.RD	Social Science Research Council, Contract # REC0355353	ASA	4,080
47.RD	SRI International, Contract # SBE-0354453	ASA	173,760
47.RD	State University of New York-Buffalo, Contract #s 060105, DMR0305242, DUE0603421	ASA	22,508
47.RD	State University of New York-Stony Brook, Contract #s EAR0135554, EAR0649658, IIS0808678	ASA	199,776
47.RD	Temple University, Contract # DRL-0822308	ASA	50,328
47.RD	Teravision Inc., Contract # POE0164	UAA	129,499
47.RD	UNAVCO, UCAR, Contract # 0350028	ASA	28,024
47.RD	University of Arizona, Contract #s 0735191, 9876800	ASA	323,465
47.RD	University of Arizona, Contract # Y483350	NAA	9,614
47.RD	University of California-Berkeley, Contract # DRL-0334199	ASA	71,485
47.RD	University of California-Davis, Contract # 002865	ASA	35,617
47.RD	University of California-Los Angeles, Contract # 2090GJC459	UAA	2,373
47.RD	University of California-Riverside, Contract #s S00000216, S000210	UAA	90,665
47.RD	University of California-San Diego, Contract # EAR-0744229	ASA	25,411
47.RD	University of California-Santa Barbara, Contract # BCS-026871	ASA	8,436
47.RD	University of Cincinnati, Contract #s CTS0403897, EAR0618003	ASA	66,577
47.RD	University of Colorado-Boulder, Contract # SES0345604	ASA	157,691
47.RD	University of Colorado-Boulder, Contract # 1543387	UAA	11,770
47.RD	University of Houston, Contract # 0824215	ASA	30,403
47.RD	University of Kansas, Contract # HRD0624720	ASA	22,041
47.RD	University of Maine, Contract # UMS672	UAA	32,142
47.RD	University of Maryland, Contract # DBI0548366	ASA	131,124
47.RD	University of Massachusetts, Contract # 06-003721 B00	NAA	4,124
47.RD	University of Missouri, Contract # C000040794	UAA	75,048
47.RD	University of Missouri-Columbia, Contract # 090830	ASA	32,479
47.RD	University of New Mexico, Contract # DBI-0225665	ASA	1,440
47.RD	University of North Carolina-Greensboro, Contract # IOB0615502	ASA	112,092
47.RD	University of Pennsylvania, Contract # IIS-0612177	ASA	32,606
47.RD	University of Southern California, Contract # 119519	UAA	90,450
47.RD	University of Texas-Austin, Contract # UTA08-555	UAA	45,430
47.RD	University of Utah, Contract # 2502032	UAA	34,978
47.RD	University of Vermont, Contract # 20394UNIVAZ	UAA	66,127
47.RD	University of Virginia, Contract # GA107501311846	UAA	27,301
47.RD	University of Washington, Contract # BCS-0508002	ASA	129,097
47.RD	University of Washington, Contract # 594594	UAA	630,558
47.RD	University of Wisconsin, Contract # 0514592	ASA	48,744
47.RD	University of Wisconsin-Madison, Contract # P648955	UAA	692,433
47.RD	U.S. Civilian Research and Development Foundation, Contract #s INT-9531011, UKC2-2925-55-07	ASA	7,026
47.RD	U.S. Civilian Research and Development Foundation, Contract #s RUG12921NO07, RUP12847NO06	UAA	12,544
47.RD	Voltaix, Inc., Contract # OII0539750	ASA	320
47.RD	Washington University, Contract # WU-06-184	UAA	223,427
47.RD	Western Alliance to Expand Student Opportunities, Contract #s KMS00191151F08UR003, KMS00191151F08UR006	UAA	557
	National Science Foundation Subtotal		90,506,030
	<u>Smithsonian Institution</u>		
60.RD	Smithsonian Astrophysical Observatory	UAA	1,187,805
60.RD	Smithsonian Institution	UAA	63,525
	Smithsonian Institution Subtotal		1,251,330
	<u>Department of Veterans Affairs</u>		
64.RD	Department of Veterans Affairs	ASA	13,844
64.RD	Veterans Administration	UAA	430,912
	Department of Veterans Affairs Subtotal		444,756
	<u>Environmental Protection Agency</u>		
66.RD	Environmental Protection Agency	ASA	905,799
66.RD	Environmental Protection Agency	NAA	37,237

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.RD	Environmental Protection Agency	UAA	1,327,160
66.RD	Arizona Department of Environmental Quality, Contract # EW944840	UAA	29,885
66.RD	Border Environmental Cooperative Commission, Contract #s TAA08025, TAA09012	UAA	4,201
66.RD	Drexel University, Contract # 2398653663	UAA	98,307
66.RD	Health Effects Institute, Contract # 4761RFPA064072	UAA	71,467
66.RD	Metropolitan Water District of Southern California, Contract # CR3111040	ASA	3,217
66.RD	Michigan State University, Contract # 61-3383C	NAA	83,274
66.RD	Michigan State University, Contract # 613383D	UAA	89,608
66.RD	Southwest Consortium for Environmental Research & Policy, Contract # 55573A-7801	ASA	14,876
66.RD	University of Arizona, Contract #s CD969762010, RD83302501	ASA	144,857
66.RD	University of Nevada-Reno, Contract # UNR0740	UAA	56,389
66.RD	University of New Mexico, Contract # 3422617810	UAA	17,968
66.RD	University of Texas-Austin, Contract # X3-83235101	ASA	38,713
66.RD	University of Washington, Contract # RD83183701	ASA	7,963
66.RD	Water Quality and Technology Solutions, Inc., Contract # EM96967901	ASA	11,008
	Environmental Protection Agency Subtotal		2,941,929
	<u>Nuclear Regulatory Commission</u>		
77.RD	Nuclear Regulatory Commission	ASA	9,720
	Nuclear Regulatory Commission Subtotal		9,720
	<u>Department of Energy</u>		
81.RD	Department of Energy	ASA	2,958,811
81.RD	Department of Energy	NAA	1,502,128
81.RD	Department of Energy	UAA	4,181,546
81.RD	ARRA—Department of Energy	UAA	912
81.RD	National Nuclear Security Administration	UAA	98,618
81.RD	Argonne National Laboratory, Contract #s DE-AC02-06CH11357, W-31-109-ENG-38	ASA	188,629
81.RD	Argonne National Laboratory, Contract # 6F00866	UAA	155,297
81.RD	Battelle, Contract # DE-AC05-76RL01830	ASA	31,608
81.RD	Battelle Memorial Institute, Contract #s 38318, 59802	UAA	438,758
81.RD	Battelle Pacific Northwest Laboratories, Contract # 66747	UAA	24,176
81.RD	BP Solar International, Inc., Contract # DEFC36007GO17049	ASA	272,883
81.RD	Brookhaven National Laboratory, Contract #s 101340, 74201	UAA	423,679
81.RD	Carnegie Institution of Washington, Contract #s DE-FC03-03NA00144, DE-FC52-08NA28554	ASA	110,379
81.RD	Carnegie Institution of Washington, Contract # 4325308	UAA	32,851
81.RD	Case Western Reserve University, Contract # DE-FC28-04RW12252	ASA	3,436
81.RD	EIC Laboratories, Inc., Contract # DE-FG02-08ER85901	UAA	32,000
81.RD	Fermi National Accelerator Lab, Contract #s 557734, 576868	UAA	98,164
81.RD	Gas Technology Institute, Contract #s DEFC2605NT42450, DE-FG36-07GO17001	ASA	17,384
81.RD	Georgia Institute of Technology, Contract # DE-FC26-08NT01580	ASA	158,980
81.RD	Howard University, Contract # 633254-192523	NAA	12,628
81.RD	I Technology Applications, Contract # DEFG0208ER86346	UAA	30,514
81.RD	Jefferson Labs, Contract # DE-AC05-06OR23177	ASA	28,013
81.RD	Lawrence Berkeley National Laboratory, Contract # DE-AC02-05CH11231	ASA	109,473
81.RD	Lawrence Livermore Laboratory, Contract #s B556909, B568553, B581027	UAA	304,235
81.RD	Lawrence Livermore National Security, LLC, Contract # B573253	UAA	15,502
81.RD	Los Alamos National Laboratory, Contract #s DEAC5206NA25396, W7405ENG36	ASA	220,656
81.RD	Los Alamos National Laboratory, Contract #s 2493700105, 4912400107, 5503000107F3, 7228400109, 7360500109	UAA	463,258
81.RD	MetroLaser, Inc., Contract # DEFG0205ER84329	ASA	39,241
81.RD	Mississippi State University, Contract # 06080436296401	UAA	54,108
81.RD	National Renewable Energy Laboratory, Contract # DE-AC36-08GO28308	ASA	118,029
81.RD	National Renewable Energy Laboratory, Contract # XXL-7-77283-01	NAA	319,805
81.RD	New Mexico Institute of Mining and Technology, Contract #s DE-FC26-03NT41983, DE-FC26-05NT42439	ASA	68,435
81.RD	Northern Arizona University, Contract #s FUND35VW-MPC35WX, MPC35TB, MPC35UX01	UAA	197,585
81.RD	Oak Ridge National Laboratory, Contract # DEAC0500OR22725	ASA	47,324
81.RD	Oak Ridge National Laboratory, Contract #s 4000045451, 4000050618	UAA	139,516
81.RD	Penn State University, Contract # 3594JUAUSDOE4157	UAA	88,477
81.RD	PowerMark Corporation, Contract # DE-FC36-07GO17034	ASA	44,539
81.RD	Princeton Plasma Physics Laboratory, Contract # S008663F	UAA	16,931
81.RD	Radiation Monitoring Devices, Inc., Contract # C0826	UAA	67,415

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
81.RD	Rensselaer Polytechnic Institute, Contract # DE-FG36-08GO18053	ASA	73,971
81.RD	Ridgetop Group, Inc., Contract # 09032772	ASA	5,639
81.RD	Sandia National Laboratories, Contract # DE-AC04-94-AL85000	ASA	98,561
81.RD	Sandia National Laboratories, Contract #s A0334677767, A0334759356, A0334861538, A0344752278, A0334759008, A0334776623, A0334787520, A0334814885, A0334866763, A0334866775, A0334870642, A0334880604, LTR DTD 072103	UAA	425,487
81.RD	Thomas Jefferson National Accelerator Facility, Contract # 051165	ASA	10,974
81.RD	University of California-Davis, Contract # DE-FG52-06NA26213	ASA	45,704
81.RD	University of Cincinnati, Contract # DE-FG36-05GO15043	ASA	123,136
81.RD	University of New Mexico, Contract #s 433234873W, 433283873W	UAA	23,569
81.RD	University of Southern California, Contract # 35399	ASA	7,217
81.RD	University of Wyoming, Contract # DEFG0205ER46235	ASA	77,559
81.RD	Vanderbilt University, Contract # 19067S5	UAA	174,755
	Department of Energy Subtotal		14,182,495
	<u>Department of Education</u>		
84.RD	Department of Education	ASA	2,180,449
84.RD	Department of Education	UAA	247,993
84.RD	Appalachian State University, Contract # 08-15WPF	ASA	11,598
84.RD	Brigham Young University, Contract # R0132014	UAA	1,175
84.RD	Dine College, Contract #s B299B050006, S299B0700017	ASA	39,194
84.RD	Embry-Riddle Aeronautical University, Contract # 229901	UAA	1,919
84.RD	Maricopa Community Colleges, Contract # S366B070003	ASA	38,121
84.RD	Salt River Pima-Maricopa Indian Community, Contract #s C184566, Q215F070078	ASA	136,371
84.RD	San Diego State University Foundation, Contract # R324E060073	ASA	180,267
84.RD	Southwest Institute for Families & Children with Disabilities, Contract # S359B070029	ASA	176,484
84.RD	Thomas Jefferson University, Contract #s H327X010003, H327X070003	ASA	154,639
84.RD	University of California-Berkeley, Contract # SA4881	UAA	14,792
84.RD	University of California-Los Angeles, Contract # 1230GJB001	ASA	42,716
84.RD	University of Hawaii	NAA	37,399
84.RD	University of Southern California, Contract # 08615	UAA	104,840
84.RD	University of Texas-El Paso, Contract # P120A050087	ASA	4,043
	Department of Education Subtotal		3,372,000
	<u>National Archives and Records Administration</u>		
89.RD	National Historical Publications and Records Commission	UAA	66,438
	National Archives and Records Administration Subtotal		66,438
	<u>Department of Health and Human Services</u>		
93.RD	Centers for Disease Control and Prevention	ASA	148,904
93.RD	Centers for Disease Control and Prevention	UAA	1,842,651
93.RD	Department of Health and Human Services	ASA	1,564,430
93.RD	Department of Health and Human Services	UAA	244,340
93.RD	Fogarty International Center	UAA	230,460
93.RD	Food and Drug Administration	UAA	397,517
93.RD	Health Resources & Services Administration	UAA	247,802
93.RD	National Cancer Institute	UAA	31,529,102
93.RD	ARRA—National Cancer Institute	UAA	33,214
93.RD	National Center for Complementary & Alternative Medicine	UAA	2,172,408
93.RD	ARRA—National Center for Complementary & Alternative Medicine	UAA	294
93.RD	National Center for Research Resources	UAA	608,527
93.RD	National Center on Minority Health and Health Disparities	UAA	1,000,481
93.RD	National Eye Institute	UAA	2,821,477
93.RD	National Heart, Lung, & Blood Institute	UAA	10,486,290
93.RD	National Institute of Allergy & Infectious Diseases	UAA	5,824,592
93.RD	ARRA—National Institute of Allergy & Infectious Diseases	UAA	16,380
93.RD	National Institute of Arthritis and Musculoskeletal Skin Diseases	UAA	956,168
93.RD	National Institute of Biomedical Imaging and Bioengineering	UAA	3,082,271
93.RD	ARRA—National Institute of Biomedical Imaging and Bioengineering	UAA	30,425
93.RD	National Institute of Child Health and Human Development	UAA	2,351,419
93.RD	National Institute of Dental & Craniofacial Research	UAA	372,227
93.RD	National Institute of Diabetes and Digestive and Kidney Diseases	UAA	2,638,231
93.RD	National Institute of Environment Health Sciences	UAA	6,605,126
93.RD	National Institute of General Medical Services	UAA	8,286,840
93.RD	National Institutes of Health	ASA	38,280,594

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.RD	ARRA—National Institutes of Health	ASA	9,930
93.RD	National Institutes of Health	NAA	1,671,470
93.RD	National Institutes of Health	UAA	993,841
93.RD	National Institute of Mental Health	UAA	1,326,993
93.RD	National Institute of Neurological Disorders and Stroke	UAA	3,137,167
93.RD	National Institute of Nursing Research	UAA	669,277
93.RD	ARRA—National Institute of Nursing Research	UAA	959
93.RD	National Institute of Occupational Safety and Health	UAA	133,303
93.RD	National Institute on Aging	UAA	2,436,840
93.RD	National Institute on Alcohol Abuse and Alcoholism	UAA	237,905
93.RD	National Institute on Deafness and Other Communication Disorders	UAA	2,964,287
93.RD	National Institute on Drug Abuse	UAA	2,730,439
93.RD	National Library of Medicine	UAA	489,650
93.RD	American College of Radiology, Contract #s 4701, U10CA21661	UAA	14,407
93.RD	Arizona Alzheimer's Disease Core Center (ADCC), Contract # P30 AG019610	ASA	33,979
93.RD	Arizona Department of Health Services, Contract # PO E8H26056	ASA	42,356
93.RD	Arizona Department of Health Services, Contract #s HG671126, HS561159, HS654163	UAA	91,310
93.RD	Arizona State University, Contract #s 08882, 09062	UAA	65,925
93.RD	Association of American Medical Colleges, Contract #s MM09530606, MM10640909	UAA	295,895
93.RD	Banner Health System, Contract # 04350310006	UAA	118,646
93.RD	Baylor University, Contract # 4600580177	UAA	2,353
93.RD	Beckman Research Institute of the City of Hope, Contract # 6692913190	UAA	11,745
93.RD	Binghamton University, State University of New York, Contract # R01AG014792	UAA	241,900
93.RD	BioFortis, Inc., Contract # 4R42CA105217-02	ASA	25,975
93.RD	Biovidria, Inc., Contract # CK1056	UAA	42,546
93.RD	Brentwood Biomedical Research Institute, Contract # AGR 07/13/07	ASA	344
93.RD	Brigham and Women's Hospital, Contract # 103122	UAA	320,443
93.RD	Caracal Incorporated, Contract # HHSN261200700046C	UAA	9,980
93.RD	Carnegie Mellon University, Contract # 1090143189596	UAA	177,960
93.RD	Children's Hospital and Regional Medical Center, Contract # 413820230201AU	UAA	12,493
93.RD	Children's Hospital Los Angeles, Contract # 108RFG003643	UAA	1,299
93.RD	Colorado State University, Contract # G44522	UAA	37,143
93.RD	Columbia University, Contract #s R25 MH080665, U19 AI067773	ASA	927,413
93.RD	customKYnetics, Inc., Contract #s R43HD050006, R44HD041820	ASA	7,176
93.RD	Delmarva Foundation for Medical Care, Inc., Contract # HHSM5002006MDC02C	ASA	69,506
93.RD	Duke Institute for Genome Sciences, Contract # 5U54CA112952	ASA	232,105
93.RD	Duke University, Contract #s 122165, AZ84065990512R1ER, Pre-Award Costs	UAA	37,951
93.RD	Emory University, Contract #s 541860G1, 541865G1, Pre-Award Costs	UAA	146,757
93.RD	Fond Du Lac Reservation	NAA	14,500
93.RD	Fred Hutchinson Cancer Research Center, Contract #s 0000634591, 000655584	UAA	20,592
93.RD	George Washington University, Contract # 06S43	UAA	22,160
93.RD	Georgetown University Medical Center, Contract #s R01EB007195, R24HD050845	ASA	55,192
93.RD	Gynecologic Oncology Group Administrative, Contract # CA101165	UAA	204,147
93.RD	H. Lee Moffitt Cancer Center and Research Institute, Contract # R01 CA097360	ASA	134
93.RD	H. Lee Moffitt Cancer Center and Research Institute, Contract #s 10154839901G2, 10154859901G1	UAA	278,102
93.RD	Harvard University, Contract # 5R01GN081533-02	ASA	858
93.RD	Harvard University, Contract # 1482512101	UAA	346,777
93.RD	Health Research, Inc., Contract # AI042836-06	ASA	2,090
93.RD	Henry Ford Health Sciences Center, Contract # R01CA092143	UAA	64,496
93.RD	Indiana University, Contract # R01DA103555	ASA	227,776
93.RD	ARRA—Indiana University, Contract # IUPUI4686815ARIZ	UAA	340
93.RD	Inter Tribal Council of Arizona, Incorporated, Contract #s CK58713, LTR DTD 092308	UAA	246,935
93.RD	Logenetics, LLC, Contract # R44AI056944	UAA	172,662
93.RD	Jackson State University, Contract # 9N01HC95170	UAA	56,441
93.RD	Johns Hopkins University, Contract # U01CA094986	UAA	9,786
93.RD	Kaiser Foundation Research Institute, Contract #s 03NKAR05, 06CMCMU02M1, U01HL081624	UAA	50,139
93.RD	Lynntech, Inc., Contract # R44ESO1251702A1	ASA	8,453
93.RD	Massachusetts General Hospital, Contract # U56CA113004	UAA	19,765
93.RD	McGill University, Contract # 211978	UAA	52,136
93.RD	Medical Directions, Incorporated, Contract # R42DK62569	UAA	18,191
93.RD	National Childhood Cancer Foundation, Contract # 17640	UAA	13,996
93.RD	New York University, Contract # F646901	UAA	42,219
93.RD	North Carolina State University, Contract # 2007120004	UAA	9,315

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.RD	Northern Arizona University, Contract #s IHD31CE, IHD31Z51	UAA	70,161
93.RD	Northern California Institute for Research & Education, Contract # 861	UAA	78,080
93.RD	NSABO Foundation, Incorporated, Contract # ARZ01P2	UAA	4,825
93.RD	Ohio State University, Contract # R01DC007997	ASA	73,038
93.RD	Ohio State University Research Foundation, Contract #s 60013316, 60016950,	UAA	333,158
93.RD	Oligomerix, Inc., Contract # 06096026	ASA	8,246
93.RD	Oregon Health Sciences University, Contract # 5R01CA10577403	ASA	110,267
93.RD	Oregon Health Sciences University, Contract #s ACSWR00201000241, GVGTI0012E, GVGTI0036A	UAA	1,265,112
93.RD	Pacific Southwest Regional Center of Excellence, Contract # U54 AI065359	ASA	231,659
93.RD	Pennington Biomedical Research Center, Louisiana State University, Contract # R01DK077141	UAA	13,357
93.RD	Penn State University, Contract #s P50 DA010075, R01 CA095949, R01 DA005629, R21 DA024266	ASA	144,340
93.RD	Penn State University, Contract # 5U10HL064313	UAA	243,922
93.RD	Portland State University, Contract # 206KET033	ASA	44,393
93.RD	Purdue University, Contract # 511177001	UAA	67,023
93.RD	Radiation Monitoring Devices, Inc., Contract # C0923	UAA	6,522
93.RD	Research Technologies, Inc., Contract # 6312027658	UAA	6,526
93.RD	Research Triangle Institute, Contract # R01CA126858-01A1	ASA	211,721
93.RD	Rice University, Contract #s R21155, R21473	UAA	190,104
93.RD	Scott and White Memorial Hospital, Contract # R01DK074483	UAA	89,912
93.RD	Scripps Research Institute, Contract #s 522912, 522957	UAA	290,976
93.RD	Sibtech, Inc., Contract # CK1992	UAA	8,469
93.RD	SJT Micropower Inc., Contract #s 07037108, 2R44EB0077453-02	ASA	7,348
93.RD	Southwest Oncology Group, Contract #s CA32102/CA37429, CA37429	UAA	55,479
93.RD	Stanford University, Contract # PY226824289C	UAA	14,577
93.RD	Sun Health Research Institute, Contract #s P30 AG019610, U01 AG016976	ASA	127,122
93.RD	Sun Health Research Institute, Contract #s P30AG019610AHERN, P30AG019610ALEXANDER, P30AG019610BARNES, P30AG019610KASZNIK, P30AG019610RAPSCAK	UAA	320,172
93.RD	Temple University, Contract # 360544261	UAA	15,827
93.RD	Texas A&M University, Contract # R01HD039367	ASA	15,896
93.RD	The Critical Path Institute, Contract #s CP1038509, CP1700101	UAA	376,987
93.RD	The Translational Genomics Research Institute, Contract #s 00535001, 1R01NS059873-01A1, 5P01CA109552-03	ASA	180,552
93.RD	The Translational Genomics Research Institute, Contract #s 05-01, 07-01	NAA	359,128
93.RD	The Translational Genomics Research Institute, Contract #s VONHOFF0503, VONHOFF0702	UAA	1,043,400
93.RD	UMDNJ - Robert Wood Johnson Medical School, Contract # 1R01LM009239-01A1	ASA	25,231
93.RD	Uniformed Services University of the Health Sciences, Contract # A1022014821	ASA	20,777
93.RD	University of Akron, Contract # 532803-NAU	NAA	5,985
93.RD	University of Alabama, Contract # T0902240027	UAA	17,806
93.RD	University of Arizona, Contract #s D31 HP0883801, H79 SP10596, R01 AI052463, R01 AR047595, R01 CA090265, R01 CA093957, R01 CA116467, R01 DK033351, R21 NR009267, R24 MD001688	ASA	152,583
93.RD	University of California-Davis, Contract # P01AG022500	ASA	6,945
93.RD	University of California-Davis, Contract # SUB0600020	UAA	145,593
93.RD	University of California-Irvine, Contract # U54AI065359	ASA	32,889
93.RD	University of California-Irvine, Contract #s 2007-1864, 2006-1757, 2005-1593	NAA	338,407
93.RD	University of California-Irvine, Contract #s 20031181, 20051596, 20092109, 20092154, 20092155	UAA	494,227
93.RD	University of California-Los Angeles, Contract # 1930GHB663	UAA	12,981
93.RD	University of California-Riverside, Contract #s R01 HD050637, U01 ES016026	ASA	84,366
93.RD	University of California-San Francisco, Contract #s U01 AG024904, N01 AI015416	ASA	35,420
93.RD	University of California-San Francisco, Contract #s 3100SC, 4884SC	UAA	127,435
93.RD	University of California-Santa Cruz, Contract # 1R01GM072003	ASA	10,461
93.RD	University of Colorado-Denver and Health Sciences Center, Contract #s 90YF005302, 90YF005304	ASA	39,770
93.RD	University of Colorado, Contract #s 05141001, 2525836FY08024004, 2573455FY07001018, 2573615FY07001008, 2573808FY07001004, 2574059FY08001017, 2574137FY09001014, 2574158FY09001010	UAA	425,794
93.RD	University of Connecticut, Contract # 5872R01DK069557	UAA	7,000
93.RD	ARRA—University of Delaware, Contract # R01EB004761	ASA	7,965
93.RD	University of Florida, Contract # UF07073	UAA	7,684
93.RD	University of Illinois-Champaign/Urbana, Contract # 2 PN2 EY016570-02	ASA	26,514

See accompanying notes to schedule.

State of Arizona
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2009

CFDA/Identifying Number	Federal Grantor/Program Title/Pass-Through Grantor/Contract Number	Grantee (Appendix)	Expenditures
93.RD	University of Iowa, Contract #s 1000628747, W000086042	UAA	32,328
93.RD	University of Louisville, Contract # 07021901	UAA	58,234
93.RD	University of Maryland-Baltimore, Contract # SR00000466	UAA	67,088
93.RD	University of Medicine & Dentistry of New Jersey, Contract #s 99705, LTR DTD 013008	UAA	36,606
93.RD	University of Michigan, Contract # 1R01NR009691	ASA	199,482
93.RD	University of Michigan, Contract #s 50000029493000691503RPT07, F014992U10CA32102, F018082, F020113, F020114U10CA32102, F020115, F020116U10CA32102, F020945U24CA114748, F022762, S0509, U10CA32102, U10CA32102F018913	UAA	314,394
93.RD	University of Minnesota, Contract #s B6636074301, B6636294201, H6636419102	UAA	50,381
93.RD	University of Mississippi, Contract # 5500101UA	UAA	21,798
93.RD	University of Missouri, Contract # C0006984	UAA	106,492
93.RD	University of Nebraska, Contract #s 3451602022006, 3453012037004, LTR DTD 072508	UAA	135,003
93.RD	University of New Mexico, Contract #s N266200500040C, N01 AI50040, P01 AI056295, R03 DA025992	ASA	639,760
93.RD	University of North Carolina-Chapel Hill, Contract # P01 HD039667	ASA	34,720
93.RD	University of North Texas Health Science Center, Contract # R01 DA023957	ASA	186,749
93.RD	University of North Texas Health Science Center, Contract # 715122007001	UAA	136,570
93.RD	University of Oklahoma Health Science Center, Contract # 2746983	UAA	8,803
93.RD	University of Pennsylvania, Contract # 547062	UAA	1,878
93.RD	University of Pittsburgh, Contract #s R01 DA019697, R01 NS050256, R21 CA127507	ASA	466,107
93.RD	University of Rochester, Contract # 1R24GM084917-01	ASA	18,226
93.RD	University of Rochester, Contract #s 413056G, 414439G, 414440G, 414441G, 414442G, 414443G, 414444G,	UAA	457,662
93.RD	University of Southern California, Contract #s H35328, H40019	UAA	92,592
93.RD	University of Texas, Contract # 116687	UAA	77,227
93.RD	University of Texas-Galveston, Contract # U54 AI057156	ASA	25,450
93.RD	University of Texas Health Science Center-Houston, Contract # 0004359	UAA	195,678
93.RD	University of Texas Health Science Center-San Antonio & Houston, Contract #s P01 HD048497, P20 NR08378	ASA	159,201
93.RD	University of Texas Medical Branch, Contract # U54 AZ057156	ASA	150,796
93.RD	University of Texas MD Anderson Center, Contract #s 167302000, 2135198018020, 2409798012715, 2482998018020	UAA	261,776
93.RD	University of Utah, Contract # R21 AI078240	ASA	34,574
93.RD	University of Utah, Contract # 2302004	UAA	93,775
93.RD	University of Washington, Contract # R01 AI078229	ASA	9,374
93.RD	University of Wisconsin-Madison, Contract # 2 R01 MH59785-06A2	ASA	69,373
93.RD	University of Wisconsin-Madison, Contract # J033375	UAA	384,990
93.RD	University of Wyoming, Contract # 5R01EB000490-05	ASA	74,228
93.RD	Valley Fever Therapies, LLC, Contract # LTR DTD 081308	UAA	113,408
93.RD	Vanderbilt University, Contract #s VUMC35107, VUMC35128	UAA	115,894
93.RD	Wake Forest University, Contract #s WFUHS13490, WFUHS17949, WFUHS19748, WFUHS31171	UAA	42,787
93.RD	Wayne State University, Contract # WSU08001	UAA	17,661
93.RD	Western States Chiropractic College-Portland Oregon, Contract # GU01AT001908	UAA	874
93.RD	Wistar, Contract # 2420102352	UAA	13,550
93.RD	Yale University, Contract #s A06760M08285, A06961M08135, A07223M05A00381	UAA	99,650
	Department of Health and Human Services Subtotal		156,518,311
	<u>Department of Homeland Security</u>		
97.RD	Department of Homeland Security	ASA	109,304
97.RD	Department of Homeland Security	NAA	1,908,270
97.RD	Department of Homeland Security	UAA	1,134,551
97.RD	Federal Emergency Management Agency	UAA	427,622
97.RD	Kutta Consulting, Inc., Contract # NBCHC070060	ASA	53,704
97.RD	University of Arizona, Contract # 2008-ST-061-BS0002	ASA	49,379
97.RD	University of Minnesota-College of Veterinary Medicine, Contract # 2007-ST-061-000003	ASA	141,095
97.RD	University of Southern California, Contract # 2007-ST-061-000001	ASA	54,962
	Department of Homeland Security Subtotal		3,878,887
	<u>Agency for International Development</u>		
98.RD	Agency for International Development	UAA	759,430
98.RD	Americana Council on Education, Contract #s 523A00060000900, AEGA00050000700	UAA	166,428
98.RD	Ben-Gurion University, Contract # 88975	UAA	13,047
98.RD	Hebrew University, Contract # TAMOU02C22003	UAA	3,415
98.RD	International Rice Research Institute, Contract # DPPC2006139	UAA	29,505

See accompanying notes to schedule.

State of Arizona
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2009

CFDA/Identifying Number	Federal Grantor/Program Title/Pass-Through Grantor/Contract Number	Grantee (Appendix)	Expenditures
98.RD	Oregon State University, Contract # RD011GA	UAA	205,762
98.RD	Virginia Polytechnic Institute, Contract # 19101425678	UAA	16,927
98.RD	Volunteers In Overseas Cooperative Assistance, Contract # AFPA00040003400	UAA	64,603
	Agency for International Development Subtotal		1,259,117
	<u>Miscellaneous Federal Agencies</u>		
99.RD	Miscellaneous Federal Government Agencies	ASA	9,170
99.RD	Office of Advanced Technology Programs	NAA	6,821
99.RD	U.S. Government	UAA	12,777
	Miscellaneous Federal Agencies Subtotal		28,768
	Total Research and Development Cluster		\$ 433,718,395
	Total Expenditures of Federal Awards		\$ 12,766,148,009

See accompanying notes to schedule.

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State of Arizona
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2009

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, 2009; 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 *2009 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. For programs within the Research and Development Cluster, the two-digit federal agency identifier, a period, and the letters "RD" were used.

State of Arizona
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2009

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.

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 Programs

Only administrative costs incurred for loan 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 outstanding at June 30, 2009, are described below:

Student Loan Programs

The Universities administer the following five 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, 2009
Education and Human Resources, Robert Noyce Scholarship Program	47.076	\$ 75,000	\$ 164,438
Federal Perkins Loan Program—Federal Capital Contributions	84.038	2,746,199	27,356,682
Nurse Faculty Loan Program (NFLP)	93.264	428,751	558,166
Health Professions Student Loans, Including Primary Care Loans/Loans for Disadvantaged Students	93.342	600,950	1,569,607
Nursing Student Loans	93.364	399,680	1,070,096

State of Arizona
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2009

In addition, the Universities distribute loans from two federal loan programs that are administered by independent third parties. For the year ended June 30, 2009, the Universities distributed \$147,036,495 of Federal Family Education Loans (CFDA number 84.032), \$69,394,970 of Plus Loans administered through the Federal Direct Student Loans program (CFDA number 84.268), and \$340,786,068 of Federal Direct Student Loans (CFDA number 84.268).

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 \$1,652,856 in loans during fiscal year 2009 and had \$15,951,611 in loan balances outstanding at June 30, 2009.

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 during fiscal year 2009 totaled \$32,666,204, and the amounts, by CFDA number, are presented as follows:

CFDA Number	Program Title	Amount
10.555	National School Lunch Program	\$22,206,110
10.569	Emergency Food Assistance Program (Food Commodities)	9,690,377
10.569	ARRA—Emergency Food Assistance Program (Food Commodities)	769,717

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 \$69,584 for the year ended June 30, 2009.

Note 8 - Immunization and HIV Grants

The Immunization Grants (CFDA number 93.268) expenditures of \$81,937,952 include \$75,949,025 worth of vaccines. The HIV Care Formula Grants (CFDA number 93.917) expenditures of \$16,913,407 include \$11,536,648 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.

State of Arizona
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2009

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	\$1,021,049,951
ARRA—Federal Additional Compensation (FAC)	57,120,699
Unemployment compensation for federal employees	4,541,741
Unemployment compensation for ex-service members	3,574,168
Administrative costs	37,034,305
ARRA—Administrative costs	<u>201,659</u>
Total expenditures	<u>\$1,123,522,523</u>

Note 10 - Collateralized Loans/Capitalization Grants

The Water Infrastructure Finance Authority (WIFA), a discretely presented component unit on the State's fiscal year 2009 basic financial statements, has entered into capitalization grant agreements with the U.S. Environmental Protection Agency. During fiscal year 2009, the WIFA received capitalization grant monies totaling \$5,486,370 from the Capitalization Grants for Clean Water State Revolving Funds (CFDA number 66.458) program and \$16,985,657 from the Capitalization Grants for Drinking Water State Revolving Funds (CFDA number 66.468) program for deposit into its revolving loan guarantee funds. These amounts are included on the schedule. The total capitalization grants received since the inception of the program were \$178,659,372 and \$135,274,680, respectively, at June 30, 2009.

State of Arizona
 Schedule of Findings and Questioned Costs
 Year Ended June 30, 2009

Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unqualified
	Yes No
Internal control over financial reporting:	
Material weaknesses identified in internal control over financial reporting?	X
Significant deficiencies identified that are not considered to be material weaknesses?	X
Noncompliance material to the financial statements noted?	X

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	X
Significant deficiencies identified that are not considered to be material weaknesses?	X
Type of auditors' report issued on compliance for major programs:	
Unqualified for all major programs except for the SNAP Cluster; Title I, Part A Cluster; Vocational Rehabilitation Cluster; Improving Teacher Quality State Grants; TANF Cluster; Child Support Enforcement; and the Research and Development Cluster, which were qualified.	
Any audit findings disclosed that are required to be reported in accordance with Circular A-133 (section .510[a])?	X

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
10.551/10.561	SNAP Cluster
10.553/10.555/10.556/10.559	Child Nutrition Cluster
10.558	Child and Adult Care Food Program
10.568/10.569	Emergency Food Assistance Cluster
12.401	National Guard Military Operations and Maintenance Projects
14.195	Section 8 Project-Based Cluster
17.207/17.801/17.804	Employment Service Cluster

State of Arizona
 Schedule of Findings and Questioned Costs
 Year Ended June 30, 2009

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
17.225	Unemployment Insurance (UI)
17.258/17.259/17.260	WIA Cluster
20.205/20.219	Highway Planning and Construction Cluster
66.458	Capitalization Grants for Clean Water State Revolving Funds
84.010/84.389	Title I, Part A Cluster
84.027/84.173	Special Education Cluster (IDEA)
84.126	Vocational Rehabilitation Cluster
84.181/84.393	Early Intervention Services (IDEA) Cluster
84.367	Improving Teacher Quality State Grants
84.394	State Fiscal Stabilization Fund Cluster
93.044/93.045/93.053/93.705/93.707	Aging Cluster
93.558	TANF Cluster
93.563	Child Support Enforcement
93.575/93.596/93.713	CCDF Cluster
93.658	Foster Care—Title IV-E
93.659	Adoption Assistance
93.767	Children's Health Insurance Program
93.775/93.777/93.778	Medicaid Cluster
93.959	Block Grants for Prevention and Treatment of Substance Abuse
96.001	Disability Insurance/SSI Cluster
97.067	Homeland Security Cluster
R&D	Research and Development Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$30,000,000

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, 2009

Financial Statement Findings

09-01

The Department of Administration should prepare accurate financial statements in a timely manner

Criteria: The Department of Administration should issue accurate and timely financial statements for the State to satisfy the audit requirements imposed by federal and state laws and regulations, grant contracts, and long-term debt agreements.

Condition and context: The Director of the Department is responsible for establishing and maintaining the State's accounting systems and preparing accurate and timely financial reports, including the State's Comprehensive Annual Financial Report (CAFR). In accordance with Arizona Revised Statutes (A.R.S.) §41-703, the Director has the authority to promulgate rules, regulations, and procedures to carry out his responsibilities. Further, A.R.S. §35-131(l), requires state agencies and other organizations included in the State's reporting entity to submit all necessary financial information to the Department in accordance with its policies and procedures. However, those statutes did not include provisions to enforce compliance, and as a result, state agencies did not always comply with the established deadlines. For example, of the 16 state agencies that had a November 30, 2009, deadline to submit their audited financial statements, only 8 met this deadline, and 1 did not submit its audited financial statements until February 3, 2010.

Effect: Since various state agencies did not comply with state statutes or department rules and regulations, the State did not issue its CAFR by its December 31, 2009, deadline. Delays in financial reporting may result in rating agencies lowering the State's ratings for bonds and certificates of participation. Also, the State's Single Audit Reporting Package will be issued late (see finding 09-101), which could result in a loss of federal funding. This finding is a material weakness in internal control over financial reporting.

Cause: State statutes do not provide the Director of the Department with enforcement power to ensure that state agencies comply with department rules, regulations, and procedures for financial reporting.

Recommendation: To help ensure that the Department receives financial information necessary for timely issuance of the State's CAFR, the Department should:

- Seek the authority to enforce rules, regulations, and procedures over financial reporting.
- Establish enforcement actions for agencies' failure to submit such information by the required deadlines.

This finding was similar to a prior-year finding.

State of Arizona
Schedule of Findings and Questioned Costs
Year Ended June 30, 2009

09-02

The Department of Administration should establish fraud prevention and detection programs

Criteria: The State of Arizona should have a strong system of internal control, including a state-wide antifraud program or other methods to help reduce the possibility of fraud and promote ethical behavior.

Condition and context: The Director of the Department of Administration is responsible for establishing and maintaining adequate written policies and procedures to ensure overall operational efficiency and effectiveness and compliance with laws and regulations. Individual state agencies may have controls designated to mitigate specific risks of fraud. However, the Department had not established a state-wide program that addressed fraud risk.

Effect: The lack of a comprehensive antifraud program for the State could result in fraud and possible misuse of state monies. Additionally, financial statement misstatements due to fraud could occur. This finding is a significant deficiency in internal control over financial reporting.

Cause: The Department has not completed its state-wide antifraud program because of inadequate resources.

Recommendation: To strengthen state-wide internal controls to allow management to anticipate and react to internal and external fraud risks, the Department should establish the following:

- A state-wide program designed to prevent, deter, and detect fraud and promote a culture of honesty and ethical behavior.
- A communication channel for citizens and employees to report suspected unethical behavior, fraud, or code of conduct violations.

This finding was similar to a prior-year finding.

09-03

The Department of Administration should strengthen controls over the Human Resource Information Solution (HRIS) account management

Criteria: Account management controls cover the request, approval, establishment, suspension, and termination of user accounts. These controls are vital to system security, and therefore, the Department of Administration should have adequate policies and procedures for account management over its HRIS system.

Condition and context: While obtaining an understanding of the Department's internal controls over HRIS account management and testing those controls, auditors noted the following deficiencies:

State of Arizona
Schedule of Findings and Questioned Costs
Year Ended June 30, 2009

- The Department did not have written comprehensive policies for account management of operating system accounts and database accounts.
- Activity logs used to track user access to the application and changes made to data, including salary information and number of hours worked, were not regularly monitored. Additionally, there were no controls to prevent HRIS administrative users from altering or deleting the data in these logs.
- The Department manually maintained a spreadsheet of all HRIS users. However, this spreadsheet was not reconciled to a system-generated listing of users.
- Employees who received a user account for HRIS were required to complete training for the job roles they had been granted access for. However, seven of the ten employees tested had not completed the general prerequisite training. Additionally, one of these seven was also missing a portion of the specific training directly related to his job role.
- An agency user was given access that did not allow for proper separation of responsibilities, and there were no written explanations of compensating controls from the user's agency.

Effect: Without effective account management controls, security over the HRIS system is weakened since the Department cannot ensure that the approval, establishment, suspension, and termination of accounts are performed properly and in accordance with management requirements. This finding is a significant deficiency in internal control over financial reporting.

Cause: The Department did not establish or enforce sufficient written policies and procedures related to account management. Additionally, due to limited resources, the Department did not feel it was necessary to monitor the activity logs or reconcile the manual spreadsheet of users to a system-generated listing of users.

Recommendation: To help strengthen controls over account management, the Department should perform the following:

- Develop written account management policies for operating system and database accounts.
- Regularly review activity logs that monitor user access and changes made to data and investigate any unusual activity. Additionally, administrative users should have read-only access to these logs.
- Reconcile the manual spreadsheet of users to the system-generated listing of users.
- Develop a process to ensure compliance with the Department's own internal policy related to granting HRIS user accounts.
- Retain all supporting documentation for granting user access.

This finding was similar to a prior-year finding.

State of Arizona
Schedule of Findings and Questioned Costs
Year Ended June 30, 2009

09-04

The Department of Administration should improve controls over HRIS system changes

Criteria: All system changes should be monitored to ensure that changes are authorized and adhere to established system change policies.

Condition and context: While obtaining an understanding of the Department's internal controls over HRIS system changes, auditors noted the following deficiencies:

- The system-generated log used to track operating system changes could be modified by administrative users. Additionally, Tripwire reports were used to monitor compliance with system change policies; however, management was not able to identify noncompliance with its policies and procedures, including separation of responsibilities violations, by reviewing these reports.
- There was no system-generated log to record changes made directly to the database.

Effect: Inadequate program change management could lead to unauthorized changes, incorrect changes, or ineffective changes, and could result in the system not functioning as designed. This finding is a significant deficiency in internal control over financial reporting.

Cause: Due to limited resources, the Department did not devote resources to regularly monitor operating system change logs or develop a change log for changes made directly to the database.

Recommendation: To help strengthen controls over changes to the HRIS system, the Department should:

- Ensure the system-generated log used to track operating system changes cannot be altered by administrative users and the Tripwire reports are reviewed on a weekly or monthly basis to ensure changes were authorized and followed system change policies.
- Develop a system-generated log of changes made directly to the HRIS database.

This finding was similar to a prior-year finding.

09-05

The Department of Administration's State Procurement Office (SPO) should ensure the Procurement System Administrator does not have access to data

Criteria: According to industry standards, proper audit trails should be maintained so that changes to databases and their contents can be monitored.

State of Arizona
Schedule of Findings and Questioned Costs
Year Ended June 30, 2009

Condition and context: The Department of Administration's State Procurement Office uses an automated procurement system, SPIRIT, which was developed to increase the efficiency of procuring goods and services and to improve customer service. The SPIRIT system's Web interface replaces the previous paper-based procurement process. The SPIRIT System Administrator had access to data on the SPIRIT system and could revise vendor bids at the vendor's request. However, to document these changes, the Office only maintained a manual log.

Effect: There is a possibility of misuse or fraud if changes are made to the system without adequate supporting documentation. In addition, vendor bids could be changed with no written documentation from the vendors. This finding is a significant deficiency in internal control over financial reporting.

Cause: The SPO does not plan to install an electronic logging function to monitor changes made to data in the database since the SPIRIT system has been replaced with a new automated procurement system.

Recommendation: To help ensure proper oversight and documentation of revised vendor bid submissions, the SPO should do one or more of the following:

- Request that the Information Systems Division prevent the System Administrator from having the ability to change system data.
- Enable the logging function in the new procurement system to track administrator user changes through an automated log, journal, time stamp, or other method that would document the change.
- Have the vendor resubmit the bid or add an amendment to the original document.
- Require vendors to submit signed, prenumbered forms that list the changes made and the reasons for them.

This finding was similar to a prior-year finding.

09-06

The Department of Administration's SPO needs to have more than one person capable of maintaining the procurement system's Web application

Criteria: Industry standards state that organizations should minimize overdependence on key employees through documentation, knowledge sharing, succession planning, and staff backup.

Condition and context: The development, updating, and maintenance of the SPIRIT system's Web application is solely performed by one person employed by a third-party contractor.

Effect: If the individual leaves the third-party contractor, neither the contractor nor the SPO would have employees with the knowledge to effectively update and maintain the SPIRIT system. This finding is a significant deficiency in internal control over financial reporting.

State of Arizona
Schedule of Findings and Questioned Costs
Year Ended June 30, 2009

Cause: The SPO did not develop a contingency, cross-training, or knowledge-sharing plan to ensure the continued maintenance and support of the SPIRIT system since the SPIRIT system has been replaced by a new procurement system.

Recommendation: To help ensure continued system maintenance, the SPO should develop a contingency plan for its new procurement system. This could entail requiring the third-party contractor to employ other persons with the knowledge necessary to maintain the system, requiring the contractor to maintain detailed documentation regarding the system's development and operation so that others could maintain the system, or training in-house employees to maintain the system.

This finding was similar to a prior-year finding.

09-07

The Department of Administration's Information Systems Division (ISD) should strengthen access controls over its procurement system

Criteria: System and logical access controls help ensure that only authorized users have access to the SPIRIT system and are necessary to protect the system and data from unauthorized use, damage, loss, modification, or disclosure. Access controls should prohibit users from having access to functions not required to perform their jobs.

Condition and context: The application developer was able to modify files affecting the SPIRIT system design and functionality.

Effect: Inadequate access controls may allow users to read, change, or delete data without specific authorization. The application developer or other users could change files affecting the procurement design and functionality, and those changes could be applied to the system without approval. This finding is a significant deficiency in internal control over financial reporting.

Cause: The ISD has policies and procedures to control access granted to application developers. However, administrative access control lists were not reviewed after changes were made to the system or on a regular basis.

Recommendation: To help prevent and detect unauthorized use, damage, loss, or modification of programs and data, the ISD should restrict the application developer's access to files affecting the SPIRIT system design and functionality. Further, an ISD employee should review access control lists on a monthly basis and investigate any unusual activity.

This finding was similar to a prior-year finding.

State of Arizona
Schedule of Findings and Questioned Costs
Year Ended June 30, 2009

09-08

The Department of Administration's ISD should strengthen controls over the SPIRIT system's software updates

Criteria: The Department of Administration's ISD should ensure all servers hosting the SPIRIT system receive the appropriate software and software updates.

Condition and context: The current software did not provide adequate security protection for the SPIRIT servers. Because of the nature of this finding, the specific details of the finding were verbally communicated to those officials directly responsible for implementing corrective action.

Effect: The potential for data loss and system corruption and the cost to restore system network integrity could be detrimental to the Department. This finding is a significant deficiency in internal control over financial reporting.

Cause: Lack of personnel has prevented the ISD from testing and implementing the necessary software and updates. Further, since the system is being replaced, no effort will be made to correct the problem.

Recommendation: Since the SPIRIT system is being replaced, it is imperative that the ISD include the necessary security software and software updates on the new procurement system.

09-09

The Department of Administration's ISD should strengthen controls over access to the SPIRIT system's Web site

Criteria: The Department of Administration's ISD should ensure the SPIRIT system is protected from unauthorized access.

Condition and context: The SPIRIT system's Web site was vulnerable to attacks or unauthorized access. Because of the nature of this finding, the specific details of the finding were verbally communicated to those officials directly responsible for implementing corrective action.

Effect: Possible outcomes of Web site attacks include unauthorized access to confidential data or disruption of service. This finding is a significant deficiency in internal control over financial reporting.

Cause: SPIRIT system administrators were unaware of the problem and have not made any modifications this year since the SPIRIT system is being replaced.

Recommendation: For the Department's new procurement system, the ISD should ensure that information is protected from attack, and the ISD should ensure that the new system performs input edits and checks to determine that information received complies with acceptable and expected formats.

State of Arizona
Schedule of Findings and Questioned Costs
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09-10

The Industrial Commission of Arizona needs to strengthen controls over financial reporting

Criteria: The State must issue timely financial statements to satisfy the audit requirements imposed by federal laws, state statutes and regulations, grant contracts, and long-term debt covenants. Additionally, financial reporting responsibilities should be adequately separated so that several employees can perform these functions.

Condition and context: To help ensure that the State's financial statements are prepared and issued in a timely manner, the Department of Administration's General Accounting Office (GAO) had established timelines for the individual state agencies to submit required financial information to it for inclusion in the state-wide financial statements. Then, the Commission's management was responsible for preparing complete and accurate financial statements for the Commission's Special Fund and submitting them to the GAO in a timely manner. However, the Commission did not meet the GAO reporting timelines. The Commission submitted preliminary financial information to the GAO on November 11, 2009, approximately 7 weeks late, and its final financial information on March 12, 2010, approximately 4 months late. Further, the Commission was dependent on a single employee who possessed all of the critical knowledge necessary to make the necessary adjusting entries and compile the financial statements.

Effect: Submission of late financial information could result in missed reporting deadlines, including the OMB Circular A-133 reporting deadline, and a loss of federal funding for the State as a whole. Also, in the event that the employee leaves the Commission or is unable to perform his responsibilities, other employees would not possess the knowledge to compile the financial statements. This finding is a significant deficiency in internal control over financial reporting.

Cause: The delays in financial reporting resulted from the Commission's not preparing and reviewing supporting schedules and reconciliations in a timely manner, which resulted in delays in reviewing and posting transactions to the general ledger. Also, the Commission's general ledger application has limitations that prevent the Commission from posting transactions in a timely manner. Additionally, the Commission lacks resources to hire new staff, and management has not decided to train existing staff to compile financial information for the Special Fund.

Recommendation: To help ensure that accurate financial statements are prepared and issued in a timely manner, the Commission should implement the following procedures:

- Train other employees in financial reporting responsibilities.
- Develop and implement written policies and procedures that describe the necessary steps to compile the Special Fund's financial statements.
- Reconcile the financial records, and review and post all adjustments to the general ledger within 2 weeks of month-end.

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- Allocate the appropriate resources, and monitor and enforce completion dates for compiling, preparing, and reviewing the financial statements and supporting schedules.
- Provide the GAO and auditors with complete and accurate financial statements, including notes and supporting schedules, by the established deadlines.

This finding was similar to a prior-year finding.

09-11

The Industrial Commission of Arizona should develop written policies and procedures for its computer operations

Criteria: Written policies and procedures provide the basic framework needed for establishing employee accountability. They serve as a reference tool for employees seeking guidance on how to handle complex or infrequent transactions and situations. Additionally, they offer guidance for controlling daily operations.

Condition and context: The Commission had not established detailed written policies and procedures over its computer operations.

Effect: Without adequate written policies and procedures, management cannot ensure that information technology controls are operating effectively. Also, it could make transitioning to a new computer system difficult and more time consuming. This finding is a significant deficiency in internal control over financial reporting.

Cause: The Commission had not established detailed written policies and procedures since it plans to replace its computer system. Therefore, it has chosen not to invest additional time or resources into an outdated system.

Recommendation: The Commission should develop and implement written policies and procedures that address the following:

- Computer operations—There should be procedures for daily operations and physical security of the computer system to help ensure that operators use the correct data, computer programs, and other resources when processing daily activity. These would help safeguard computer equipment and data against theft or misuse.
- Program changes—There should be procedures that require proper documentation and approval of program change request forms and test results, and separating responsibilities to ensure that one employee does not make, test, and implement program changes.
- Access controls—There should be procedures that address the request, approval, establishment, suspension, and termination of user accounts since this is necessary for system security.

This finding was similar to a prior-year finding.

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09-12

The Industrial Commission of Arizona should maintain a record of all changes to its computer system

Criteria: The Commission uses its computer system to record detailed financial transactions and generate monthly and year-end summary reports to support amounts reported in the financial statements. Therefore, it is essential that changes to the system and data be reviewed and documented.

Condition and context: When users made changes to system data, the changes were documented in the system; however, if the database administrator made changes to the system database, the changes would not be documented in the system. Additionally, although there was a log of user access, supervisors did not review these logs regularly. Finally, any changes to key computer equipment, such as firewalls, routers, or switches, were made by the chief information officer, but were not reviewed or authorized by another employee.

Effect: Unauthorized changes could be made to the system or data without detection. This finding is a significant deficiency in internal control over financial reporting.

Cause: The Commission did not have effective controls over system and data changes since it plans to replace its computer system. Therefore, it has chosen not to invest additional time or resources into an outdated system.

Recommendation: To help strengthen controls over system and data changes to its computer system, the Commission should:

- Maintain a record of all system and data changes to help monitor changes.
- Require supervisors to review user-access logs on a weekly or monthly basis.
- Have an independent employee review and authorize all major changes to computer equipment.

This finding was similar to a prior-year finding.

09-13

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

Criteria: The Department should have effective computer access controls to prevent and detect unauthorized use, damage, loss, or modification of programs and data, and misuse of sensitive or confidential information.

Condition and context: While performing test work over access controls to the Department's computerized financial information systems, auditors noted the Department did not always retain documentation to support its review and approval of users' access rights. For example, for 27 of 51 employees selected for test work, the Department was unable to provide documentation authorizing the

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employee's access and approval of those rights by a supervisor. Also, the Department did not remove a user's access rights after the employee separated from the Department as required by the Department's policies and procedures. In addition, the Department did not actively monitor database administrators with elevated user access privileges.

Effect: There is an increased risk of theft, manipulation, or misuse of sensitive or confidential data by unauthorized users or by users who were not being properly monitored. This finding is a significant deficiency in internal control over financial reporting.

Cause: The Department did not commit sufficient resources to document the supervisory approval of employee access rights for reauthorizations. In addition, the Department did not have policies and procedures in place to independently monitor and review the activities of database administrators with elevated system access.

Recommendation: To help ensure the integrity of the Department's computerized financial information systems, the Department should follow its policies and procedures, which require documentation of supervisory approval on all requests for system access, and promptly terminate user access when an employee leaves employment with the Department. In addition, the Department should develop policies and procedures that require the activities of database administrators with elevated user access privileges to be independently monitored and reviewed for propriety.

This finding was similar to a prior-year finding.

09-14

The Department of Revenue should update and test its disaster recovery plan

Criteria: For computerized information systems, it is critical for the Department to have an up-to-date contingency plan in place to provide for the continuity of operations and to ensure that electronic data files are not lost in the event of a system or equipment failure or other system interruption. In addition, backup files maintaining sensitive or confidential information should be encrypted to help prevent unauthorized access to such information.

Condition and context: The Department uses computerized information systems to process and store financial and taxpayer information that is vital to its daily operations. When obtaining an understanding of the Department's internal control over its computerized tax information systems, auditors noted the Department had not completed the following:

- A risk analysis identifying and prioritizing critical applications and exposures and an assessment of the impact to the Department.
- The plan was not updated in a timely manner following the data center move in November 2008.
- The plan had not been tested since fiscal year 2007.

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Further, the Department's backup files, which included sensitive or confidential information, were not adequately protected by encryption.

Effect: The Department could experience the loss of computer operations in the event of a system or equipment failure or other interruption. Further, sensitive and confidential data on the Department's backup files could be compromised. This finding is a significant deficiency in internal control over financial reporting.

Cause: The Department did not commit sufficient resources to test and update its disaster recovery plan during the fiscal year. In addition, the Department did not have adequate policies and procedures in place to help ensure backup files were adequately safeguarded.

Recommendation: To help ensure continuity of operations in the event of a major system or equipment failure, the Department should perform the following:

- A risk analysis identifying critical applications and exposures, and an assessment of the impact to the Department.
- Review, update and test the disaster plan recovery at least annually and in a timely manner following any critical events.

In addition, backup files that include sensitive or confidential information should be encrypted.

This finding was similar to a prior-year finding.

09-15

The Department of Revenue should continue to strengthen its procedures for processing income tax revenues

Criteria: The Department should improve procedures to further ensure that it receives and retains the tax revenues to which the State is entitled.

Condition and context: The Department is responsible for collecting all individual income taxes owed to the State. While testing procedures for income tax revenues, auditors noted additional procedures that should be performed. Because of the nature of this finding, the specific details of this finding were verbally communicated to those officials directly responsible for implementing corrective action.

Effect: The State may not receive the proper amount of individual income taxes. This finding is a significant deficiency in internal control over financial reporting.

Cause: The computer system did not have the functionality to perform the identified omitted procedures.

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Recommendation: The Department should implement additional procedures necessary to compensate for the omitted procedures.

This finding was similar to a prior-year finding.

09-16

The Department of Revenue should better protect its computer network and systems

Criteria: The Department should have effective network security controls to prevent and detect unauthorized use, damage, loss, or modification of programs and data, and misuse of sensitive or confidential information.

Condition and context: The Department is the main revenue collector for the State of Arizona, and there is a significant amount of confidential data on the Department's computerized information systems that should be securely maintained. While testing the Department's security over its systems, auditors identified potential and actual vulnerabilities that existed within the Department's systems. Because of the nature of this finding, the specific details of the finding were verbally communicated to those officials directly responsible for implementing corrective action.

Effect: It is possible for unauthorized persons to obtain confidential data or make changes to computer programs or data. This finding is a significant deficiency in internal control over financial reporting.

Cause: The Department's existing network security controls were not properly configured.

Recommendation: The Department should take immediate action to correct the specific network security deficiencies identified and establish policies and procedures to prevent similar vulnerabilities.

09-17

The Department of Economic Security's Division of Developmental Disabilities should strengthen computer access controls

Criteria: Access to computer systems should be limited to those employees authorized to process transactions or maintain a particular system and ensure that no one individual has the ability to modify data without an independent review.

Condition and context: The Division of Developmental Disabilities did not always adequately limit logical access to its claims payment system for Institutional and Home and Community-Based medical expenditures during fiscal year 2009. Specifically, 14 of the 39 users tested with administrative access had incompatible responsibilities or capabilities, including the ability to modify service rates, third-party liability waiver information, and payment addresses. In addition, 2 of 32 system users tested had incompatible responsibilities or capabilities that weren't necessary to fulfill their job responsibilities. Further, auditors noted an account having approval and update privileges that was not assigned to a specific employee.

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Effect: Users may have access to unauthorized information and the ability to perform unauthorized functions. Excessive access rights may allow users to perpetrate and conceal errors and irregularities in the normal course of duties, resulting in fraud and the possible misstatement of financial information. This finding is a significant deficiency in internal control over financial reporting.

Cause: The Division did not follow its policies and procedures to ensure security over its claims payment system for Institutional and Home and Community-Based medical expenditures.

Recommendation: The Division should monitor and enforce the following policies and procedures that strengthen security over its claims payment system for Institutional and Home and Community-Based medical expenditures.

- Retain access request forms with the Supervisor's approval.
- Eliminate all generic user accounts and assign each user account to an individual employee.
- Limit access rights to those compatible with each employee's job responsibilities.

This finding was similar to a prior-year finding.

09-18

The Department of Economic Security's Division of Developmental Disabilities should maintain required case file documentation

Criteria: Case management is the process in which services are identified, planned, obtained, and monitored for individuals eligible for Arizona Long Term Care System (ALTCS) services. The ALTCS Contract and *AHCCCS Medical Policy Manual* for case management require periodic on-site reviews within every 90 days or 180 days based on the applicable ALTCS member placement and service provided. The *AHCCCS Medical Policy Manual* requires that all contact attempted and made with, or regarding an ALTCS member be documented in the member's case file.

Condition and context: The Division of Developmental Disabilities did not ensure the required information was included in the member case files and that reviews occurred within specific time frames. Specifically, auditors noted that for 8 of 15 cases tested, reviews were not performed or were performed later than the required 90 or 180 days, and documentation for all contact attempts were not included in the case file.

Effect: This deficiency resulted in material noncompliance with the ALTCS Contract case management requirements.

Cause: The Division did not always follow its policies and procedures for case management.

Recommendation: The Division should monitor and enforce the following policies and procedures over case management.

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- Perform the required on-site reviews within the required time frames.
- Document all contact attempted and made with, or regarding an ALTCS member.

09-19

Arizona State University should strengthen controls over payroll expenses

Criteria: The University needs to have strong internal controls in place to accurately process and record payroll expenses.

Condition and context: The University's payroll and related expenses comprise over \$873 million, or approximately 60 percent, of its total expenses. When obtaining an understanding of the University's internal control over payroll expenses and testing those controls, auditors noted the following deficiencies:

- A comprehensive set of policies and procedures for processing, monitoring, and verifying payroll expenses had not been established. For example, the University did not have policies and procedures providing departments instructions for processing payroll, such as verifying the accuracy of employee payroll data, reviewing and approving time recorded, calculating faculty summer pay, and retaining supporting documentation for employee payroll changes.
- For 56 of 81 university departments where employees were selected for test work, the department did not follow the University's policies requiring monthly detailed reconciliations of payroll expenses for each employee to the terms of their employment agreements.
- For 6 of 107 employees selected for test work, the employee was not paid or reimbursed for employment-related expenses in accordance with their employment contract, offer letter, or other official documentation maintained in their personnel file.
- Annual contract renewals for faculty and academic professionals were not formally documented using a Notice of Appointment form in accordance with university and Arizona Board of Regents' policies.
- For one unit within the Office of Human Resources and 3 of 81 departments where employees were selected for test work, timesheets for hourly employees were approved by employees who did not have firsthand knowledge of the actual time worked. Further, certain university employees were assigned rights within the payroll system to centrally approve timesheets for any employee; however, these rights should have been limited to appropriate employees within the payroll unit of the Office of Human Resources.
- Leave requests for exempt employees were not always reviewed and monitored at the department level since some departments had not established adequate policies and procedures.
- Salary increases and additional pay, such as bonuses, pay-related reimbursements, and pay for duties performed beyond an employee's regular assignments or contract terms, were not monitored from July 2008 through December 2008 to ensure employees were paid accurately.

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- Payroll overpayments were not monitored by the University to ensure that a complete overpayment listing was maintained, overpayments were collected in a timely manner, and recurring reasons for overpayments had been determined and corrected.
- Employee personnel records were not centrally maintained in accordance with university-established policy.

Effect: The lack of internal controls over payroll expenses may result in misstating the financial statements or paying employees wrong amounts. In addition, it also increases the risk of fraudulent payroll transactions occurring and not being detected. This finding is a material weakness in internal control over financial reporting. However, auditors were able to perform sufficient alternate procedures to determine that payroll expenses were not materially misstated.

Cause: The payroll processing function is highly decentralized at the University, and the University did not have comprehensive policies and procedures for the departments to follow. Further, the University did not effectively monitor the decentralized payroll functions creating additional internal control deficiencies.

Recommendation: To help ensure payroll transactions are accurately processed and recorded, the University should:

- Establish a comprehensive set of policies and procedures for processing, monitoring, and verifying payroll expenses.
- Ensure that all departments prepare monthly reconciliations of payroll expenses for each employee to the terms of their employment agreements.
- Improve controls over employee payroll to ensure that pay data reflected in the payroll system is supported by the contract, offer letter, or other official documentation maintained in the personnel files. The University could accomplish this by requiring that a second employee verify all payroll data entered in the payroll system.
- Require that the renewal of annual contracts is documented per university and Arizona Board of Regents' policies, and that all pay data documentation is retained.
- Ensure that departments are aware of and follow guidelines for verifying and approving time recorded by employees in accordance with established schedules for processing payroll, and monitor the assignment of payroll processing user roles to ensure that approval authority is limited to the appropriate users.
- Require that departments implement policies and procedures to ensure that leave requests for exempt employees are reviewed and monitored.
- Continue to monitor salary increases and additional pay to ensure their propriety.

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- Monitor overpayment listings to ensure accuracy, completeness, and timely collection of overpayments as well as to identify potential internal control weaknesses.
- Adhere to university-established policy by centrally maintaining employee personnel records.

This finding was similar to a prior year finding.

09-20

Arizona State University should strengthen controls over access and change management, and update its disaster recovery plan for its computer information systems

Criteria: The University should have effective computer system access controls to prevent and detect unauthorized use, modification of programs and data, and misuse of sensitive or confidential information. Also, to help ensure that its information systems function as designed, it is essential that program changes to the systems are properly documented, authorized, tested, and approved before modifications are made. Further, no one employee should be responsible for the entire program change process. In addition, the University should have an up-to-date disaster recovery contingency plan in place to provide for continuity of operations and to ensure that electronic data files are not lost in the event of a system or equipment failure or other system interruption.

Condition and context: While testing internal controls for the University's general ledger, human resources and payroll, and student information systems, auditors noted the following:

General ledger system

- The University did not always remove users' access rights after the user terminated, retired, or transferred to a different department. For example, for 5 of 32 employees selected for test work, the University did not remove access rights when an employee was transferred to another department. In addition, based on a listing of all employees terminated in fiscal year 2009, 18 employees had general ledger access after their termination dates.
- The University did not effectively separate responsibilities for program changes since one employee was responsible for making program changes, there were no independent reviews of the changes, and the same employee requested that program changes be moved into production. Further, no monitoring of general ledger database changes was performed.
- The University's disaster recovery plan was inadequate since it did not address all the necessary elements to continue operations in the event of a disaster and it had not been updated or tested since April 2006.

Human resources and payroll, and student information systems

- The University did not have written policies and procedures in place to ensure employees were assigned the appropriate level of system access that was compatible with the employees' job responsibilities. Auditors noted 5 of 77 employees selected for test work had conflicting roles assigned to them.

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- The University did not always review access logs to determine if user accounts had been inactive for an extended period of time. Additionally, the University did not always remove access rights after a user terminated, retired, or transferred to a different department. Auditors noted 17 employees who had access to the system after their termination dates.
- The University did not ensure that program changes to the systems were properly documented, authorized, tested, and approved prior to being implemented. For example, auditors noted 13 of 25 program changes selected for test work lacked adequate supporting documentation.
- The University did not have a written disaster recovery contingency plan.

Effect: There is an increased risk of theft, manipulation, or misuse of sensitive or confidential data by unauthorized users or by users who were not monitored. Also, erroneous program changes could result in the systems not functioning as designed and materially affecting financial statement information. Additionally, the University could experience the loss of computer operations in the event of a system or equipment failure or other interruption since the University lacked an adequate disaster recovery contingency plan. This finding is a material weakness in internal control over financial reporting.

Cause: The University did not devote resources to adequately monitor employee system access rights, control program changes, or maintain a disaster recovery contingency plan.

Recommendation: To help strengthen controls over system access, program change management, and disaster recovery, the University should perform the following:

General ledger system

- Review system access rights on a continual basis to ensure that access rights are removed or changed when employees terminate, retire, or transfer to a different department within the University.
- Train additional employees to help with program changes for the general ledger system. These employees can help develop and test program changes and review migration requests for propriety before they are submitted to the Technical Operations Support group for implementation.
- Update its disaster recovery contingency plan to develop procedures for backup tape recovery, application disaster recovery, and provide regular updates and notices regarding disk storage requirements.

Human resources and payroll, and student information systems

- Develop and implement procedures to monitor user access rights and ensure that employees do not have access with conflicting responsibilities assigned to them.
- Review system access rights on a continual basis to ensure that access rights are removed or changed when employees terminate, retire, or transfer to a different department within the University.

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- Monitor all program changes to ensure that all changes are documented, authorized, tested, reviewed, and approved before implementation.
- Regularly review its hosting service contracts and update its disaster recovery contingency plan to ensure that controls identified as necessary to complement the controls at the service organization are implemented.

This finding was similar to a prior year finding.

09-21

Arizona State University needs to perform regular security risk assessments for its Web-based applications used to grant access to its computer systems

Criteria: The University should perform regular security risk assessments to prevent and detect unauthorized use and misuse of sensitive or confidential information.

Condition and context: As reported in the Auditor General's performance audit report, *Arizona's Universities—Information Technology Security*, Web-based applications were vulnerable because of a combination of weaknesses that could allow unauthorized access to the University's computer systems and the sensitive financial and personal information they contain. While the University has taken corrective action to address the specific Web-based vulnerabilities identified in our 2008 performance audit report, the University did not provide sufficient evidence to support that security risk assessments were performed during fiscal year 2009.

Effect: There is an increased risk of misuse of sensitive or confidential data by unauthorized users or by users who were not being monitored. This finding is a significant deficiency in internal control over financial reporting.

Cause: The University did not devote resources to regularly perform security risk assessments for its Web-based applications.

Recommendation: The University should continue its efforts for ensuring its systems and the financial and sensitive information they contain are protected from unauthorized access and use. Additionally, these efforts should specifically include performing security risk assessments of the Web-based portions of the human resources and payroll, and student information systems. The University should also develop procedures to conduct security reviews on a regular basis to assess whether security controls are functioning effectively, and to help ensure problems found are corrected.

This finding was similar to a prior year finding.

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09-22

Northern Arizona University should strengthen access controls over its Web-based application

Criteria: The University should have effective access controls to prevent and detect unauthorized use, damage, loss, or modification of programs and data, and misuse of sensitive or confidential information.

Condition and context: The University uses a Web-based application to initiate, record, process, and report personnel information, payroll expenses, and student information. While testing the University's security over this application, auditors identified a number of potential and actual vulnerabilities that existed. Because of the nature of this finding, the specific details of the finding were provided to the University's president in a separate letter.

Effect: It is possible for unauthorized persons to obtain and misuse or modify confidential data. This finding is a material weakness in internal control over financial reporting.

Cause: The University was not aware of the vulnerabilities identified.

Recommendation: The University should take immediate action to correct the specific security deficiencies identified and establish policies and procedures to prevent similar vulnerabilities.

09-23

Northern Arizona University should strengthen computer access controls

Criteria: The University should have effective computer access controls to prevent and detect unauthorized use, damage, loss, or modification of programs and data, and misuse of sensitive or confidential information. System access controls restrict not only physical access, but also logical access.

Condition and context: The University uses two main computerized systems to initiate, record, process, and report financial, human resources, payroll, and student information. While performing test work over logical access controls to these systems, auditors noted the following deficiencies:

- The University did not have controls in place to ensure only authorized users had access to sensitive student, financial, and personnel data on its human resources, payroll, and student information system. Specifically, while performing test work on this system, auditors noted that a system password, which allowed access to sensitive data, was stored in an insecure manner.
- The University's database administration team, which consists of five people, uses a shared system administrative user name and password with unlimited privileges, which allowed them the ability to access and change data in the database. The database is the data warehouse for the University's main systems. In addition, the University did not review system activity logs for unauthorized activity.

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- The University used a Central Authentication System (CAS) for authenticating system users. The system was supposed to lock out a user after six invalid logon attempts; however, auditors were able to enter incorrect passwords more than six times and were not locked out of the system. In addition, the University has no policies and procedures in place to lock out invalid logon attempts on systems that do not use the CAS for authentication.

Effect: There is an increased risk of theft, manipulation, or misuse of sensitive or confidential data by unauthorized users or by users who were not being properly monitored. This finding is a significant deficiency in internal controls over financial reporting.

Cause: The University's password policies did not restrict the use of stored passwords. Also, the system administrative user name and password was shared as it is more convenient for all database administrators to have access to make changes to the database. In addition, system activity logs were not reviewed because of staffing levels. Further, the University had not enforced their lock-out policy for systems utilizing CAS because of system conflicts and had not developed a policy for account lock-out thresholds for systems that did not utilize CAS.

Recommendation: The University should establish and implement the following policies and procedures to help strengthen system access controls:

- Limit the use of stored passwords and ensure strong encryption methods are used for any passwords being stored.
- Prohibit database usernames and passwords from being shared among system users.
- Maintain and review system activity logs and investigate unusual activity.
- Ensure the account lock-out policy is implemented and utilized on all systems.

09-24

Northern Arizona University should strengthen computer change controls

Criteria: Changes to the University's computer systems should be logged, authorized, tested, and reviewed prior to implementation. Effective change management controls should ensure that program changes and changes to data are valid, meet user needs, and are subject to review and independent approval.

Condition and Context: The University did not have adequate control procedures in place to ensure that all system changes were properly logged, authorized, tested, and reviewed prior to implementation for its main computerized systems that initiate, record, process, and report financial, human resources, payroll, and student information.

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Effect: Inadequate program change management could lead to unauthorized changes and changes not applied correctly. Also, gaps between user expectations and business requirements could occur and go undetected. This finding is a significant deficiency in internal control over financial reporting.

Cause: The University did not have adequate control procedures in place to track program changes and ensure that all requests had been authorized, tested, reviewed, and approved.

Recommendation: The University should establish, implement, and enforce formal written policies and procedures to ensure that management and users:

- Log, authorize, test, review, and approve all program changes to computerized systems prior to implementation. In the event of an emergency, ensure the nature of the emergency and that the change made is subsequently documented, reviewed, and approved.
- Monitor all system change requests with a log or report-tracking system to ensure that all requests have been authorized, assigned resources, tested, reviewed, and approved.
- Retain documentation to support that program changes were authorized, tested, reviewed, and approved.

This finding was similar to a prior-year finding.

09-25

Northern Arizona University should test its disaster recovery plan

Criteria: It is crucial that the University have an up-to-date and tested disaster recovery plan that would provide continued operations in the case of a system or equipment failure or other interruption. Disaster recovery plans should be tested periodically and modifications should be made to correct any problems to ensure its effectiveness.

Condition and Context: The University's disaster recovery plan, which covers all university computer information systems, had never been tested.

Effect: The University could experience delays in resuming normal operations as the disaster recovery plan may contain flaws that the University is not aware of because the plan has not been tested. This finding is a significant deficiency in internal control over financial reporting.

Cause: The University did not test its disaster recovery plan because of a lack of resources.

Recommendation: The University should test its disaster recovery plan periodically and take immediate action to remedy deficiencies that testing identifies.

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The other auditors who audited the Department of Transportation reported the following material weakness.

09-26

Department of Transportation

Liabilities not accrued

Criteria: The design and operation of the components of internal control over financial reporting should reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material to the financial statements may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Condition: Certain liabilities relating to the reporting year were not accrued. Management has a process wherein expenditures incurred for contract work during the fiscal year that are not paid until after year-end are reviewed to determine recognition in the correct period based upon the date the work is performed as described in the supporting documentation. However, this review was not performed properly for certain contract expenditures during the absence of employees responsible for coding the correct period. This resulted in a material amount of liabilities not being accrued as of June 30, 2009. Management recorded an adjusting entry to correct the error.

Context: This finding was identified as a result of audit tests, including sampling disbursements made subsequent to June 30, 2009, and determining whether those disbursements related to the year ended June 30, 2009.

Effect: Other accrued liabilities and expenditures in a nonmajor governmental fund were inadvertently understated by \$6.8 million. This resulted in management recording adjusting entries to correct this error in the June 30, 2009, financial statements.

Cause: Management did not have procedures in place to review the cutoff of contract expenditures in the absence of personnel trained in this area.

Recommendation: We recommend that management strengthen its policies and procedures over identifying and recording contract expenditures in the correct period.

This finding was similar to a prior-year finding.

Views of Responsible Officials and Planned Corrective Actions: As of September 2009, the contracts payable unit now reports to the accounts payable manager. Several changes have already been implemented and new year-end procedures will be in place, and the staff trained, regarding those procedures before fiscal year-end 2010. The accounts payable manager will also verify and approve the documents input into the system after June 30 to ensure proper coding.

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Federal Award Findings and Questioned Costs

09-101

CFDA No.: Not applicable

Questioned Cost: N/A

Criteria: Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, §.320, requires the State to submit its Single Audit Reporting Package to the federal clearinghouse no later than 9 months after fiscal year-end, unless the State's federal oversight agency approves an extension of this deadline.

Condition and context: The federal reporting deadline for the State's Single Audit Reporting Package was March 31, 2010; however, the State did not issue its Single Audit Reporting Package until June 2010. In addition, the State's federal oversight agency, the U.S. Department of Health and Human Services, has not approved an extension for late submission of the 2009 Single Audit Reporting Package.

Effect: The late submission affects all federal programs the State administered. This finding is a material weakness in internal control over compliance and noncompliance with OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, §.320. However, this finding does not result in a control deficiency in internal control over compliance or noncompliance for the individual federal programs, as this was not caused by the programs' administration.

Cause: As discussed in finding 09-01, the late completion of the State's CAFR contributed to the late submission of its Single Audit Reporting Package.

Recommendation: The State should improve its financial reporting process so that it can submit its Single Audit Reporting Package to the federal clearinghouse no later than 9 months after fiscal year-end.

09-102

SNAP Cluster:

CFDA No.: 10.551 Supplemental Nutrition Assistance Program, #7AZ400AZ4

10.561 State Administrative Matching Grants for the Supplemental Nutrition Assistance Program, #7AZ400AZ4

10.561 ARRA—State Administrative Matching Grants for the Supplemental Nutrition Assistance Program, #7AZ400AZ4

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, 2007 through September 30, 2008

October 1, 2008 through September 30, 2009

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CFDA No.: 12.401 National Guard Military Operations and Maintenance (O&M) Projects, Various
U.S. Department of Defense

Award Period: October 1, 2007 through September 30, 2012

Employment Services Cluster:

CFDA No.: 17.207 Employment Service/Wagner-Peyser Funded Activities, #s E-9-5-8-5084 and E-9-5-9-5084

17.801 Disabled Veterans' Outreach Program (DVOP), #s E-9-5-8-5084 and E-9-5-9-5084

17.804 Local Veterans' Employment Representative Program, #s E-9-5-8-5084 and E-9-5-9-5084

WIA Cluster:

CFDA No.: 17.258 WIA Adult Program, #s AA-15466-06-55, AA-16015-07-55-A-4, AA-17107-08-55, and AA-18266-09-55

17.258 ARRA—WIA Adult Program, #AA-18266-09-55

17.259 WIA Youth Activities, #s AA-15466-06-55, AA-16015-07-55-A-4, AA-17107-08-55, and AA-18266-09-55

17.259 ARRA—WIA Youth Activities, #AA-18266-09-55

17.260 WIA Dislocated Workers, #s AA-15466-06-55, AA-16015-07-55-A-4, AA-17107-08-55, and AA-18266-09-55

17.260 ARRA—WIA Dislocated Workers, #AA-18266-09-55

U.S. Department of Labor

Award Period: April 1, 2006 through June 30, 2009

April 1, 2007 through June 30, 2010

October 1, 2007 through September 30, 2008

April 1, 2008 through June 30, 2011

October 1, 2008 through September 30, 2009

April 1, 2009 through June 30, 2012

Highway Planning and Construction Cluster:

CFDA No.: 20.205 Highway Planning and Construction, Various

20.219 Recreational Trails Program, Various

U.S. Department of Transportation

Award Period: October 1, 2007 through September 30, 2008

October 1, 2008 through September 30, 2009

Title I, Part A Cluster:

CFDA No.: 84.010 Title I Grants to Local Educational Agencies, #s S010A060003, S010A070003, and S010A080003

84.389 Title I Grants to Local Educational Agencies, Recovery Act, #S389A090003

Special Education Cluster (IDEA):

CFDA No.: 84.027 Special Education—Grants to States, #s H027A060007, H027A070007, and H027A080007

84.173 Special Education—Preschool Grants, #s H173A060003, H173A070003, and H173A080003

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Vocational Rehabilitation Cluster:

CFDA No.: 84.126 Rehabilitation Services—Vocational Rehabilitation Grants to States, #s H126A070002, H126A080002, and H126A090002

Early Intervention Services (IDEA) Cluster:

CFDA No.: 84.181 Special Education—Grants for Infants and Families, #s H181A080001 and H181A080002

84.393 Special Education—Grants for Infants and Families, Recovery Act, #s H181A080001 and H181A080002

CFDA No.: 84.367 Improving Teacher Quality State Grants, #s S367A060049, S367B060003, S367A070049, S367B070003, S367A080049, and S367B080003

U.S. Department of Education

Award Period: July 1, 2006 through September 30, 2007
October 1, 2006 through September 30, 2008
July 1, 2007 through September 30, 2008
October 1, 2007 through September 30, 2009
November 6, 2007 through September 30, 2008
July 1, 2008 through September 30, 2009
October 1, 2008 through September 30, 2010

TANF Cluster:

CFDA No.: 93.558 Temporary Assistance for Needy Families, #s G0802AZTANF and G0902AZTANF

CCDF Cluster:

CFDA No.: 93.575 Child Care and Development Block Grant, #s G0801AZCCDF and G0901AZCCDF
93.596 Child Care Mandatory and Matching Funds of the Child Care and Development Fund, #s G0801AZCCDF and G0901AZCCDF
93.713 ARRA—Child Care and Development Block Grant, #s G0901AZCCDF

Medicaid Cluster:

CFDA No.: 93.775 State Medicaid Fraud Control Units
93.777 State Survey and Certification of Health Care Providers and Suppliers
93.778 Medical Assistance Program
93.778 ARRA—Medical Assistance Program

CFDA No.: 93.658 Foster Care—Title IV-E, #s 0701AZ1401, 0801AZ1401, and 0901AZ1401

CFDA No.: 93.658 ARRA—Foster Care—Title IV-E, #0901AZ1402

CFDA No.: 93.767 Children's Health Insurance Program

CFDA No.: 93.959 Block Grants for Prevention and Treatment of Substance Abuse, #s B1AZSAPT-07-5 and 3B08T10004-08S1

U.S. Department of Health and Human Services

Award Period: October 1, 2006 through September 30, 2007
October 1, 2006 through September 30, 2008
October 1, 2007 through September 30, 2008
October 1, 2007 through September 30, 2009
October 1, 2008 through September 30, 2009
October 1, 2008 through September 30, 2010

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Homeland Security Cluster:

CFDA No.: 97.067 Homeland Security Grant Program, #s 2006-GE-T6-4007, 2007-SG-N6-0004, 2007-GE-T7-0006, 2007-SG-N6-0007, 2008-GE-T8-0021, and 2008-SG-T8-0007

U.S. Department of Homeland Security

Award Period: November 1, 2006 through October 31, 2008
November 1, 2006 through September 30, 2008
July 1, 2007 through June 30, 2010
September 1, 2008 through August 31, 2011

Allowable Costs/Cost Principles

Questioned Cost: \$498,752

Criteria: In accordance with OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, Attachment A, paragraphs C.1.b and 3.a., costs charged to federal programs should be based on the relative benefits received.

Condition and context: The State of Arizona did not comply with the allowable costs/cost principles requirements with respect to the general agency counsel service costs provided by the Office of the Attorney General that were charged to federal programs administered by various state agencies. A.R.S. §41-191.09 created the Attorney General Legal Services Cost Allocation Fund (Fund) for the purpose of reimbursing the Attorney General's Department of Law for general agency counsel services. Beginning on July 1, 2006, all state agency funds, except those specifically exempted by the statute, were required to reimburse the Fund for the costs of general agency counsel services. Reimbursements were obtained by charging 0.675 percent of each applicable agency's total payroll expenditures, including those paid with federal monies, each pay period.

Effect: During fiscal year 2009, these charges totaled \$498,752, including \$158,408 for the major federal programs listed above and \$340,344 for all other federal programs. This finding is noncompliance with the allowable costs/cost principles requirements and could potentially affect all federal programs administered by the affected state agencies that incurred payroll costs.

Cause: The noncompliance resulted from a statutory requirement that these programs be charged for general agency counsel service costs, and therefore, this was not caused by the federal programs' administration.

Recommendation: The State should ensure that general agency counsel services are not charged to federal programs unless treated as direct costs or allocated using an equitable allocation basis, such as each agency's direct usage of counsel services. In addition, the Department of Administration should monitor bills being considered in the Arizona State Legislature to help ensure that unallowable costs to federal programs will not be incurred in the future if the bill is enacted into law.

This finding was similar to a prior-year finding.

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09-103

State Fiscal Stabilization Fund Cluster:

CFDA No.: 84.394 **State Fiscal Stabilization Fund (SFSF)—Education State Grants, Recovery Act,
#S394A090003**

U.S. Department of Education

Award Period: June 4, 2009 through September 30, 2010

Suspension and Debarment

Questioned Cost: None

Criteria: In accordance with 34 Code of Federal Regulations (CFR) §80.35, the Governor's Office must verify that subrecipients are not suspended or debarred from doing business with the federal government before entering into contract with them.

Condition and context: The Governor's Office indicated that it has verified that each subrecipient had not been suspended or debarred from doing business with the federal government; however, it did not maintain documentation of the verification. Auditors performed additional audit procedures and noted no instances of payments made to suspended or debarred subrecipients.

Effect: Payments could be made to suspended or debarred subrecipients. This finding is a significant deficiency in internal control over compliance and noncompliance with the program's suspension and debarment compliance requirements. This finding has the potential to affect other federal programs administered by the Governor's Office.

Cause: The Governor's Office did not realize they needed to maintain documentation of the verification process.

Recommendation: The Governor's Office should document its determination that subrecipients being paid over \$25,000 in federal monies have not been suspended or debarred from doing business with governmental entities. This verification may be accomplished by checking the Excluded Parties List System maintained by the U.S. General Services Administration, obtaining a certification from the subrecipient, or adding a clause or condition to the subrecipient contracts.

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09-104

SNAP Cluster:

CFDA No.: 10.551 Supplemental Nutrition Assistance Program, #7AZ400AZ4

10.561 State Administrative Matching Grants for the Supplemental Nutrition Assistance Program, #7AZ400AZ4

10.561 ARRA—State Administrative Matching Grants for the Supplemental Nutrition Assistance Program, #7AZ400AZ4

U.S. Department of Agriculture

Award Period: October 1, 2007 through September 30, 2008

October 1, 2008 through September 30, 2009

Special Tests and Provisions

TANF Cluster:

CFDA No.: 93.558 Temporary Assistance for Needy Families, #s G0802AZTANF and G0902AZTANF

U.S. Department of Health and Human Services

Award Period: October 1, 2007 through September 30, 2008

October 1, 2008 through September 30, 2009

Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Eligibility

Questioned Cost: Unknown

Criteria: In accordance with 7 CFR §§274.7(b), 274.11(c), and 274.12(h)(3), the Department of Economic Security must adhere to control and security procedures for electronic benefits transfer (EBT) security requirements for establishing and maintaining EBT accounts.

Condition and context: The Department of Economic Security, Division of Benefits and Medical Eligibility, Family Assistance Administrative (FAA) Offices, did not always follow internal control policies and procedures for activating and issuing EBT cards for the Supplemental Nutrition Assistance Program and Temporary Assistance for Needy Families (TANF) cash assistance benefits to ensure that benefits were only issued to eligible recipients. Auditors performed observations at 10 of 97 FAA offices in May 2009, and noted that in 4 offices, the eligibility verification system was not secured when the computer was left unattended. In addition, in 1 office, the EBT card issuance log was not completed, and in 2 offices, the EBT cards were not safeguarded. Further, in 3 offices, the daily reconciliations of EBT cards issued and remaining were not always prepared. Further, during the period of July 1, 2008 through June 30, 2009, the Division identified the following two deficiencies: an employee manipulated the eligibility computer system to override requirements for supervisory review and an employee obtained an EBT card and changed the pin number to use a deceased participant's remaining benefits. No losses were sustained from these cases. This finding only affected the Supplemental Nutrition Assistance Program and TANF Program since EBT cards are not used for the other programs.

Effect: Not adhering to policies and procedures leaves the Division vulnerable to potential fraud, waste, and abuse. It was not practical to extend our auditing procedures sufficiently to determine questioned costs, if any, that may have resulted from this finding. This finding is a material weakness in internal control

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over compliance and material noncompliance with the Supplemental Nutrition Assistance Program Cluster's special tests and provisions requirements. It is also a material weakness in internal control over compliance and material noncompliance with the TANF Cluster's activities allowed or unallowed, allowable costs/cost principles, and eligibility requirements.

Cause: The Division did not monitor the local offices to ensure that they were following established procedures.

Recommendation: 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.

This finding was similar to a prior-year finding.

09-105
SNAP Cluster:
CFDA No.: 10.551 Supplemental Nutrition Assistance Program, #7AZ400AZ4
10.561 State Administrative Matching Grants for the Supplemental Nutrition Assistance Program, #7AZ400AZ4
10.561 ARRA—State Administrative Matching Grants for the Supplemental Nutrition Assistance Program, #7AZ400AZ4
U.S. Department of Agriculture
Award Period: October 1, 2007 through September 30, 2008
October 1, 2008 through September 30, 2009
Special Tests and Provisions
Questioned Cost: \$11,271

Criteria: In accordance with 7 CFR §273.2(a)(2), (b), and (f), the case files for food stamp recipients must support eligibility and benefit-level determinations. Further, in accordance with 7 CFR §272.10(b)(1), a food stamp system should be able to be updated for mass changes initiated at the state and federal levels.

Condition and context: The Department of Economic Security, Division of Benefits and Medical Eligibility, did not ensure all required documentation was included in case files for supplemental nutrition assistance recipients and all recipient information was accurately transferred into the eligibility verification system. Specifically, for 5 of 48 recipients tested, auditors noted the case files did not include rent or earned or unearned income verification documents used for determining benefit amounts, which resulted in benefit overpayments of \$11,271 for the benefit period. Additionally, for 4 of 48 recipients tested, the rent or income amounts were entered incorrectly into the eligibility verification system; however, the benefit payments were not affected for the benefit period. Additionally, the Division did not apply automated mass updates of federal allotments and standards used for benefit determination to all open cases. Specifically, for 1 of 48 recipients tested, auditors noted the federal maximum allotments and standard deduction amounts stored in the eligibility verification system were not updated to properly calculate the benefit amount, which resulted in an underpayment of \$150 for the benefit period. This finding only affected the Supplemental Nutrition Assistance Program since the finding did not affect administrative monies.

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Effect: Assistance may be granted to ineligible recipients or incorrect benefit determinations could be made that may result in over- or underpayments to recipients. 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 weakness in internal control over compliance and material noncompliance with the Cluster's special tests and provisions requirements.

Cause: The Division did not follow its policies and procedures to retain adequate verification documentation and to properly transfer recipient information into the eligibility verification system at the local offices. Further, the Division did not have procedures in place to ensure that mass changes to federal tables stored in the eligibility verification system were applied to all open cases.

Recommendation: The Division should enforce the following procedures to help ensure compliance with special tests and provision requirements.

- Retain its supplemental nutrition assistance recipients' verification documentation to support benefit authorizations.
- Document all required information in the eligibility verification system to help ensure that benefits are accurately calculated.

Further, the Division should perform tests on its system when mass changes to federal tables occur to help ensure that all open cases are properly updated.

09-106
CFDA No.: 17.225 Unemployment Insurance, #s UI-15108-06-55, UI-15785-07-55, UI-16733-08-55, and UI-18007-09-55
17.225 ARRA—Unemployment Insurance, # UI-18007-09-55
U.S. Department of Labor
Award Period: October 1, 2005 through September 30, 2008
October 1, 2006 through September 30, 2009
October 1, 2007 through September 30, 2010
October 1, 2008 through September 30, 2011
Special Tests and Provisions
Questioned Cost: N/A

Criteria: In accordance with 20 CFR §602.11(d), the Department of Economic Security is required to operate a Benefits Accuracy Measurement (BAM) program to assess the accuracy of unemployment insurance benefit payments and denied claims. The *Benefit Accuracy Measurement State Operations Handbook, ET Handbook No. 395, 4th Edition*, requires the Division to select a minimum number of payments and denied claims each week, quarter, and calendar year and review them for accuracy.

Condition and context: The Department of Economic Security, Employment Administration, Benefit Accuracy Measurement Unit, did not select the minimum weekly, quarterly, or annual number of benefit payments for testing. Specifically, for the last 3 weeks of calendar year 2008, the Unit selected 3 cases

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instead of the required minimum of 6; for the fourth quarter of calendar year 2008, the Unit selected 93 cases instead of the minimum of 108; and for calendar year 2008, the Unit selected 446 cases instead of the minimum of 480. This finding did not affect any American Recovery and Reinvestment Act (ARRA) monies since there were no ARRA benefit payments for calendar year 2008.

Effect: Failure to operate the BAM program in accordance with the requirements can result in noncompliance with federal regulations and failure to identify overpaid, underpaid, or erroneously denied claims. This finding is a significant deficiency in internal control over compliance and noncompliance with the Unemployment Insurance programs' special tests and provisions requirements.

Cause: Due to limited staff during the period, the Benefit Accuracy Measurement Unit was unable to test the minimum number of benefit payments.

Recommendation: The Benefit Accuracy Measurement Unit should test the minimum number of benefit payments for each week, quarter, or year to comply with federal guidelines.

09-107
CFDA No.: 17.225 **Unemployment Insurance, #s UI-15108-06-55, UI-15785-07-55, UI-16733-08-55, and UI-18007-09-55**
17.225 **ARRA—Unemployment Insurance, # UI-18007-09-55**
U.S. Department of Labor
Award Period: October 1, 2005 through September 30, 2008
October 1, 2006 through September 30, 2009
October 1, 2007 through September 30, 2010
October 1, 2008 through September 30, 2011
Reporting
Questioned Cost: N/A

Criteria: In accordance with 29 CFR §97.20(b)(6), amounts presented on the reports should agree to the entity's financial records.

Condition and context: The Department of Economic Security, Division of Employment and Rehabilitation Services, did not always follow its policies and procedures to ensure that information reported was supported by the Division's records. Specifically, the Division was unable to provide supporting documentation for various financial and nonfinancial data reported on its December 31, 2008, and June 30, 2009, ETA 581—Contribution Operations reports and its June 30, 2009, ETA-227—Overpayment Detection and Recovery Activities reports.

Effect: Incorrect financial and nonfinancial data may be submitted to the federal grantor, resulting in errors in analysis or other determinations. This finding did not result in questioned costs since these reports were not used to request reimbursement of federal expenditures. This finding is a significant deficiency in internal control over compliance and noncompliance with the Unemployment Insurance and ARRA—Unemployment Insurance programs' reporting requirements.

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Cause: The system-generated reports had programming deficiencies. As a result, the Division made unsupported manual adjustments to the ETA 581 and ETA 227 reports in order to agree to the ending balances on other system-generated reports.

Recommendation: The Division should investigate the system deficiencies and correct any faulty programming to ensure that internal reports are properly generated to support various financial and nonfinancial data. If manual adjustments are required, the Division should retain adequate supporting documentation for these adjustments.

This finding was similar to a prior-year finding.

09-108

WIA Cluster:

CFDA No.: 17.258 WIA Adult Program, #s AA-15466-06-55, AA-16015-07-55-A-4, AA-17107-08-55, and AA-18266-09-55

17.258 ARRA—WIA Adult Program, #AA-18266-09-55

17.259 WIA Youth Activities, #s AA-15466-06-55, AA-16015-07-55-A-4, AA-17107-08-55, and AA-18266-09-55

17.259 ARRA—WIA Youth Activities, #AA-18266-09-55

17.260 WIA Dislocated Workers, #s AA-15466-06-55, AA-16015-07-55-A-4, AA-17107-08-55, and AA-18266-09-55

17.260 ARRA—WIA Dislocated Workers, #AA-18266-09-55

U.S. Department of Labor

Award Period: April 1, 2006 through June 30, 2009

April 1, 2007 through June 30, 2010

April 1, 2008 through June 30, 2011

April 1, 2009 through June 30, 2012

Reporting

Questioned Cost: N/A

Criteria: In accordance with 20 CFR §667.300, states must report financial, participant, and performance data in accordance with instructions issued by the U.S. Department of Labor.

Condition and context: The Department of Economic Security, Division of Employment and Rehabilitation Services, Employment Administration, and Financial Services Administration did not accurately prepare the ETA-9130 Financial Reports during fiscal year 2009. While performing test work on 24 reports, auditors noted for grant award AA-17107-08-55, the Financial Services Administration omitted administrative expenditures totaling \$4,940 on the September 30, 2008, local adult report. In addition, the Employment Administration understated the federal share of expenditures by \$7,537 on the June 30, 2009, ARRA local youth report and understated the federal share of expenditures by \$559 on the June 30, 2009, ARRA rapid response dislocated workers report.

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Effect: This finding did not result in questioned costs since the reports were not used to request reimbursement of federal expenditures. This finding is a significant deficiency in internal control over compliance and noncompliance with the Cluster's reporting requirements.

Cause: The Administrations did not adequately review the ETA-9130 reports to ensure the amounts reported were accurate.

Recommendation: The Administrations' supervisors should review the reports for accuracy by comparing them to the Department's financial records prior to submission to the U.S. Department of Labor.

09-109

Vocational Rehabilitation Cluster:

CFDA No.: 84.126 Rehabilitation Services—Vocational Rehabilitation Grants to States, #s H126A070002, H126A080002, and H126A090002

U.S. Department of Education

Award Period: October 1, 2006 through September 30, 2008
October 1, 2007 through September 30, 2009
October 1, 2008 through September 30, 2010

Eligibility

Questioned Cost: N/A

Criteria: In accordance with 29 U.S. Code 722(a)(6), the Department of Economic Security must determine whether an individual is eligible for Vocational Rehabilitation services within a reasonable period of time, not to exceed 60 days, after the individual has submitted an application for the services, unless exceptional and unforeseen circumstances beyond the control of the Department exist or the Department is exploring the individual's abilities, capabilities, and capacity in order to be able to make the eligibility determination.

Condition and context: The Department of Economic Security, Division of Employment and Rehabilitation Services, Rehabilitation Services Administration, did not always follow its policies and procedures to ensure compliance with eligibility requirements. While performing test work, auditors noted the Administration did not always determine the applicant's eligibility for vocational rehabilitation services within 60 days of the application submission date. Specifically, for 12 of 55 applicants tested, it took the Administration between 62 and 258 days to determine if the applicants were eligible for the program. In addition, the Administration did not retain documentation indicating why the 60-day period was exceeded with either an extension letter signed by both the Administration and applicant or the Administration's continued exploration of the applicant's abilities, capabilities, and capacity to perform in work situations.

Effect: This finding is a material weakness in internal control over compliance and material noncompliance with the program's eligibility compliance requirements.

Cause: The Administration did not monitor open applications to make eligibility determinations within the 60-day requirement.

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Recommendation: The Administration should determine an applicant's eligibility within 60 days of the application submission date. If an applicant's eligibility cannot be determined within 60 days, the Administration should maintain documentation indicating justification for exceeding the 60-day period.

This finding was similar to a prior-year finding.

09-110

Vocational Rehabilitation Cluster:

CFDA No.: 84.126 Rehabilitation Services—Vocational Rehabilitation Grants to States, #s H126A070002, H126A080002, and H126A090002

U.S. Department of Education

Award Period: October 1, 2006 through September 30, 2008

October 1, 2007 through September 30, 2009

October 1, 2008 through September 30, 2010

Reporting

Questioned Cost: N/A

Criteria: In accordance with 29 U.S. Code 721(a)(10) and 34 CFR §361.40, the Department of Economic Security should review the required federal reports for accuracy before submitting them to the U.S. Department of Education.

Condition and context: The Department of Economic Security, Division of Employment and Rehabilitation Services, Rehabilitation Services Administration (RSA), and the Financial Services Administration (FSA) did not accurately prepare the RSA-2 Program Cost Report and the SF-269 Federal Status Report during fiscal year 2009. While performing test work, auditors noted the RSA understated total Section 110 monies expended on services by \$160,015 on the December 2008, RSA-2 Program Cost Report. In addition, auditors noted the FSA misallocated Social Security Administration program income disbursed that understated Vocational Rehabilitation program monies and overstated Independent Living program monies by \$1,297 on the December 31, 2008, SF-269 Financial Status Report.

Effect: Noncompliance with federal regulations and failure to report accurate financial information may result in errors in analysis or other determinations. This finding did not result in questioned costs since these reports were not used to request reimbursement of federal expenditures. This finding is a significant deficiency in internal control over compliance and noncompliance with the program's reporting requirements.

Cause: The RSA and FSA did not follow the federal guidelines when preparing the reports and did not verify the accuracy of the calculations used when compiling the reports.

Recommendation: The RSA and FSA should review all reports for accuracy before the reports are submitted to the U.S. Department of Education and should ensure that federal guidelines are followed when preparing the reports.

This finding was similar to a prior-year finding.

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09-111

TANF Cluster:

CFDA No.: 93.558 Temporary Assistance for Needy Families, #s G0802AZTANF and G0902AZTANF

U.S. Department of Health and Human Services

Award Period: October 1, 2007 through September 30, 2008

October 1, 2008 through September 30, 2009

Special Tests and Provisions

Questioned Cost: N/A

Criteria: In accordance with 45 CFR §§205.55(a) and 205.60(a), income and benefit information must be requested from other federally assisted programs and federal agencies through automated data exchanges and used for identifying ineligible recipients. In addition, the information used in supporting its verification of wage and unemployment compensation through the data exchange must be retained.

Condition and context: The Department of Economic Security, Division of Benefits and Medical Eligibility, did not always follow its internal control policies and procedures to ensure that the required data was received, used, and maintained in accordance with federal regulations. In 14 of 48 case files tested, the Division did not retain documents supporting its verification of wage and unemployment compensation through the data exchange even though it retained documents in the recipients' case files supporting its eligibility and benefit determinations. In addition, for all 48 cases tested, the Division did not disseminate the federal tax return information received from the Internal Revenue Service to the local offices for verification of and comparison to applicants' and recipients' unearned income records.

Effect: Assistance may be granted to ineligible recipients or incorrect benefit determinations may result in over or underpayments. This finding is a material weakness in internal control over compliance and material noncompliance with the Cluster's special tests and provisions requirements.

Cause: The Division did not test its new method of disseminating the data exchange information and the data became corrupted. Further, the Division did not retain the printed reports so they could be disseminated to the local offices for use in wage verifications.

Recommendation: The Division should ensure that a viable copy of the data exchange information is sent to its local offices and the Division should monitor adherence to its policies and procedures for documenting its use of the data exchange process.

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09-112

TANF Cluster:

CFDA No.: 93.558 Temporary Assistance for Needy Families, #s G0802AZTANF and G0902AZTANF

U.S. Department of Health and Human Services

Award Period: October 1, 2007 through September 30, 2008

October 1, 2008 through September 30, 2009

Reporting

Questioned Cost: N/A

Criteria: In accordance with 45 CFR §§265.7(b)(1) and 265.7(b)(3), the data reported on the quarterly TANF Data Report must be complete and accurately reflect information available in case records, financial records, and automated data systems. In addition, in accordance with 45 CFR §265.9(c)(5), the average monthly total number or the total number of eligible families served for which maintenance of effort (MOE) expenditures are claimed at fiscal year-end must be reported on the Annual Report on State Maintenance-of-Effort Programs.

Condition and context: The Department of Economic Security did not accurately prepare its quarterly TANF Data Reports and Annual Report on State Maintenance-of-Effort Programs. Specifically, the Division of Benefits and Medical Eligibility's Family Assistance Administration did not accurately report child care and work participation data on the TANF Data Report. While performing test work, auditors noted for 4 of 24 items tested, the child care data reported did not agree to the child care information tracking system. In addition, the Division of Business and Finance's Policy and Planning Administration did not include 5,396 families in the total number of families served under the TANF program with MOE expenditures reported on the Annual Report on State Maintenance-of-Effort Programs during fiscal year 2009 for the Jobs Program line item.

Effect: Incorrect data was submitted to the federal government. This finding is a significant deficiency in internal control over compliance and noncompliance with the Cluster's reporting requirements.

Cause: The Family Assistance Administration did not extract updated child care data before compiling the TANF Data Report. In addition, the Policy and Planning Administration did not have procedures to perform reviews on its Annual Report on State Maintenance-of-Effort Programs.

Recommendation: The Family Assistance Administration should extract updated child care data to correspond with the TANF Data Report submission dates. In addition, the Policy and Planning Administration should require supervisors to review reports and underlying data prior to submission of the Annual Report on State Maintenance-of-Effort Programs.

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09-113

CFDA No.: 93.563 **Child Support Enforcement, #s G0804AZ4004 and G0904AZ4004**
93.563 **ARRA—Child Support Enforcement, #G0904AZ4002**

U.S. Department of Health and Human Services

Award Period: October 1, 2007 through September 30, 2008
October 1, 2008 through September 30, 2009

Special Tests and Provisions

Questioned Cost: N/A

Criteria: In accordance with 45 CFR §§302.33, 303.2(b), 303.4(d), and 303.7(b)(2), the Department of Economic Security is required to establish support obligations, process interstate cases, and open a case within specific time frames.

Condition and context: The Department of Economic Security, Division of Child Support Enforcement, did not always follow its internal control policies and procedures to ensure compliance with special tests and provisions requirements for establishing support obligations, processing interstate cases, and establishing new cases. For 3 of 53 cases tested, the Division did not refer the noncustodial parent to the Office of the Attorney General or pursue other actions to establish a child support order within 90 days after it located the noncustodial parent. Specifically, one case was never referred to the Office of the Attorney General, one case was referred after 245 days, and one case was initially referred in 41 days but was returned for missing information and the missing information was not provided until 81 days later. In addition, for 1 of 10 cases tested, the Division never referred an interstate IV-D case to the applicable state's interstate central registry for action after it determined the noncustodial parent was in a different state. Finally, for 6 of 77 cases tested, the Division failed to establish new cases within 20 days after receiving a case referral or an application. Specifically, the Division took between 24 and 155 days to complete this process.

Effect: Failure to meet the time frames specified by the federal regulations could result in delays in providing financial support to the custodial parents. This finding is a material weakness in internal control over compliance and material noncompliance with the Child Support Enforcement and ARRA—Child Support Enforcement program's special tests and provisions requirements.

Cause: The Division did not always follow its policies and procedures to check work lists to ensure that cases were processed within the specified time frames.

Recommendation: The Division should ensure that case workers check the work lists on a regular basis or develop other means to notify the case worker of critical due dates.

This finding was similar to a prior-year finding.

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09-114

CFDA No.: 93.563 **Child Support Enforcement, #s G0804AZ4004 and G0904AZ4004**
93.563 **ARRA—Child Support Enforcement, #G0904AZ4002**

U.S. Department of Health and Human Services

Award Period: October 1, 2007 through September 30, 2008
October 1, 2008 through September 30, 2009

Reporting

Questioned Cost: \$26,079

Criteria: The reporting instructions for the OCSE-396A, Quarterly Report of Expenditures and Estimates state that expenditures must be actual, verifiable transactions supported by readily available accounting records and source documentation or an approved cost allocation plan, as applicable.

Condition and context: The Department of Economic Security, Financial Services Administration, overstated the federal share of lab/paternity fees on its March 2009 OCSE-396A Quarterly Report of Expenditures and Estimates by \$26,079. These expenditures were included in both IV-D and non-IV-D administrative costs.

Effect: Reporting duplicate expenditures results in questioned costs and unallowable activities. 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 significant deficiency in internal control over compliance and noncompliance with the Child Support Enforcement and ARRA—Child Support Enforcement program's reporting requirements.

Cause: The Administration did not adequately review or compare the report against financial system records in order to identify the data entry error.

Recommendation: The Administration should review reports to ensure that they agree to supporting financial records prior to submission.

09-115

CFDA No.: 93.563 **Child Support Enforcement, #s G0804AZ4004 and G0904AZ4004**
93.563 **ARRA—Child Support Enforcement, #G0904AZ4002**

U.S. Department of Health and Human Services

Award Period: October 1, 2007 through September 30, 2008
October 1, 2008 through September 30, 2009

Subrecipient Monitoring

Questioned Cost: Unknown

Criteria: In accordance with the Department of Economic Security's grant agreements, if a subrecipient intends to claim reimbursement for indirect costs, it shall provide the Department with a copy of its cost allocation plan. The plan shall comply with the standards contained in OMB Circular A-87, and be subject to written approval from the Department. The Department shall provide approval prior to the date of any period for which reimbursement is requested.

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Condition and context: The Department of Economic Security, Division of Child Support Enforcement, did not review or approve its subrecipients' cost allocation plans prior to reimbursing indirect costs as required by its grant agreements. However, the Division reviewed its subrecipients' program budgets, which included indirect costs that were based on the cost allocation plans, but did not provide written approval. This finding only affected the Child Support Enforcement program since ARRA monies were not passed through to subrecipients.

Effect: Since indirect costs were allowable program expenditures, 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 did not result in noncompliance with OMB Circular A-87 since the subrecipients also received direct federal funding; therefore, the Division was not responsible for negotiating indirect cost rates or monitoring subrecipients' cost allocation plans. However, this finding is a significant deficiency in internal control over compliance and noncompliance with the Division's grant agreements and the Child Support Enforcement program's subrecipient monitoring requirements.

Cause: Although the Division did have a policy to review and approve program budgets containing indirect costs, it did not have procedures for reviewing and approving subrecipients' cost allocation plans prior to reimbursing indirect costs.

Recommendation: The Division should develop and implement detailed written procedures to provide written approval of subrecipients' cost allocation plans as required by its grant agreements.

09-116

CFDA No.: 93.563 Child Support Enforcement, #s G0804AZ4004 and G0904AZ4004
93.563 ARRA—Child Support Enforcement, # G0904AZ4002

CFDA No.: 93.566 Refugee and Entrant Assistance—State Administered Programs, # G04AAAZ9110
U.S. Department of Health and Human Services

Award Period: October 1, 2003 through September 30, 2004
October 1, 2007 through September 30, 2008
October 1, 2008 through September 30, 2009

Reporting

Questioned Cost: N/A

Criteria: The PSC-272 Federal Cash Transactions Report reporting instructions require the cumulative total of the federal share of net disbursements made against award authorizations up through the reporting period end date to be reported.

Condition and context: The Department of Economic Security, Financial Services Administration (FSA), did not accurately report amounts on the PSC-272 Federal Cash Transactions Report for the quarter ended June 30, 2009. While performing test work, auditors noted the amounts reported did not agree to the Department's financial records or the FSA reports for the period tested. Specifically, the Refugee and Entrant Assistance—State Administered Programs' expenditures reported were overstated by \$14,577 and the Child Support Enforcement program expenditures reported were understated by \$948,986. The Administration corrected the applicable cumulative amounts reported on the September 30, 2009, report. Further, this finding did not affect any ARRA monies, since the error did not involve that contract.

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Effect: This finding did not result in questioned costs since the PSC-272 Federal Cash Transactions Report was not used to request federal reimbursements. This finding is a significant deficiency in internal control over compliance and noncompliance with the Child Support Enforcement and the Refugee and Entrant Assistance—State Administered Programs' reporting requirements.

Cause: The Financial Services Administration did not adequately review the supporting records used to determine the total federal expenditures charged to the grant through the end of the reporting period.

Recommendation: The Financial Services Administration should perform a detailed review of the records used when determining amounts to be reported to federal agencies.

09-117

CFDA No.: 93.658 **Foster Care—Title IV-E, #s 0701AZ1401, 0801AZ1401, and 0901AZ1401**
93.658 **ARRA—Foster Care—Title IV-E, # 0901AZ1402**

U.S. Department of Health and Human Services

Award Period: October 1, 2006 through September 30, 2007

October 1, 2007 through September 30, 2008

October 1, 2008 through September 30, 2009

Eligibility

Questioned Cost: \$38,735

Criteria: In accordance with 42 U.S. Code 672(b) and (c), Foster Care benefit payments may be made only on behalf of a child who is in a foster family home that is licensed by the state in which it is situated.

Condition and context: The Department of Economic Security, Division of Children, Youth and Families, made payments under the Foster Care program to an unlicensed provider. Specifically, auditors noted, for 1 of 48 payments tested, payments from federal grant monies were paid to a provider that was not licensed by the Department's Office of Licensing, Certification, and Regulation. This resulted in questioned costs totaling \$35,788 for Foster Care—Title IV-E and \$2,947 for the ARRA—Foster Care—Title IV-E programs.

Effect: Using federal monies for payments to unlicensed providers resulted in questioned costs and unallowable expenditures. 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 significant deficiency in internal control over compliance and noncompliance with the Foster Care—Title IV-E and ARRA—Foster Care—Title IV-E programs' eligibility requirements.

Cause: The Division did not follow its policies and procedures to ensure that unlicensed providers were not paid with federal monies.

Recommendation: The Division should enforce its policies and procedures and regularly monitor all foster care cases to ensure that payments from federal monies are made only to licensed providers.

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09-118

TANF Cluster:

CFDA No.: 93.558 Temporary Assistance for Needy Families, #s G0802AZTANF and G0902AZTANF

Medicaid Cluster:

CFDA No.: 93.775 State Medicaid Fraud Control Units

93.777 State Survey and Certification of Health Care Providers and Suppliers

93.778 Medical Assistance Program

93.778 ARRA—Medical Assistance Program

CFDA No.: 93.556 Promoting Safe and Stable Families, #s G0801AZFPSS and G0901AZFPSS

CFDA No.: 93.658 Foster Care—Title IV-E, #s 0701AZ1401, 0801AZ1401 and 0901AZ1401

CFDA No.: 93.658 ARRA—Foster Care—Title IV-E, # 0901AZ1402

CFDA No.: 93.659 Adoption Assistance, #s 0801AZ1407 and 0901AZ1407

CFDA No.: 93.659 ARRA—Adoption Assistance, #0901AZ1403

CFDA No.: 93.667 Social Services Block Grant, #s G0801AZSOSR and G0901AZSOSR

U.S. Department of Health and Human Services

Award Period: October 1, 2006 through September 30, 2007

October 1, 2007 through September 30, 2008

October 1, 2007 through September 30, 2009

October 1, 2008 through September 30, 2009

October 1, 2008 through September 30, 2010

Activities Allowed or Unallowed and Allowable Costs/Cost Principles

Questioned Cost: \$36,840

Criteria: In accordance with 2 CFR §225 Appendix A, §§C.1.c, and C.3.a, a cost must be allowable and meet certain criteria to be allocable. The Department of Economic Security, Division of Children, Youth, and Families' policies and procedures require that employees on educational leave charge a specific cost pool in order to be properly allocated.

Condition and context: Employees did not always charge educational leave on their time sheets to the appropriate cost allocation pool, and the employees' supervisors did not detect these errors when reviewing employee time sheets. Therefore, payroll expenditures for Foster Care—Title IV-E employees on educational leave were incorrectly allocated to the Adoption Assistance, Medical Assistance Program, Promoting Safe and Stable Families (PSSF), Social Services Block Grant (SSBG), and TANF programs. The Division subsequently made corrections to the proper programs; however, the corrections were inaccurate and incomplete, resulting in \$36,840 of uncorrected costs. This finding did not affect any ARRA monies since the costs were not allocated to ARRA programs.

Effect: Failure to charge time for educational leave to the appropriate cost allocation pool can result in questioned costs and unallowable expenditures. It was not practical to extend our auditing procedures sufficiently to determine the amounts of questioned costs for each program affected or whether any additional questioned costs resulted from this finding. This finding is a significant deficiency in internal control over compliance for the Division and the Foster Care—Title IV-E program, but is not a deficiency in internal control over compliance for the Adoption Assistance, Medical Assistance Program, PSSF, SSBG, and TANF Cluster. However, this finding does result in noncompliance with the programs' activities allowed or unallowed and allowable costs/cost principles requirements.

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Cause: The Department of Economic Security, Division of Children, Youth, and Families did not always follow its internal control procedures to ensure that the expenditures for educational leave were properly reviewed and accurately charged to federal programs.

Recommendation: The Division should require supervisors to carefully review and approve employee time sheets to help ensure that payroll expenditures for Foster Care employees on educational leave are charged accurately to the Foster Care—Title IV-E program.

This finding was similar to a prior-year finding.

09-119

Disability Insurance/SSI Cluster:

CFDA No.: 96.001 **Social Security—Disability Insurance, #'s 040804AZD100 and 040904AZD100**

Social Security Administration

Award Period: October 1, 2007 through September 30, 2008

October 1, 2008 through September 30, 2009

Reporting

Questioned Cost: N/A

Criteria: The Social Security Administration's (SSA) Program Operations Manual System policy instructions, §§DI 39506.231 and DI 39506.210 should be followed to report the hours worked by staffing category and employment status, such as full-time, part-time, or temporary, accurately on the quarterly Time Report of Personnel Service for Disability Determination Services (SSA-4514) reports and to report cumulative obligations by line item for the fiscal year accurately on the quarterly State Agency Report of Obligations for SSA Disability Programs (SSA-4513) reports.

Condition and context: The Department of Economic Security, Disability Determination Services Administration, did not have adequate internal control policies and procedures to ensure its SSA-4514 reports were accurately prepared. Specifically, auditors noted the activity hours reported on the March 31, 2009, SSA-4514 report did not agree to the time sheets for 7 of 20 employees tested. These errors resulted in an overstatement of 48.5 supporting hours worked and an understatement of 5.5 leave hours taken. This also resulted in an overstatement of 54.3 total hours worked and total duty hours reported on the report's accompanying supporting schedule. In addition, the Administration did not properly calculate the amount of SSA leave hours taken since it used an incorrect percentage to apply the non-SSA leave hours in the supporting schedules which resulted in an understatement of 49.9 SSA leave hours on the SSA-4514 report. Further, while performing tests over program expenditures, auditors noted 2 consultative examination expenditures were not accurately recorded in the accounting system, resulting in an understatement of \$124 for concurrent supplemental security income/disability insurance claims and an overstatement of \$124 for supplemental security income claims on the March 31, 2009, SSA-4513 report, and an understatement of \$124 of supplemental security income claims and an overstatement of \$124 of disability insurance claims on the June 30, 2009, SSA-4513 report.

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Effect: This finding did not result in a questioned cost since the reports were not used to request reimbursement of federal expenditures. This finding is a significant deficiency in internal control over compliance and noncompliance with the program's reporting compliance requirements.

Cause: The Administration did not adequately review or reconcile its federal reports to supporting records. In addition, the Administration did not adequately review the expenditure transactions to ensure that they were recorded properly on its general ledger system used to prepare the SSA-4513 report.

Recommendation: The Administration should establish a review process to help ensure federal reports are accurate before they are submitted to the Social Security Administration. This review should include:

- Reconciling its federal reports to supporting records and schedules.
- Ensuring report information is accurately accumulated and classified.

Further, the Administration should require supervisors to review expenditure transactions to help ensure that they are properly classified in its general ledger system.

This finding was similar to a prior-year finding.

09-120

SNAP Cluster:

CFDA No.: 10.551 Supplemental Nutrition Assistance Program, # 7AZ400AZ4

10.561 State Administrative Matching Grants for the Supplemental Nutrition Assistance Program, # 7AZ400AZ4

10.561 ARRA—State Administrative Matching Grants for the Supplemental Nutrition Assistance Program, # 7AZ400AZ4

U.S. Department of Agriculture

Award Period: October 1, 2007 through September 30, 2008

October 1, 2008 through September 30, 2009

CFDA No.: 17.225 Unemployment Insurance, #s UI-15108-06-55, UI-15785-07-55, UI-16733-08-55, and UI-18007-09-55

17.225 ARRA—Unemployment Insurance, # UI-18007-09-55

U.S. Department of Labor

Award Period: October 1, 2005 through September 30, 2008

October 1, 2006 through September 30, 2009

October 1, 2007 through September 30, 2010

October 1, 2008 through September 30, 2011

Vocational Rehabilitation Cluster:

CFDA No.: 84.126 Rehabilitation Services—Vocational Rehabilitation Grants to States, #s H126A070002, H126A080002, and H126A090002

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U.S. Department of Education

Award Period: October 1, 2006 through September 30, 2008
October 1, 2007 through September 30, 2009
October 1, 2008 through September 30, 2010

TANF Cluster:

CFDA No.: 93.558 Temporary Assistance for Needy Families, #s G0802AZTANF and G0902AZTANF

CCDF Cluster:

CFDA No.: 93.575 Child Care and Development Block Grant, #s G0801AZCCDF and G0901AZCCDF
93.596 Child Care Mandatory and Matching Funds of the Child Care and Development Fund,
#s G0801AZCCDF and G0901AZCCDF
93.713 ARRA—Child Care and Development Block Grant, # G0901AZCCD7

U.S. Department of Health and Human Services

Award Period: October 1, 2007 through September 30, 2008
October 1, 2008 through September 30, 2009
October 1, 2008 through September 30, 2010

Disability Insurance/SSI Cluster:

CFDA No.: 96.001 Social Security—Disability Insurance, #s 040804AZD100 and 040904AZD100

Social Security Administration

Award Period: October 1, 2007 through September 30, 2008
October 1, 2008 through September 30, 2009

Allowable Costs/Cost Principles

Questioned Cost: \$8,820

Criteria: In accordance with 2 CFR §225, Appendix B, 15.b.(5), equipment and other capital expenditures are unallowable as indirect costs; however, they are allowable only through depreciation or use allowances.

Condition and context: The Department of Economic Security allocated a capital expenditure to federal programs. Specifically, auditors noted that for 1 of 55 expenditures tested, the Department charged \$8,820 for a vehicle to its modified direct total cost pool that was subsequently allocated to various federal programs.

Effect: Allocating capital expenditures to indirect cost pools can result in unallowable costs, duplication of costs if depreciation is also charged, and noncompliance with cost principles. It was not practical to extend our auditing procedures sufficiently to determine the amounts of questioned costs for each program affected or whether any additional questioned costs resulted from this finding. This finding results in noncompliance with allowable costs/cost principles requirements for the programs listed above.

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Cause: The Department inadvertently charged a capital equipment item to a cost allocation pool that was subsequently allocated to federal programs.

Recommendation: The Department should ensure that the purchase costs of capital equipment items are not allocated to federal programs when purchased, but rather allocated through depreciation expense or use allowances over their useful lives.

09-121

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, 2007 through September 30, 2008

October 1, 2008 through September 30, 2009

Title I, Part A Cluster:

CFDA No.: 84.010 Title I Grants to Local Educational Agencies, #s S010A060003, S010A070003, and S010A080003

84.389 Title I Grants to Local Educational Agencies, Recovery Act, # S389A090003

Special Education Cluster (IDEA):

CFDA No.: 84.027 Special Education—Grants to States, #s H027A060007, H027A070007, and H027A080007

84.173 Special Education—Preschool Grants, #s H173A060003, H173A070003, and H173A080003

CFDA No.: 84.367 Improving Teacher Quality State Grants, #s S367A060049, S367B060003, S367A070049, S367B070003, S367A080049, and S367B080003

U.S. Department of Education

Award Period: July 1, 2006 through September 30, 2007

July 1, 2007 through September 30, 2008

July 1, 2008 through September 30, 2009

Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Cash Management, Reporting, and Subrecipient Monitoring

Questioned Cost: Unknown

Criteria: States should have effective computer access controls to prevent and detect unauthorized use, damage, loss, or modification of data, including sensitive and confidential information.

Condition and context: The Department of Education's Child Nutrition Program (CNP) Web application, Grants Management Enterprise System (Grants Management), the Arizona Local Education Agency Tracker (ALEAT), and the School Finance applications were used by internal and external users to apply for, approve, and disburse federal grant awards; record federal award expenditures and budget

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information; and report and monitor compliance with federal requirements. The Department granted logical access for these systems and applications to its users through a centralized gateway. Auditors tested access controls and determined that there were inadequate controls over logical access to these systems. Specifically, auditors noted the following deficiencies:

- For 5 of 15 employee users tested for Grants Management, the Department did not have documentation authorizing the user's access. Specifically, there was no documentation of approval and the access levels granted. Further, 4 of these employees had access rights that were incompatible with their job responsibilities or that allowed them to change data without supervisory review or approval.
- For 4 of 5 employee users tested for the CNP Web application, the Department did not have documentation authorizing the user's access. Specifically, there was no documentation of approval and the access levels granted.
- For 2 of 48 external users tested for the CNP Web application, the Department did not have documentation authorizing the user's access.
- The Department did not require users to periodically change passwords for the centralized gateway.
- The Department did not have procedures in place to obtain and retain documentation of access granted to external users of the ALEAT and School Finance applications, including the Student Accountability Information System (SAIS).

Effect: There is a risk of noncompliance with federal requirements and of theft, manipulation, or misuse of confidential or sensitive data by unauthorized users or by users who were not monitored. It was not practical to extend our auditing procedures sufficiently to determine questioned costs, if any, that may have resulted from this finding. This finding is a material weakness in internal control over compliance with the programs' and clusters' activities allowed or unallowed, allowable costs/cost principles, cash management, reporting, and subrecipient monitoring requirements. In addition, this finding could potentially affect other federal programs, including ARRA programs, the Department administered.

Cause: The Department did not follow its policies and procedures or lacked policies and procedures for granting access to internal and external users for its significant applications and systems. Further, the Department did not ensure that employees' access to Grants Management was compatible with their assigned responsibilities. Further, while the current centralized gateway did not require periodic password changes, the Department was in the process of replacing this centralized gateway to its systems and will require periodic password changes.

Recommendation: To strengthen access controls over its applications and systems, and to help ensure compliance with federal requirements, the Department should:

- Ensure that access granted to internal and external users is documented and authorized. Internal users should only be granted access rights that are compatible with their job responsibilities.

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- Periodically evaluate and update access granted to all of its applications and systems.
- Require users to periodically change passwords for the centralized gateway.
- Establish policies and procedures for granting access to external users for the ALEAT and School Finance applications.

This finding was similar to a prior-year finding.

09-122

Title I, Part A Cluster:

CFDA No.: 84.010 **Title I Grants to Local Educational Agencies, #s S010A060003, S010A070003, and S010A80003**

84.389 **Title I Grants to Local Educational Agencies, Recovery Act, # S389A090003**

CFDA No.: 84.367 **Improving Teacher Quality State Grants, #s S367A060049, S367B060003, S367A070049, S367B070003, S367A080049, and S367B080003**

U.S. Department of Education

Award Period: July 1, 2006 through September 30, 2007

July 1, 2007 through September 30, 2008

July 1, 2008 through September 30, 2009

Subrecipient Monitoring

Questioned Cost: Unknown

Criteria: According to 34 CFR §80.40(a) and OMB Circular A-133, §.400(d)(3), grantees must 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. Therefore, the Department of Education is responsible for identifying the federal award information, including applicable compliance requirements, and monitoring subrecipients' uses of federal awards through reporting, site visits, and regular contacts. As such, the Department requires each subrecipient to affirm in writing, through Statements of Assurance, that it is aware of the applicable compliance requirements and the Department's policies and procedures. The Department also performs monitoring reviews of subrecipients' activities on a 6-year cycle, each year reviewing a different aspect of the program.

Condition and context: The Department of Education did not obtain Statements of Assurance and did not always monitor or maintain regular contact with its subrecipients during the year. In addition, the Department did not always follow up in a timely manner with subrecipients who were found to be in noncompliance with requirements. Specifically, auditors noted the following deficiencies:

- None of the 28 Local Education Agencies (LEAs) tested that were required to provide Statements of Assurance did so.
- For 5 of 40 LEAs tested, the Department did not perform the monitoring review.
- For 3 of 40 LEAs tested, the Department did not follow up in a timely manner on noncompliance issues.

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Effect: There is an increased risk of noncompliance with all applicable compliance requirements because the Department did not perform adequate monitoring procedures to determine whether LEAs complied. It was not practical to extend our auditing procedures sufficiently to determine questioned costs, if any, that may have resulted from this finding. This finding is a material weakness in internal control over compliance and material noncompliance with the cluster's or program's subrecipient monitoring requirements. This finding could also affect other federal programs, including ARRA programs, the Department administered.

Cause: The Department implemented the ALEAT system to track its monitoring reviews. However, due to the learning process and problems encountered with the system's implementation, the Department did not perform all of its monitoring reviews and follow up with LEAs. Further, the Department overlooked requesting the Statements of Assurance that provided written affirmation that subrecipients were aware of compliance requirements.

Recommendation: To help ensure that it complies with subrecipient monitoring requirements, the Department should follow its policies and procedures and:

- Maintain regular contact with subrecipients and ensure that they are aware of the applicable compliance requirements.
- Perform all monitoring reviews of its subrecipients annually.
- Follow up on noncompliance issues with subrecipients in a timely manner.

09-123

Title I, Part A Cluster:

CFDA No.: 84.010 Title I Grants to Local Educational Agencies, #s S010A060003, S010A070003, and S010A80003

84.389 Title I Grants to Local Educational Agencies, Recovery Act, # S389A090003

Special Education Cluster (IDEA):

CFDA No.: 84.027 Special Education—Grants to States, #s H027A060007, H027A070007, and H027A080007

84.173 Special Education—Preschool Grants, #s H173A060003, H173A070003, and H173A080003

CFDA No.: 84.367 Improving Teacher Quality State Grants, #s S367A060049, S367B060003, S367A070049, S367B070003, S367A080049, and S367B080003

U.S. Department of Education

Award Period: July 1, 2006 through September 30, 2007

July 1, 2007 through September 30, 2008

July 1, 2008 through September 30, 2009

Cash Management and Subrecipient Monitoring

Questioned Cost: Unknown

Criteria: As required by 34 CFR §80.21, states should have procedures in place to minimize the time elapsing between the transfer of monies to and disbursement by the LEAs. The

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LEAs may be paid in advance, provided they maintain or demonstrate the willingness and ability to maintain procedures to minimize the time elapsing between the receipt of the monies and their disbursement.

Condition and context: The Department of Education required that LEAs request monies for federal grants by submitting monthly cash management reports through Grants Management. At the end of each award period, the Department required LEAs to submit completion reports, which were considered the projects' final cash management reports. Subrecipients that reported any cash balances on the completion reports were required to amend the subsequent year's project budgets for any cash balances. However, the Department did not require subrecipients to submit amendments immediately or spend their cash balances in a timely manner and still transferred monies to LEAs for subsequent projects. Specifically, auditors noted the following deficiencies:

- For 9 of 49 LEAs tested for the Title I, Part A Cluster, LEAs reported cash on hand ranging from \$730 to \$152,606.
- For 6 of 42 LEAs tested for the Improving Teacher Quality State Grants, LEAs reported cash on hand ranging from \$225 to \$252,189.
- For 2 of 50 LEAs tested for the Special Education Cluster, LEAs reported cash on hand ranging from \$8,826 to \$18,556.

Effect: LEAs had cash on hand and were still able to draw cash for the subsequent year's project. It was not practical to extend our auditing procedures sufficiently to determine questioned costs, if any, that may have resulted from this finding. This finding is a significant deficiency in internal control over compliance and noncompliance with the program's and clusters' cash management and subrecipient monitoring requirements and could potentially affect other federal programs, including ARRA programs, the Department administered.

Cause: The Department did not enforce its policy to require the LEAs to amend their subsequent year's projects for cash on hand within 60 days after it approved of their completion reports. In addition, Grants Management did not have an automatic check to prohibit disbursing cash to LEAs when they had cash on hand from a prior year's project.

Recommendation: The Department should require LEAs to amend their subsequent year's budgets for completion report cash balances immediately after the completion reports have been approved and should place current year projects on hold until their budgets have been amended, or require LEAs to remit unspent cash balances to the Department. In addition, the Department should ensure that all interest earned on unspent cash balances in excess of \$100 is returned at least quarterly.

This finding was similar to a prior-year finding.

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09-124

Title I, Part A Cluster:

CFDA No.: 84.010 Title I Grants to Local Educational Agencies, #s S010A060003, S010A070003, and S010A80003

84.389 Title I Grants to Local Educational Agencies, Recovery Act, # S389A090003

U.S. Department of Education

Award Period: July 1, 2006 through September 30, 2007

July 1, 2007 through September 30, 2008

July 1, 2008 through September 30, 2009

Subrecipient Monitoring

Questioned Cost: \$16,000

Criteria: As required by the American Recovery and Reinvestment Act of 2009, Section 1512(h) and 2 CFR §176.50(c), states should require LEAs applying for Title I Grants to Local Educational Agencies, Recovery Act, grant monies to have a current central contractor registration before awarding program monies.

Condition and context: During fiscal year 2009, the Department disbursed ARRA monies totaling \$16,000. This entire amount was disbursed to one LEA; however, the LEA was awarded the ARRA monies without having a central contractor registration.

Effect: The Department awarded ARRA program monies without ensuring that the LEA met the requirements. However, auditors were able to determine that the Department awarded the monies for allowable activities. This finding is a significant deficiency in internal control over compliance and noncompliance with the Cluster's subrecipient monitoring requirements. This finding could also affect other federal programs that were subject to ARRA requirements that the Department administered.

Cause: The Department was unaware of the requirements prior to distributing the ARRA monies. The Department's existing policies and procedures required subrecipients to have a current central contractor registration prior to the ARRA, Section 1512, reporting. However, the Department's policies and procedures did not ensure that LEAs had a current registration prior to being awarded ARRA monies.

Recommendation: The Department should revise its policies and procedures to require LEAs to obtain a central contractor registration before ARRA monies are applied for and received.

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Year Ended June 30, 2009

09-125

Title I, Part A Cluster:

CFDA No.: 84.010 Title I Grants to Local Educational Agencies, #s S010A060003, S010A070003, and S010A80003

84.389 Title I Grants to Local Educational Agencies, Recovery Act, # S389A090003

CFDA No.: 84.367 Improving Teacher Quality State Grants, #s S367A060049, S367B060003, S367A070049, S367B070003, S367A080049, and S367B080003

U.S. Department of Education

Award Period: July 1, 2006 through September 30, 2007

July 1, 2007 through September 30, 2008

July 1, 2008 through September 30, 2009

Eligibility and Special Tests and Provisions

Questioned Cost: N/A

Criteria: The Department of Education should maintain internal controls over federal programs to provide reasonable assurance that it is managing federal awards in compliance with laws and regulations as required by OMB Circular A-133, §.300(b). Specifically, there should be an adequate separation of responsibilities between performing, reviewing, and recordkeeping. Internal control procedures should also require an independent employee to verify the accuracy of information used to determine eligibility and allocate federal award monies.

Condition and context: The Department of Education prepared the LEA eligibility determinations and funding allocations for the Improving Teacher Quality State Grants program using the prior year's total award amount, and therefore, allocated the wrong award amounts to LEAs for fiscal year 2009. Furthermore, there was no evidence that an independent review of the eligibility determinations and funding allocations had taken place. In addition, the Department could not locate the schedule prepared to calculate LEAs' eligibility and funding allocations to new or significantly expanded charter schools during fiscal year 2009 for the Title I, Part A Cluster and Improving Teacher Quality State Grants program.

Effect: As a result of using the prior year's award amount for allocating the Improving Teacher Quality State Grants program monies, \$215,493 was unallocated and not awarded to LEAs. In addition, there was no documentation supporting the amounts allocated to new or significantly expanded charter schools for the Title I, Part A Cluster and Improving Teacher Quality State Grants program, auditors were unable to verify whether LEAs were allocated the correct amounts of federal award monies. This finding is a significant deficiency in internal control over compliance and noncompliance with the cluster's and program's eligibility requirements and special tests and provisions. This finding could also affect other federal programs, including ARRA programs, the Department administered.

Cause: The Department assigned one employee to prepare the LEA eligibility determinations and funding allocations and had no policies and procedures in place to require an independent employee to review the work.

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Year Ended June 30, 2009

Recommendation: To help ensure that federal award monies are allocated to LEAs correctly and in accordance with the Cluster's and Program's eligibility requirements and special tests and provisions, the Department should assign an independent employee to review the LEA eligibility determinations and funding allocations before awarding and disbursing program monies to LEAs. In addition, the Department should retain documentation supporting eligibility determinations and funding allocations.

This finding was similar to a prior-year finding.

09-126

Special Education Cluster (IDEA):

CFDA No.: 84.027 Special Education—Grants to States, #s H027A060007, H027A070007, and H027A080007

84.173 Special Education—Preschool Grants, #s H173A060003, H173A070003, and H173A080003

U.S. Department of Education

Award Period: July 1, 2006 through September 30, 2007

July 1, 2007 through September 30, 2008

July 1, 2008 through September 30, 2009

Reporting

Questioned Cost: Unknown

Criteria: According to 34 CFR §300.640, states must annually submit an unduplicated count of children with disabilities receiving special education and related services. Additionally, 34 CFR §300.645(c) requires states to obtain certifications from each agency and institution that it performed an unduplicated and accurate count.

Condition and context: The Department of Education prepared census reports of children with disabilities from ages 3 to 21 who received special education and related services within the State using data from its Student Accountability Information System (SAIS). To validate the SAIS data's accuracy, the Department required the LEAs to verify in letters to the Department by November 14, 2008, their unduplicated student counts as of October 1, 2008. However, the Department did not reconcile the verification letters to the SAIS data to validate the accuracy of the Report of Children with Disabilities Receiving Special Education, Part B, submitted on February 1, 2009, until after June 30, 2009. Specifically, auditors noted that for 27 of 50 LEAs tested, the counts in the verification letters did not match the SAIS data.

Effect: An incorrect count of children with disabilities could affect the funding the Department receives in future years. Auditors performed additional procedures and determined that the discrepancies between the SAIS data and the unduplicated student counts verified by LEAs would not result in material noncompliance with the Cluster's reporting requirements. However, it was not practical to extend our auditing procedures sufficiently to determine questioned costs, if any, that may have resulted from this finding. This finding is a significant deficiency in internal control over compliance and noncompliance with the cluster's reporting requirements.

State of Arizona
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Cause: Inconsistencies between counts in the verification letters and SAIS data were caused by missing or incorrect data in SAIS due to LEAs' not updating information when required or not submitting data corrections in a timely manner. The Department began contacting the LEAs in August 2009 to identify reasons for the differences.

Recommendation: To help ensure that an accurate, unduplicated count of children with disabilities receiving special education and related services is reported, the Department should resolve differences between data recorded on SAIS and data reported by LEAs in verification letters prior to reporting the data to the federal grantor.

This finding was similar to a prior-year finding.

09-127

Homeland Security Cluster:

CFDA No.: 97.067 Homeland Security Grant Program, #s 2006-GE-T6-4007, 2007-SG-N6-0004, 2007-GE-T7-0006, 2007-SG-N6-0007, 2008-GE-T8-0021, and 2008-SG-T8-0007

U.S. Department of Homeland Security

Award Period: November 1, 2006 through September 30, 2008

November 1, 2006 through October 31, 2008

July 1, 2007 through June 30, 2010

September 1, 2008 through August 31, 2011

Equipment and Real Property Management

Questioned Cost: Unknown

Criteria: In accordance with 44 CFR §13.32(d)(1), for equipment acquired with federal program monies, states must maintain property records that include the item's description; a serial number or other identification number; the acquisition date; the item cost; percentage of federal participation in the item's cost; the item's location, use, and condition; and any ultimate disposition data, including the item's disposal date and sale price.

Condition and context: The Department of Public Safety did not have a complete and accurate listing of the Cluster's equipment.

Effect: Inadequate controls over the cluster's equipment results in increased risks of loss, theft, or mismanagement of the items. It was not practical to extend our auditing procedures sufficiently to determine questioned costs, if any, that may have resulted from this finding. This finding is a significant deficiency in internal control over compliance and noncompliance with the Cluster's Equipment and Real Property Management compliance requirements.

Cause: The Department did not establish adequate policies and procedures to allow them to prepare an equipment listing.

Recommendation: To comply with 44 CFR §13.32(d)(1), the Department should prepare and maintain a complete and accurate listing of the Cluster's equipment that includes all required information.

State of Arizona
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Year Ended June 30, 2009

09-128

Research and Development Cluster

All Arizona State University Research and Development grants and contracts

Award Period: Various

Allowable Costs/Cost Principles

Questioned Cost: \$81,212

Criteria: In accordance with OMB Circular A-110, *Uniform Administrative Requirements for Grants and Agreements With Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations*, Subpart C, §.21(b)(7), and OMB Circular A-21, *Cost Principles for Educational Institutions*, §A.2(e) and J.10(d), the University should ensure its financial management systems and records adequately support charges made to federal awards. Also, in accordance with OMB Circular A-21, §C.4 (b), costs may not be transferred to other sponsored projects in order to eliminate deficits caused by overruns or other funding considerations, to avoid restrictions imposed by law or by terms of the sponsored agreement, or for other reasons of convenience. Further, OMB Circular A-21, §J.10(c), indicates that charges should be promptly adjusted if significant differences occur, and university policies state that cost transfers should be requested within 90 days after the month in which the cost was originally recorded in the University's financial accounting system.

Condition and context: As discussed in financial statement finding 09-19, the University did not have adequate internal controls over payroll processing. In addition, auditors noted the following errors when testing payroll expenditures charged to the Research and Development Cluster during the fiscal year:

- For 7 of 77 employees tested, the University either did not have documentation supporting that the employee's compensation was an allowable charge to the Cluster, or the documentation did not adequately support that the employees were paid in accordance with the terms of their employment contracts. Specifically, the University did not always maintain current employment contracts or support for pay changes. As a result, auditors noted questioned costs in the amount of \$81,212.
- For 3 of 23 employees tested whose payroll expenditures were transferred to another sponsored project, the transfers were not done in accordance with federal cost principles requirements or university policies. Specifically, one employee's payroll expenditures were transferred to eliminate a deficiency caused by budgetary overruns, and two employees' payroll expenditures were transferred between 8 and 13 months after the expenditures were originally recorded.

Effect: 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 weakness in internal control over compliance and material noncompliance with the Cluster's allowable costs/cost principles requirements. This finding could also potentially affect the Cluster's matching requirement for matching expenditures that are composed of employees' salaries and wages because they may not be adequately supported. In addition, this finding could potentially affect other federal programs the University administered.

State of Arizona
Schedule of Findings and Questioned Costs
Year Ended June 30, 2009

Cause: The payroll processing function is highly decentralized at the University, and the University did not have comprehensive policies and procedures for the departments to follow. Further, the University did not effectively monitor the decentralized payroll functions creating additional internal control deficiencies.

Recommendation: The University should ensure its financial management systems and other documentation adequately support charges made to federal awards, and require all expenditure transfers to be done promptly, in accordance with federal cost principles and university policies. Further, the University should implement the recommendations described in financial statement finding 09-19.

This finding was similar to a prior-year finding.

09-129

Research and Development Cluster

All Arizona State University Research and Development grants and contracts

Award Period: Various

Matching

Questioned Cost: Unknown

Criteria: In accordance with OMB Circular A-110, Subpart C §.23(a), all contributions, including cash and third party in-kind contributions, can be used to meet the recipient's cost sharing or matching requirements when such contributions are supported by the recipient's records, not used as contributions for any other federally-assisted project or program, and not paid for by another federal program, except where authorized by federal statute to be used for cost sharing or matching. The specific requirements for matching are unique to each research and development contract and are found in the provisions of the contract.

Condition and context: For one of eight projects tested that had matching requirements, the required matching commitment was not documented by the University and auditors were unable to verify if the required matching contributions were made. Specifically, the award agreement for the National Institute of Child Health and Human Development project entitled *A Longitudinal Study of Mexican Origin Youth, Family, Culture, and Adjustment* required the University to pay percentages of certain employees' salaries each year with state or local monies. However, the University did not document how the matching requirements for the project were met in its grants management system and did not document in the effort certification reports for the project's employees that the cost sharing requirements were met.

Effect: It was not practical to extend our auditing procedures sufficiently to determine questioned costs, if any, that may have resulted from this finding. This finding is a significant deficiency in internal control over compliance and noncompliance with the Cluster's matching requirements and the project's award agreement.

Cause: The University has policies and procedures in place requiring that matching contributions be documented in its grants management system and verified by the project's principal investigator. However, these policies and procedures were not adhered to.

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Year Ended June 30, 2009

Recommendation: To help ensure the propriety and accuracy of its matching contributions for individual project awards, the University should follow its policies and procedures to ensure that matching contributions are documented in its grants management system and verified by the principal investigator.

09-130

Research and Development Cluster

All Arizona State University Research and Development grants and contracts

Award Period: Various

Reporting

Questioned Cost: N/A

Criteria: In accordance with 29 CFR §97.20(b)(1), accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the grant's financial reporting requirements.

Condition and context: The University did not have policies and procedures that required the review and approval of financial reports submitted to federal awarding agencies to ensure the reports contained accurate and current data. As a result, the expenditures reported on 4 of 40 financial reports tested did not agree to the University's records for the period indicated on the reports, and 1 of 40 reports tested was not signed or certified by a university official in accordance with the grant's financial reporting requirements.

Effect: This finding is a significant deficiency in internal control over compliance and noncompliance with the Cluster's reporting requirements. In addition, this finding could potentially affect other federal programs the University administered.

Cause: The University did not have comprehensive policies and procedures for the preparation, review, and submission of federal financial reports.

Recommendation: To help ensure that its federal financial reports are accurate, the University should establish comprehensive policies and procedures over financial reporting, including the review and approval of reports prior to submitting the reports.

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Appendix

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State of Arizona
Appendix
State of Arizona Agency Codes
Year Ended June 30, 2009

Agency Code	Agency
ADA	Department of Administration
AEA	Radiation Regulatory Agency
AFA	Governor's Office of Equal Opportunity
AGA	Office of the Attorney General
AHA	Department of Agriculture
ASA	Arizona State University
ATA	Automobile Theft Authority
BNA	State Board of Nursing
BRA	Board of Regents
CCA	Corporation Commission
CDA	Early Childhood Development and Health Board
CSA	State Board for Charter Schools
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
FOA	State Forestry Division
GFA	Game and Fish Department
GHA	Governor's Office of Highway Safety
GSA	Geological Survey
GTA	Government Information Technology Agency
GVA	Office of the Governor
HCA	Arizona Health Care Cost Containment System
HDA	Department of Housing
HIA	Arizona Historical Society
HLA	Department of Homeland Security
HSA	Department of Health Services
HUA	Commission on the Arts
ICA	Industrial Commission of Arizona
JCA	Criminal Justice Commission
LAA	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	State Board of Pharmacy
PRA	Arizona State Parks

State of Arizona
Appendix
State of Arizona Agency Codes
Year Ended June 30, 2009

Agency Code	Agency
PSA	Department of Public Safety
SBA	Office of Pest Management
SDA	State Schools for the Deaf and the Blind
SPA	Supreme Court
STA	Office of the Secretary of State
TRA	Office of the Arizona State Treasurer
UAA	The University of Arizona
VSA	Department of Veteran Services
WCA	Department of Water Resources
WFA	Water Infrastructure Finance Authority of Arizona

Corrective Action Plan

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State of Arizona
Corrective Action Plan
Year Ended June 30, 2009

Financial Statement Findings

09-01

The Department of Administration should prepare accurate financial statements in a timely manner

Agency: Department of Administration

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

Anticipated completion date: June 2012

Agency Response: Concur

Agency Corrective Action Plan: Timeliness is one of the fundamental thresholds of financial reporting and the timely issuance of the CAFR is vital to other reporting requirements and deadlines. A.R.S. §35-131 clearly requires State agencies and other organizations that are part of the State's reporting entity to submit all necessary financial statements and other information in accordance with the policies and procedures of the Arizona Department of Administration, General Accounting Office. This includes adherence to established time frames and deadlines. However, there are no specific provisions in the law for actions that may be taken to enforce such compliance. We can continue to explore potential options for enforcement actions and will continue to work with State agencies to effectively resolve the issue of timely submission of financial information.

09-02

The Department of Administration should establish fraud prevention and detection programs

Agency: Department of Administration

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

Anticipated completion date: June 2009

Agency Response: Concur

Agency Corrective Action Plan: A policy was issued on June 12, 2009. A summary of the policy follows:

State financial policy does not tolerate any type of fraud or theft and all instances must be reported to either GAO, the Auditor General, or the Attorney General. The GAO has established the e-mail address reportfraud@azdoa.gov to facilitate this reporting. It is management's responsibility to control waste and abuse. The GAO is available for consultation regarding internal controls and opportunities to reduce waste and abuse. The State's policy is to promote consistent, legal, and ethical organizational behavior by:

- Assigning responsibility for reporting fraud, theft, waste, or abuse; and
- Providing guidelines to conduct investigations of suspected fraudulent behavior.

Although we consider this issue to be fully corrected, we will continue to evaluate internal controls and provide additional policy and guidance as appropriate. We have also implemented a periodic survey of internal controls to be submitted by the agencies.

State of Arizona
Corrective Action Plan
Year Ended June 30, 2009

09-03

The Department of Administration should strengthen controls over the Human Resource Information Solution (HRIS) account management

Agency: Department of Administration

Contact person: Jody Lauer, HRIS Manager, (602) 542-4282

Anticipated completion date: Various, for anticipated completion dates see corrective action plan below

Agency Response: Concur

Agency Corrective Action Plan: In regard to the recommendations of the auditors, HRIS's response and current status are as follows:

- Develop written account management policies for operating system and database accounts. HRIS concurs and is in the process of documenting the policy for operating system and database accounts. The only employees with access to these types of accounts are HRIS system administrators and Database Administrators. Anticipated completion date: June 30, 2010.
- Regularly review activity logs that monitor user access and changes made to data to ensure compliance. Additionally, administrative users should have read-only access to these logs. HRIS keeps track of changes made by HRIS Table Maintenance personnel via the HRIS audit tables. These tables have been reviewed when there is a question as to who made a change or what information was changed to certain critical HRIS tables. There is a separation of duty regarding these tables. HRIS Table Maintenance personnel key information into HRIS and this triggers the updates to the audit tables. They do not have direct access to the audit tables. The database administrators (two) do have access to the audit tables, but do not perform the updates that trigger the updates to the audit tables. Database administrators must have access to all tables as a requirement of their job responsibilities. HRIS will begin monitoring these HRIS audit tables to validate changes against Change Control Board (CCB) approved items.
- Reconcile the manual spreadsheet of users to the system-generated listing of users. HRIS concurs with this finding. The HRIS security team has since reconciled the manual spreadsheet to a system-generated listing of users upon this finding. This procedure will also be performed on a quarterly basis. Estimated completion of reconciliation: Completed and on-going quarterly.
- Develop a process to ensure compliance with the Department's own internal policy related to granting HRIS user accounts. HRIS has a documented process for granting HRIS user accounts. To ensure this process is followed, each quarter HRIS will perform a reconciliation process validating the system-generated listing of HRIS users and their security class settings to the spreadsheet maintained by the HRIS security officers.

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Year Ended June 30, 2009

In addition, all HRIS training (prerequisite and job role specific) exams are now taken in the Learning Management System (LMS). The system now enforces all prerequisite courses must be taken and the exam passed before a user can take job role specific training. The LMS automatically updates employees training history records in Y.E.S., allowing the HRIS security administrators to view training history and verify all exams have been passed before granting access into HRIS.

- Retain all supporting documentation for granting user access. HRIS does retain all supporting documentation for granting user access. If it is discovered that documentation is missing during our quarterly reconciliation process, HRIS will require the requesting agency to provide the missing documentation; otherwise, access to HRIS will be removed until such documentation is provided.

09-04

The Department of Administration should improve controls over HRIS system changes

Agency: Department of Administration

Contact person: Jody Lauer, HRIS Manager, (602) 542-4282

Anticipated completion date: Various, for anticipated completion dates see corrective action plan below

Agency Response: Concur

Agency Corrective Action Plan: In regard to the recommendations of the auditors, HRIS's response and current status are as follows:

- Ensure the system-generated log used to track operating system changes cannot be altered by administrative users and the Tripwire reports are reviewed on a weekly or monthly basis to ensure compliance. HRIS system administrators have root access to the system and must have this in order to perform their job duties. Root access does have the capability of modifying anything on the UNIX box as it is the "power user" of the system. This is why we have implemented the Tripwire reports as it does the reporting on operating system changes. Tripwire administration is handled by ISD-AIS, not the HRIS system administrators. Any policy changes to Tripwire reporting requirements must be approved by HRIS management and ISD-AIS security and are implemented by ISD-AIS, not HRIS. All commands executed at the UNIX command prompt are stored in UNIX shell history (last 10,000 commands) for each user. In addition, this shell history is backed up nightly and stored off-site.

Tripwire reports are reviewed daily by HRIS management. Tripwire changes are promoted weekly and commented as to where the change originated (CCB for HRIS programs or Change Control Form for system administration items). They are reviewed to ensure compliance with HRIS change management procedures. As noted above, it does not show separation of duties violations, but reviewing the shell history of users would determine what commands were executed by an individual.

- Develop a system-generated log of changes made directly to the HRIS database. DB2 has logging enabled that tracks all changes to the database, regardless if they were made directly to the database or using Lawson programs. This logging is used for database restores and recovery and is not editable by database or system administrators. However, this functionality is not used to audit user activity.

State of Arizona
Corrective Action Plan
Year Ended June 30, 2009

09-05

The Department of Administration's State Procurement Office (SPO) should ensure the Procurement System Administrator does not have access to data

Agency: Department of Administration

Contact person: Jean Clark, State Procurement Administrator, (602) 542-5508

Anticipated completion date: September 1, 2009

Agency Response: Concur

Agency Corrective Action Plan: The State Procurement Office acknowledges the 2008 and 2009 Audit Findings in regard to SPIRIT. In response to these audit findings and SPIRIT's limitations and age, the State Procurement Office replaced SPIRIT on September 1, 2009. Further, with the implementation of the new e-procurement system, ProcureAZ each of these audit findings have been addressed.

09-06

The Department of Administration's SPO needs to have more than one person capable of maintaining the procurement system's Web application

Agency: Department of Administration

Contact person: Jean Clark, State Procurement Administrator, (602) 542-5508

Anticipated completion date: September 1, 2009

Agency Response: Concur

Agency Corrective Action Plan: The State Procurement Office acknowledges the 2008 and 2009 Audit Findings in regard to SPIRIT. In response to these audit findings and SPIRIT's limitations and age, the State Procurement Office replaced SPIRIT on September 1, 2009. Further, with the implementation of the new e-procurement system, ProcureAZ each of these audit findings have been addressed.

09-07

The Department of Administration's Information Systems Division (ISD) should strengthen access controls over its procurement system

Agency: Department of Administration

Contact person: Jean Clark, State Procurement Administrator, (602) 542-5508

Anticipated completion date: September 1, 2009

Agency Response: Concur

Agency Corrective Action Plan: The State Procurement Office acknowledges the 2008 and 2009 Audit Findings in regard to SPIRIT. In response to these audit findings and SPIRIT's limitations and age, the State Procurement Office replaced SPIRIT on September 1, 2009. Further, with the implementation of the new e-procurement system, ProcureAZ each of these audit findings have been addressed.

State of Arizona
Corrective Action Plan
Year Ended June 30, 2009

09-08

The Department of Administration's ISD should strengthen controls over the SPIRIT system's software updates

Agency: Department of Administration

Contact person: Lori Boak, Information Services Division, (602) 542-1422

Anticipated completion date: September 1, 2009

Agency Response: Concur

Agency Corrective Action Plan: The new procurement system is hosted at CGI, and the Periscope/CGI teams are currently auditing the system. The SPIRIT archive is the only portion of the system that is being hosted at the ADOA Data Center. The archive is using a Windows Server and is configured for automatic updates from Microsoft on a weekly basis to ensure current patches, etc., are applied.

09-09

The Department of Administration's ISD should strengthen controls over access to the SPIRIT system's Web site

Agency: Department of Administration

Contact person: Lori Boak, Information Services Division, (602) 542-1422

Anticipated completion date: September 1, 2009

Agency Response: Concur

Agency Corrective Action Plan: The new procurement system is hosted at CGI, and the Periscope/CGI teams are currently auditing the system. The SPIRIT archive is the only portion of the system that is being hosted at the ADOA Data Center. The archive system is behind a Profense Web Application firewall. This provides defenses against the OWASP top ten vulnerabilities, including validation of user input.

09-10

The Industrial Commission of Arizona needs to strengthen controls over financial reporting

Agency: Industrial Commission of Arizona

Contact person: Gary Norem, Chief Financial Officer, (602) 542-5380

Anticipated completion date: July 2010

Agency Response: Concur

Agency Corrective Action Plan: The current Special Fund general ledger system has some limitations for posting monthly entries for the new state fiscal year (SFY) while holding the previous SFY open during the period the Auditor General completes the audit. This results in a catch-up period every year in which several months of general ledger entries need to be done within a very short period of time. In order to resolve the catch up situation, the Commission has hired a temporary accountant and is requesting critical mission approval to fill a vacant high level accounting position. With the addition of one full-time staff member dedicated to financial reporting issues, the Commission will be able to minimize the impact of the limitations of the general ledger software in future years.

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Corrective Action Plan
Year Ended June 30, 2009

The CFO will put together a time schedule for completion of the various tasks related to the financial statement preparation process. The CFO will monitor on a regular basis the work progress on the financial statements to be sure that the time lines are met. It is estimated that draft financial statements for fiscal year 2010 will be completed by October 1, 2010, and the final statements completed by November 15, 2010.

The Commission does have specific procedures for compiling the Special Fund financial statements. Two other staff members other than the CFO have considerable knowledge of the process to compile the Special Fund financial statements. However, filling the vacant higher level Accounting position and dedicating a high level accounting position to managing the compiling of the Special Fund financial statements will greatly improve the completion timeliness.

09-11

The Industrial Commission of Arizona should develop written policies and procedures for its computer operations

Agency: Industrial Commission of Arizona

Contact person: Michael Hempel, Chief Information Officer, (602) 542-1823

Anticipated completion date: Various, for anticipated completion dates see corrective action plan below

Agency Response: Concur

Agency Corrective Action Plan: During 2009, over 30 technical documents were on file for daily PACE operations which were maintained in a file share on the ICA file server. Also, a physical security matrix document was on file and provided to the Auditor's office as requested on April 13, 2010, for describing the physical access to the PACE system. The PACE system is maintained in a secure server room with card key controlled access.

Written procedures and change log are on file and were submitted to the Auditor's office for PACE as requested on April 13, 2010. However, it should be noted that the PACE programmer that created the database, designed the graphical user interface, and wrote the instructions to retrieve, display, and update data retired in 2008. No changes are allowed to the existing program code or database tables. Only maintenance changes required for updates to yearly reports are performed. A change log is in place if needed and any change would be authorized by the Accounting Division Manager and CIO.

The following maintenance changes are made to the WANG PACE SQL COBOL programs:

- Update of yearly tax values
- Update of fiscal and calendar year dates

Access control to the ICA computer systems is strictly controlled. The ICA staff use Microsoft Active Directory protocol, which maintains all users in a central database that controls access to workstations and applications. In 2009 the policy was put in place that HR would notify the Helpdesk via email when changes to user accounts such as termination are required. MIS helpdesk when notified by email from HR

State of Arizona
Corrective Action Plan
Year Ended June 30, 2009

will lock out a user's Active Directory account which will terminate all access to PACE or any other Windows systems. The MIS Helpdesk staff are the only authorized personnel who are able to make Active Directory changes.

09-12

The Industrial Commission of Arizona should maintain a record of all changes to its computer system

Agency: Industrial Commission of Arizona

Contact person: Michael Hempel, Chief Information Officer, (602) 542-1823

Anticipated completion date: Various, for anticipated completion dates see corrective action plan below

Agency Response: Concur

Agency Corrective Action Plan: Per a meeting with the auditors, finding 09-12 requires that the PACE application log all system level database changes that could be made directly to the database by the PACE administrator. The PACE system was developed at a time when this was not a requirement and the system as currently in place does not have a means to log direct database administrator changes and the Commission does not have a mean to modify the code to correct this issue.

The Commission is currently developing a new Special Fund Accounting application to replace the Legacy PACE system, which is scheduled to be deployed in July 2010 to resolve this problem.

09-13

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

Agency: Department of Revenue

Contact person: Cristy Schaan, Information Security Officer, (602) 716-6758

Anticipated completion date: Various, for anticipated completion dates see corrective action plan below

Agency Response: Concur

Agency Corrective Action Plan: Documentation of access – All 27 employees whose access rights were reviewed were employed prior to the implementation of the 2008 Systems Access Request process, which, in addition to a formal approval and review process, requires a standard level of documentation to support the authorization of users access rights. This recertification process will ensure that the Department has, and retains, the appropriate documentation for system access on all employees with system access. The recertification effort was planned for FY 2009, but because of resource constraints, the effort has been extended and is expected to be completed by September 30, 2010.

Access Removal – The Department has a process in place for removal of user access, with secondary and tertiary processes also in place to help ensure user access removal in a timely manner. All three processes are manual processes, and while we work diligently to ensure 100 percent compliance, we did not meet 100 percent compliance during this audit cycle. Moving forward, Information Security will work with business units to improve front-end processes for the removal of user access. Further, Information Security management will verify tertiary processes are complete on a monthly basis. Currently, we anticipate having this item completed by September 30, 2010.

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Actively monitoring database administrators (DBAs) with elevated user access privileges – Information Security both captures and retains DBA activity but requires significant manual effort to monitor. While the Department has been working to automate this process, resource constraints have been an obstacle in accomplishing this objective. Information Security will continue efforts to configure the monitoring tool, capture activity logs and once complete begin proactive monitoring of DBA activity. Currently, we anticipate having this effort complete by June 30, 2011.

09-14

The Department of Revenue should update and test its disaster recovery plan

Agency: Department of Revenue

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

Anticipated completion date: Various, for anticipated completion dates see corrective action plan below

Agency Response: Concur

Agency Corrective Action Plan: The Information Technology division was unable to perform a complete disaster recovery test of their critical application environment due to resource constraints directly related to a large-scale data center move that was in progress through the first 2 quarters of the fiscal year. Further, during the last 2 quarters of the fiscal year there was a freeze on department expenditures. Disaster Recovery testing requires several expenditures including out-of-state travel for an employee, one-time testing charges by the data center vendor SunGard, and additional after hours AZNet charges for network redundant support.

The Department of Revenue is completing an ongoing disaster recovery plan and schedule. Currently, we anticipate having the plan completed by 2nd quarter of FY 2011, including the first test scheduled for November 2010. In addition, ADOR Information Security will evaluate our ability to budget for and implement an encryption solution for all backup tapes during FY 2011.

09-15

The Department of Revenue should continue to strengthen its procedures for processing income tax revenues

Agency: Department of Revenue

Contact person: Tom MacConnel, Comptroller, (602) 716-6593

Anticipated completion date: Unknown

Agency Response: Concur

Agency Corrective Action Plan: The Department understands and has prioritized the continual improvement of its operations including all departmental procedures and controls and will continue to do so. Where constrained by limited resources, the Department has instituted compensating controls to help minimize risks to tax revenues.

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09-16

The Department of Revenue should better protect its computer network and systems

Agency: Department of Revenue

Contact person: Cristy Schaan, Information Security Officer, (602) 716-6758

Anticipated completion date: Various, for anticipated completion dates see corrective action plan below

Agency Response: Concur

Agency Corrective Action Plan: The Department took immediate short-term steps in mitigating the risk by removing the tool with vulnerabilities. The Department has designed a longer-term more comprehensive solution. Currently, we anticipate having the plan completed by September 30, 2010.

09-17

The Department of Economic Security's Division of Developmental Disabilities should strengthen computer access controls

Agency: Department of Economic Security

Contact person: Debra H. Peterson, Business Operations Administrator, (602) 542-6893

Anticipated completion date: Various, for anticipated completion dates see corrective action plan below

Agency Response: Concur

Agency Corrective Action Plan: The Department will implement the audit recommendation. Specifically, the following actions have been taken to:

- Retain access request forms with the supervisor's approval.
 - Access for the FOCUS system (for Institutional and Home and Community-Based medical expenditures) is granted only through the J-125 process, which includes retention (hard copy or electronic) of the supervisory approval document. On September 17, 2009, internal retention of the access request forms was changed to follow the process flow of the request. This internal change strengthens security over the FOCUS claims payment system and enforces policies and procedures.
- Eliminate all generic user accounts and assign each user account to an individual employee.
 - Use of all FOCUS generic user accounts was eliminated, effective April 24, 2008, with the exception of one generic user account. This last generic user account was disabled on the FOCUS system November 11, 2009.
- Limit logical access to as few employees as possible and ensure access is compatible with each employee's job responsibilities.
 - The Division implemented policies and procedures in January 2008 to ensure that only authorized users have logical access. Such logical access is limited to essential employees, and that access is compatible with each employee's job responsibilities. The Division will implement a new process that will review user access by job description during the first quarter of each fiscal year. DDD completed the first review using the new process on December 15, 2009. In the future, DDD will complete these reviews by July 31 of each year.

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09-18

The Department of Economic Security's Division of Developmental Disabilities should maintain required case file documentation

Agency: Department of Economic Security

Contact person: Debra H. Peterson, Business Operations Administrator, (602) 542-6893

Anticipated completion date: April 2010

Agency response: Concur

Agency Corrective Action Plan: The Division will monitor retention of case file documentation to ensure that policies and procedures are followed.

The Division audits for timeliness of Support Coordinator visits in both its case file audit process and in a separate, focused timeliness audit (100% of the caseload for 10% of the Support Coordinators in each District). The results of these audits are compiled and analyzed at both the District and Statewide level. Corrective action plans are developed as needed. In addition, one component of the FOCUS application, alerts the Support Coordinator when member visits are due and overdue. This automated process allows supervisors to monitor when timeliness issues are present.

In order to implement FY 2009 budget reductions for Senate Bill 1001, DES initiated staff reductions and furloughs that created higher caseloads and adjustments in workload. The Department continues to monitor caseloads, timeliness and requires corrective action plans at the individual and district level as needed. The Department continues to identify critical support coordination positions to fill and hires promptly when approved.

09-19

Arizona State University should strengthen controls over payroll expenses

Agency: Arizona State University

Contact person: Joanne Wamsley, Senior Associate Vice President and Deputy Treasurer, (480) 965-6940

Anticipated completion date: Various, for anticipated completion dates see corrective action plan below

Agency Response: Concur

Agency Corrective Action Plan: In regard to the recommendations of the auditors in finding 09-19, Arizona State University's (ASU) response and current status are as follows:

- Establish a comprehensive set of policies and procedures for processing, monitoring, and verifying payroll expenses. This recommendation is presently scheduled to be completed during FY 2010. The University has enhanced existing policies and is the process of creating new policies and procedures related to processing, monitoring and verifying payroll expenses. The following have been completed:
 - Updates to Org Manager Responsibilities policy (FIN 203) to include specific reference to verifying salary and/or wage expenses by employee.
 - Development of business process guide to assist departments in payroll reconciliations.

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- Development of certification process to ensure that payroll reconciliations are completed.
- Updates to Overpayment policy (SPP 405-02), which outlines the process to be followed if an overpayment has been detected.

The following enhancements are currently in process:

- Development of a Payroll Time Reporting policy (SPP 405-03) that addresses guidelines for reporting of time as well as responsibilities of employees, supervisors, and department time administrators. This University-wide policy replaces various departmental time reporting policies.
 - Development of time reporting guidelines which summarizes the responsibilities outlined in SPP 405-03.
 - Development of business manager web site to house all policies and procedures for payroll and payroll related processes centrally.
 - Periodic reviews by Financial Services of detailed departmental payroll reconciliations.
- Ensure that all departments prepare monthly reconciliations of payroll expenses for individual employees to the terms of their employment agreement. This recommendation has been implemented.

The University agrees that at the time of the audit sample review (consisting of 81 departments), 41 of the 56 departments were doing a high level review of payroll expenses, and 15 departments were doing no review or only a very limited review. The other 25 departments sampled were doing detailed reconciliations by position, as prescribed by University policy. Hence, 80 percent of the departments were doing at least high level reconciliations. Even with a high level review, most material payroll over or under payments would have been found. University policy, however, requires a detailed review of payroll expense for each employee to capture all over or under payments. During late summer 2009, all ASU departments were required to perform a detailed reconciliation of all FY 2009 payroll expenses by employee, as certified to Financial Services by the highest level business administrator in each dean's and vice president's office in order to provide assurance for FY 2009 that any over or under payments had been identified. Although some additional small overpayments were identified, no significant payroll issues were uncovered as a result of this comprehensive review.

ASU is continuing with this annual certification process to ensure that detailed payroll reconciliations are performed timely during the year, resulting in completion of this recommendation. Additionally, as a further enhancement, ASU is automating a significant portion of the detailed, by-employee reconciliation process, which will reduce the time required to do the reconciliations and make the process easier for the departments. This new, more automated process is presently in pilot mode for a limited number of departments with an anticipated rollout to all departments in FY 2010.

Effective with FY 2010, Financial Services also is performing periodic reviews during the year of detailed payroll reconciliations performed by departments to ensure that all required policies/procedures in this area are being followed.

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- Improve controls over employee payroll to ensure that pay data reflected in the payroll system is supported by the contract, offer letter, or other official documentation maintained in the personnel files. This could be accomplished by requiring that a second employee verify all payroll data entered in the payroll system. This recommendation has been implemented.

The Data Management Section of HR now requires supporting documentation of personnel transactions to verify submitted information.

The Payroll Department now requires copies of source documents with appropriate signatures for processing of payroll corrections and additional pay requests. As part of regular payroll reconciliation process, departments now confirm that employee paychecks are consistent with the approved/authorized hours as recorded, as well as verifying that any additions/corrections processed have been captured to ensure the accuracy of the paycheck.

- Require that the renewal of annual contracts is documented per university and Arizona Board of Regents policies, and that all pay data documentation is retained. This recommendation has been implemented.

Notices of Appointment, through a new automated process, were completed for FY 2010. There are planned enhancements to this process for FY 2011.

- Ensure that departments are aware of and follow guidelines for verifying and approving time recorded by employees in accordance with established schedules for processing payroll, and monitor the assignment of payroll processing user roles to ensure that approval authority is limited to the appropriate users. Part of this recommendation has been implemented, with the remaining portion scheduled to be completed during FY 2010.

Policy SPP 405-03, Payroll Time Reporting, is being established in order to formalize and clarify University practices that ensure time records are contemporary and accurately reported.

Time Recording Guidelines, which summarize responsibilities of employees, supervisors, and Department Time Administrators, are also being developed and implemented in FY 2010.

The Assistant Director of Payroll reviews a monthly security report of access roles for payroll processing users, to ensure that these roles are limited to appropriate users within the payroll unit of the Office of Human Resources, and initiates changes where appropriate. In addition, ASU has developed and implemented a process to terminate access when employees transfer to a different department.

- Require that departments implement policies and procedures to ensure that leave requests for exempt employees are reviewed and monitored. This recommendation is scheduled to be completed during FY 2010.

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SPP 702-01, Vacation Leave, is being revised to include University-wide vacation reporting guidelines for exempt staff. Time Reporting Guidelines to summarize responsibilities of each party (SPP 405-03) also are being developed as noted above.

- Continue to monitor salary increases and additional pay to ensure their propriety. This recommendation has been implemented.

Salary increases are monitored through the approval process guidelines that have been provided by the Provost Office (academic areas) and Executive Vice President, Treasurer, and CFO (business operations and President's area). Salary increases are verified by the required receipt of appropriate approval prior to data entry by the HR Data Management staff, implemented in FY 2009.

The process for additional pay is as follows: Departments are required to get the appropriate written approvals at the departmental level, then send the online pay change to the Office of Human Resources – Payroll Section for processing. The Payroll department reviews the documentation to ensure that the appropriate approvals have been received prior to data entry.

- Monitor overpayment listings to ensure accuracy, completeness, and timely collection of overpayments as well as to identify potential internal control weaknesses. This recommendation has been implemented.

The Office of Human Resources – Payroll Section completes a monthly review of the overpayment log to look for potential internal control weaknesses and related trends, and to ensure that all overpayments are rectified, implemented in FY 2009. The process for recovery of overpayments is as follows:

- Current Employees – Overpayments, once identified are recovered through payroll deductions, or the employee may submit a personal check for the repayment of the overpayment if the check is expediently received.
 - Former Employees – The Payroll Department sends a sequence of three request letters for repayment. If there is no response from the former employee, the case is then referred to ASU's internal collections department. The internal collections department then attempts to make contact with the former employee once again. If there is no response within 30 days, the case is then referred to outside collections agencies and reported to credit bureaus.
- Adhere to university-established policy by centrally maintaining employee personnel records. This recommendation is scheduled to be completed during FY 2010.

ASU has directed that departments provide documentation to a central location within the university of personnel actions since the PeopleSoft Human Resources Information System implementation date (7/1/2007) for both the initial job record creation and job record changes. Communication of the importance of centrally housing the personnel files, in compliance with current policy SPP 1101: Personnel Records also was reinforced for all payroll actions on a going forward basis. Policy Clarification already has been implemented, with the planned record centralization completion scheduled for FY 2010.

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09-20

Arizona State University should strengthen controls over access and change management, and update its disaster recovery plan for its computer information systems

Agency: Arizona State University

Contact person: Tina Thorstenson, Assistant Vice President and Information Security Officer, (480) 290-1551

Anticipated completion date: Various, for anticipated completion dates see corrective action plan below

Agency Response: Concur

Agency Corrective Action Plan: ASU's response and current status are as follows for each of its enterprise applications:

General Ledger System

- Review system access rights on a continual basis to ensure that access rights are removed or changed when employees terminate, retire, or transfer to a different department within the University. This recommendation has been implemented.

The University implemented enhanced procedures to remove or change access rights to the Advantage general ledger when employees terminate, retire or transfer to a different department within the University. The enhanced procedures include a review of a daily report that compares mainframe access to Advantage access and identifies exceptions, a more frequent review of the employee status code of all staff with Advantage access, and the review of all employees with Advantage access who have been identified as transfers within the PeopleSoft transfer process. These reviews are done by the Advantage Helpline and access rights are changed or terminated where appropriate.

- Train additional employees to help with program changes for the general ledger system. These employees can help develop and test program changes and review migration requests for propriety before they are submitted to the Technical Operations Support group for implementation. This recommendation has been implemented.

The University has trained additional developers to help with program changes for the general ledger system. This includes testing and reviewing programming changes.

- Update its disaster recovery contingency plan to develop procedures for backup tape recovery, application disaster recovery, and provide regular updates and notices regarding disk storage requirements. This recommendation has been implemented.

The University has updated its disaster recovery contingency plan. ASU now hosts its financial accounting system with the Arizona Department of Administration (ADOA) and has business continuity procedures for the purpose of disaster recovery. ASU's hosting partner, ADOA, is jointly responsible with ASU for tape backup and recovery, disk backup and recovery, and application disaster recovery. ASU monitors and provides regular updates and notices regarding disk storage requirements as needed.

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Human Resources and Payroll and Student Information Systems

- Develop and implement procedures to monitor user access rights and ensure that employees do not have access with conflicting responsibilities assigned to them. This recommendation has been implemented.

The University has procedures to monitor user access rights. Audit reports are generated for PeopleSoft data trustees to review on a monthly basis. These reports show who has access to the roles they administer. A Data Trustee policy has been published that emphasizes the importance of segregation of duties, and training sessions for the data trustees have been held. Access assignments for the individuals noted in the finding have been reviewed and appropriate action taken.

- Review system access rights on a continual basis to ensure that access rights are removed or changed when employees terminate, retire, or transfer to a different department with the university. This recommendation has been implemented.

The University developed and implemented a process to remove PeopleSoft roles automatically for terminated employees in FY 2008. This process only ran periodically in FY 2009. Beginning the first quarter of FY 2010, this process is run daily. In the second half of FY 2009, ASU developed and implemented a process to terminate access when employees transfer to a different department. Other administrative access for terminated employees is automatically revoked based on their change of affiliation status. Retirees are treated as employee terminations but are granted a courtesy affiliate status which enables them to retain basic services such as email.

- Monitor all program changes to ensure that all changes are documented, authorized, tested, reviewed, and approved before implementation. This recommendation has been implemented.

The University now monitors all program changes to ensure they are documented, authorized, tested, reviewed, and approved before implementation. The 13 out of 25 program changes noted in the audit that lacked adequate supporting documentation had all been submitted prior to the University implementing a more formalized procedure in the third quarter of FY 2009. All program changes now are submitted through an internal tracking system and require proof of the program change requests, functional specifications, test plan(s), technical review, and functional approval. A final check is verified by the PeopleSoft Systems team before submitting a request to make the change in Production. These procedures are documented in the PeopleSoft Systems Reference Guide.

- Regularly review its hosting service contracts and update its disaster recovery contingency plan to ensure that controls identified as necessary to complement the controls at the service organization are implemented. This recommendation has been implemented.

The University now regularly reviews its PeopleSoft hosting service contracts and disaster recovery contingency plans annually and updates its disaster recovery contingency plan to ensure that controls identified as necessary to complement the controls at the service organization are implemented.

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09-21

Arizona State University needs to perform regular security risk assessments for its Web-based applications used to grant access to its computer systems

Agency: Arizona State University

Contact person: Tina Thorstenson, Assistant Vice President and Information Security Officer, (480) 290-1551

Anticipated completion date: Various, for anticipated completion dates see corrective action plan below

Agency Response: Concur

Agency Corrective Action Plan:

- The University should continue its efforts for ensuring its systems and the financial and sensitive information they contain are protected from unauthorized access and use. Additionally, these efforts should specifically include performing security risk assessments of the Web-based portions of the human resources and payroll and student information systems. The University should also develop procedures to conduct security reviews on a regular basis, to assess whether security controls are functioning effectively, and to ensure problems found are corrected. This recommendation has been implemented.

The University continues its efforts to ensure that systems are protected from unauthorized access and use. The University has a standard for performing security assessments for high criticality web applications, and the PeopleSoft Human Resources Information and Student Information Systems. In FY 2010, ASU solidified an arrangement with a third party company to begin regular security assessments for the hosted PeopleSoft systems, which will occur twice per year. The initial security scan under this arrangement was completed in FY 2010 and another scan will be scheduled before the end of FY 2010.

09-22

Northern Arizona University should strengthen system access controls over its Web-based application

Agency: Northern Arizona University

Contact person: Harper Johnson, Director of Information Security, (928) 523-7225

Anticipated completion date: March 2010

Agency Response: Concur

Agency Corrective Action Plan: The Information Security team in coordination with the ITS system administrators took immediate steps to correct the identified weaknesses and to implement improved controls.

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Year Ended June 30, 2009

09-23

Northern Arizona University should strengthen computer access controls

Agency: Northern Arizona University

Contact person: Harper Johnson, Director of Information Security, (928) 523-7225

Anticipated completion date: May 2010

Agency Response: Concur

Agency Corrective Action Plan:

- Recommendation 09-23a – Limit the use of stored passwords and ensure strong encryption methods are used for any passwords being stored.

Response 09-23a – A review of stored password usage has been started to ensure that any remaining stored passwords follow the standards requested. The review will be completed by February 2010.

- Recommendation 09-23b – Prohibit database usernames and passwords from being shared among system users.

Response 09-23b – The database administration team will implement controls to allow for auditing of changes made by individual administrators. This process will be completed by May 2010.

- Recommendation 09-23c – Maintain and review system activity logs and investigate unusual activity.

Response to 09-23c – The Information Security team in coordination with the ITS system administrators will purchase and implement log monitoring software that will better alert administrators to log anomalies requiring investigation. Completion Date is March 2010.

- Recommendation 09-23d – Ensure the account lock-out policy is implemented and utilized on all systems.

Response 09-23d – The University's account lock-out rules will be enforced by changes to the Central Authentication System (CAS) by March 2010. A password management policy will be created and implemented for non-CAS systems by May 2010.

09-24

Northern Arizona University should strengthen computer change controls

Agency: Northern Arizona University

Contact persons: Patrick Benson, Director of Administrative Computing, (928) 523-8221 and Harper Johnson, Director of Information Security, (928) 523-7225

Anticipated completion date: Various, for anticipated completion dates see corrective action plan below

Agency Response: Concur

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Agency Corrective Action Plan:

This is a complex finding and several efforts are underway to address the recommendations.

- Recommendation 09-24a – Log, authorize, test, review, and approve all program changes to computerized systems prior to implementation. In the event of an emergency, ensure the nature of the emergency and that the change made is subsequently documented, reviewed, and approved.

Response 09-24a – The Oracle/PeopleSoft application suites have required Service Order System (SOS) tickets since 2007. As noted below in the response to Recommendation 2, shortcomings with the current SOS system noted above may have resulted in loss of full information about some changes. This will be addressed with release of the new SOS in June 2010. Policy, vendor supplied and locally extended technology support a robust production environment change management process for Oracle/PeopleSoft application suites. The Configuration Management Team (CMT), an ITS unit under Computing and Communication Services and independent of the Administrative Computing development teams, controls change implementation.

Subsequent to the AG on-site, management of the CGI/Advantage application suites changed. Effective June 15, 2009, policy requires change requests to be backed by SOS request before they are implemented. A different but equally robust production change management process is in place for Advantage. This process is also under the control of the CMT. Logs and generated reports needed to back up update requests, files are maintained. As with Oracle/PeopleSoft applications, shortcomings with the SOS system are being addressed. As noted below in the response to Recommendation 2, shortcomings with the current SOS system noted above may have resulted in loss of full information about some changes. This will be addressed with release of the new SOS in June 2010.

The Informatica+SAP/BusinessObjects data warehousing reporting application suites will have a CMT-controlled production change management process for institutional reporting in place by December 30, 2010. This process will require SOS tickets be generated to support changes, and SOS tickets will be required to promote changes into the institutional reporting production environment. It is likely that this process will closely resemble the Advantage process described above.

- Recommendation 09-24b – Monitor all system change requests with a log or report-tracking system to ensure that all requests have been authorized, assigned resources, tested, reviewed, and approved.

Response 09-24b – There is an in-place system to monitor and track change requests, the ITS Service Order System, SOS. The in-place system has shortcomings. Currently, SOS allows an accidental or intentional overlay of information and history. This could result in incomplete or misleading information about a change being retained. This shortcoming is being addressed as a work item in the in-progress rewrite of that system. Specifically, no user will be able to change or delete technical and functional comments after entry. The issue of SOS changes resulting in information overlay identified is being addressed by technology that retains information (including comments, status, etc) uniquely so subsequent or multiple work items do not obfuscate or destroy other or earlier information.

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CITO Fred Estrella has set a June 1, 2010, for the replacement system to be in-place and fully functional.

- Recommendation 09-24c – Retain documentation to support that program changes were authorized, tested, reviewed, and approved.

See the response to Recommendation 09-24b.

09-25

Northern Arizona University should test its disaster recovery plan

Agency: Northern Arizona University

Contact person: Harper Johnson, Director of Information Security, (928) 523-7225

Anticipated completion date: March 2010

Agency Response: Concur

Agency Corrective Action Plan: The Northern Arizona University Information Security group will develop and conduct a table top exercise of the ITS Disaster Recovery Plan. The exercise will involve all members of the ITS management team at the Director and Team Lead levels. The goal of the exercise will be to drive awareness of the plan, review its effectiveness, and to make updates to the plan where needed.

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Federal Award Findings and Questioned Costs

09-101

CFDA No.: Not applicable

Agency: Department of Administration

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

Anticipated completion date: June 2010

Agency Response: Concur

Agency Corrective Action Plan: We have requested an extension but have not received a response. Our understanding is that the Office of Management and Budget has recommended no extensions be granted for fiscal years 2009, 2010, and 2011. This finding is connected with finding 09-01, and we will likewise continue to work with state agencies to improve the timely submission and completion of state financial information.

09-102

SNAP Cluster:

CFDA No.: 10.551 Supplemental Nutrition Assistance Program, # 7AZ400AZ4

10.561 State Administrative Matching Grants for the Supplemental Nutrition Assistance Program, # 7AZ400AZ4

10.561 ARRA—State Administrative Matching Grants for the Supplemental Nutrition Assistance Program, # 7AZ400AZ4

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

CFDA No.: 12.401 National Guard Military Operations and Maintenance (O&M) Projects, Various

Employment Services Cluster:

CFDA No.: 17.207 Employment Service/Wagner-Peyser Funded Activities, #s E-9-5-8-5084 and E-9-5-9-5084

17.801 Disabled Veterans' Outreach Program (DVOP), #s E-9-5-8-5084 and E-9-5-9-5084

17.804 Local Veterans' Employment Representative Program, #s E-9-5-8-5084 and E-9-5-9-5084

WIA Cluster:

CFDA No.: 17.258 WIA Adult Program, #s AA-15466-06-55, AA-16015-07-55-A-4, AA-17107-08-55, and AA-18266-09-55

17.258 ARRA—WIA Adult Program, #AA-18266-09-55

17.259 WIA Youth Activities, #s AA-15466-06-55, AA-16015-07-55-A-4, AA-17107-08-55, and AA-18266-09-55

17.259 ARRA—WIA Youth Activities, #AA-18266-09-55

17.260 WIA Dislocated Workers, #s AA-15466-06-55, AA-16015-07-55-A-4, AA-17107-08-55, and AA-18266-09-55

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17.260 ARRA—WIA Dislocated Workers, # AA-18266-09-55

Highway Planning and Construction Cluster:

CFDA No.: 20.205 Highway Planning and Construction, Various

20.219 Recreational Trails Program, Various

Title I, Part A Cluster:

CFDA No.: 84.010 Title I Grants to Local Educational Agencies, #s S010A060003, S010A070003, and S010A080003

84.389 Title I Grants to Local Educational Agencies, Recovery Act, #S389A090003

Special Education Cluster (IDEA):

CFDA No.: 84.027 Special Education—Grants to States, #s H027A060007, H027A070007, and H027A080007

84.173 Special Education—Preschool Grants, #s H173A060003, H173A070003, and H173A080003

Vocational Rehabilitation Cluster:

CFDA No.: 84.126 Rehabilitation Services—Vocational Rehabilitation Grants to States, #s H126A070002, H126A080002, and H126A090002

Early Intervention Services (IDEA) Cluster:

CFDA No.: 84.181 Special Education—Grants for Infants and Families, #s H181A080001 and H181A080002

84.393 Special Education—Grants for Infants and Families, Recovery Act, #s H181A080001 and H181A080002

CFDA No.: 84.367 Improving Teacher Quality State Grants, #s S367A060049, S367B060003, S367A070049, S367B070003, S367A080049, and S367B080003

TANF Cluster:

CFDA No.: 93.558 Temporary Assistance for Needy Families, #s G0802AZTANF and G0902AZTANF

CCDF Cluster:

CFDA No.: 93.575 Child Care and Development Block Grant, #s G0801AZCCDF and G0901AZCCDF

93.596 Child Care Mandatory and Matching Funds of the Child Care and Development Fund, #s G0801AZCCDF and G0901AZCCDF

93.713 ARRA—Child Care and Development Block Grant, #s G0901AZCCDF

Medicaid Cluster:

CFDA No.: 93.775 State Medicaid Fraud Control Units

93.777 State Survey and Certification of Health Care Providers and Suppliers

93.778 Medical Assistance Program

93.778 ARRA—Medical Assistance Program

CFDA No.: 93.658 Foster Care—Title IV-E, #s 0701AZ1401, 0801AZ1401, and 0901AZ1401

CFDA No.: 93.658 ARRA—Foster Care—Title IV-E, #0901AZ1402

CFDA No.: 93.767 Children's Health Insurance Program

CFDA No.: 93.959 Block Grants for Prevention and Treatment of Substance Abuse, #s B1AZSAPT-07-5 and 3B08T10004-08S1

Homeland Security Cluster:

CFDA No.: 97.067 Homeland Security Grant Program, #s 2006-GE-T6-4007, 2007-SG-N6-0004, 2007-GE-T7-0006, 2007-SG-N6-0007, 2008-GE-T8-0021, and 2008-SG-T8-0007

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Agency: Department of Administration
Contact person: Clark Partridge, State Comptroller, (602) 542-5405
Anticipated completion date: Unknown

Agency Response: Concur

Agency Corrective Action Plan: We have an established process in place for monitoring legislation. In fact, this concept was raised for over two years prior to actually becoming law. On multiple occasions during that period we advised that this was, in our opinion, not consistent with established federal cost principles and almost certainly would be disallowed. This item is controlled by statute and cannot be resolved without a legislative change. Until the methodology is acceptably modified, there will likely continue to be disallowed costs which will require repayment with applicable interest. We will continue efforts to develop a solution to this issue.

This issue is a cross-cutting finding and is appropriately being addressed with the Department of Health and Human Services, Division of Cost Allocation (DHHS-DCA), for the payment and appropriate resolution of the questioned costs. We agree and commit to continue to work with DHHS-DCA, to the best of our ability, to find a resolution which ensures that the federal programs will be properly charged up front for these costs, thus eliminating the need for subsequent refunds or adjustments.

09-103

State Fiscal Stabilization Fund Cluster:

CFDA No.: 84.394 **State Fiscal Stabilization Fund (SFSF)—Education State Grants, Recovery Act, #S394A090003**

Agency: Governor's Office

Contact person: Matthew D. Hanson, Assistant Director of Programs and Performance, (602) 542-7567

Anticipated completion date: August 2, 2010

Agency Response: Concur

Agency Corrective Action Plan: During the state fiscal year 2009, the Governor's Office of Economic Recovery (OER) allocated over \$182,000,000 in State Fiscal Stabilization Funds – Education (SFSF-Education) to Arizona's Institutions of Higher Education (IHEs). OER's standard process was to receive and review grant applications from each IHE, enter into an Intergovernmental Agreement (IGA) or Interagency Service Agreement (ISA) with each IHE, and then receive and review a request for reimbursement from each IHE before any reimbursement of SFSF-Education funds were distributed. As part of the IGA/ISA process, each of the IHE's was compared against the Federal Excluded Parties List System (EPLS) web site: <https://www.epls.gov/>. This comparison resulted in no matches and thus none of Arizona's IHEs have been suspended or debarred by the federal government. As a further safeguard, OER compares each of its subrecipients against the EPLS as part of its quarterly ARRA Section 1512 reporting process. While documentation of these comparisons was not placed in the subrecipient folders, it is part of OER's standard process.

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In order to respond to the Auditor General's finding, OER will undertake two activities to ensure that this safeguard is properly documented. First of all, OER will place a print screen from EPLS and a memo to file each time the subrecipients are analyzed for suspension and debarment status. The next anticipated time this is expected to happen is May 2010 when the next allocation of SFSF-Education funds is made to the IHEs. Secondly, OER will build out its grants management solution to add an EPLS field for each subrecipient. Once the verification process is completed, OER will document this in their grants management solution accordingly.

OER expects to complete both of these activities by August 2, 2010.

09-104

SNAP Cluster:

CFDA No.: 10.551 Supplemental Nutrition Assistance Program, # 7AZ400AZ4

10.561 State Administrative Matching Grants for the Supplemental Nutrition Assistance Program, # 7AZ400AZ4

10.561 ARRA—State Administrative Matching Grants for the Supplemental Nutrition Assistance Program, # 7AZ400AZ4

TANF Cluster:

CFDA No.: 93.558 Temporary Assistance for Needy Families, #s G0802AZTANF and G0902AZTANF

Agency: Department of Economic Security

Contact person: Leona Hodges, DBME Deputy Assistant Director, (602) 542-7596

Anticipated completion date: June 2010

Agency Response: Concur

Agency Corrective Action Plan: To ensure benefits are issued only to eligible recipients and EBT cards are adequately safeguarded, the Division of Benefits and Medical Eligibility (DBME) local offices only issue cards for cases that meet the expedite criteria. This was necessary to ensure that these cases have access to benefits within seven days from the date of application as required by federal regulation. DBME also programmed the eligibility system to prevent the issuance of EBT cards in the local offices except for expedite cases. The vendor mails out all other EBT cards. Local offices placed posters in their lobbies informing clients of the following:

- DO NOT give your unwanted, damaged, or unusable EBT card to any DES employee.
- DES employees are not allowed to accept, handle, or receive EBT Cards from participants for any reason.
- You must destroy the unwanted EBT card yourself. Shred or cut the card in pieces before discarding.
- Remember! Never give your personal identification number (PIN) to anyone for any reason.

In addition, DBME made changes to the eligibility system to restrict issuance of supplemental payments and to prevent the occurrence of EBT fraud. DBME has partnered with the DES Office of Special

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Investigations to establish a fraud unit that will perform detailed analysis of eligibility system reports to assist in detection and prevention of fraud.

DBME addressed all issues noted in the finding with the appropriate staff and issued a reminder to log off the eligibility system when computers are unattended.

09-105

SNAP Cluster:

CFDA No.: 10.551 **Supplemental Nutrition Assistance Program, # 7AZ400AZ4**

10.561 **State Administrative Matching Grants for the Supplemental Nutrition Assistance Program, # 7AZ400AZ4**

10.561 **ARRA—State Administrative Matching Grants for the Supplemental Nutrition Assistance Program, # 7AZ400AZ4**

Agency: Department of Economic Security

Contact person: Leona Hodges, DBME Deputy Assistant Director, (602) 542-7596

Anticipated completion date: July 2010

Agency Response: Concur

Agency Corrective Action Plan: To ensure all required documentation is included in case files and all recipient information is accurately transferred into the eligibility verification system, DBME 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. During fiscal year 2008, DBME implemented an Accuracy Improvement Plan to improve the quality of services and eligibility determinations. To ensure compliance, this plan was closely monitored internally and by the Federal Food & Nutrition Services. The error rate based on case reads in June 2008 was 4.66% compared to 6.07% in June 2007 and 8.26% in 2006. DBME received bonus funding due to the improvement in the accuracy rate. The error rate was within the allowable federal standard for federal fiscal year 2008. Due to resource issues and increasing caseloads, the error rate began to increase again in 2009. Accordingly, DBME is making significant changes in the case read process that were recommended by their federal partners. DBME is also centralizing the quality function in order to provide more focus, better analysis and a consistent, efficient statewide approach.

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09-106

CFDA No.: 17.225 Unemployment Insurance, #s UI-15108-06-55, UI-15785-07-55, UI-16733-08-55, and UI-18007-09-55

17.225 ARRA—Unemployment Insurance, # UI-18007-09-55

Agency: Department of Economic Security

Contact person: Andrew Baldwin, Deputy UI Program Administrator, (520) 770-3769

Anticipated completion date: June 30, 2010

Agency Response: Concur

Agency Corrective Action Plan: During state fiscal year 2009, unemployment insurance claims increased by over 400% and the Division of Employment and Rehabilitation Services (DERS) experienced staffing shortages and high staff turnover. As a result, DERS was unable to sample the required number of claims for the Benefit Accuracy Measurement (BAM) process. DERS increased staffing to address the increase in unemployment insurance activities and increased the BAM sample size to ensure sufficient cases are pulled each quarter. For the quarter ending March 31, 2010, DERS exceeded the federal target requirement.

09-107

CFDA No.: 17.225 Unemployment Insurance, #s UI-15108-06-55, UI-15785-07-55, UI-16733-08-55, and UI-18007-09-55

17.225 ARRA—Unemployment Insurance, # UI-18007-09-55

Agency: Department of Economic Security

Contact person: Andrew Baldwin, Deputy UI Program Administrator, (520) 770-3769

Anticipated completion date: June 30, 2010

Agency Response: Concur

Agency Corrective Action Plan: DERS is researching the automated system coding to identify any coding issues that may have led to the discrepancies found by the auditors. In addition, DERS contacted the US Department of Labor (US DOL) and inquired about the submitted reports. In consultation with the US DOL representative, the reports were found to have been submitted satisfactorily based upon US DOL guidance. No issues were noted. If DERS identifies issues during review of the system coding, changes will be implemented to resolve the errors.

09-108

WIA Cluster:

CFDA No.: 17.258 WIA Adult Program, #s AA-15466-06-55, AA-16015-07-55-A-4, AA-17107-08-55, and AA-18266-09-55

17.258 ARRA—WIA Adult Program, # AA-18266-09-55

17.259 WIA Youth Activities, #s AA-15466-06-55, AA-16015-07-55-A-4, AA-17107-08-55, and AA-18266-09-55

17.259 ARRA—WIA Youth Activities, # AA-18266-09-55

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17.260 WIA Dislocated Workers, #s AA-15466-06-55, AA-16015-07-55-A-4, AA-17107-08-55, and AA-18266-09-55

17.260 ARRA—WIA Dislocated Workers, # AA-18266-09-55

Agency: Department of Economic Security

Contact persons: Mark Darmer, DERS Budget Manager, (602) 542-6333 and Michael Wisehart, DES Acting Chief Financial Officer (602) 542-3786

Anticipated completion date: Various, for anticipated completion dates see corrective action plan below

Agency Response: Concur

Agency Corrective Action Plan: By June 30, 2010, the WIA Fiscal Unit will revise its policy related to records retention of supporting documentation for the quarterly ETA-9130 reports. The underreporting of the Youth and Dislocated Worker expenditures occurred because the Fiscal Unit did not retain a back-up copy of the detail expenditure reports used to compile the quarterly reports. The Fiscal Unit now retains a copy of the detailed transaction records that comprise the quarterly report to aid in reviewing all ETA-9130 reports, and staff have been trained on where the information is located.

The omitted administrative expenditures on the September 30, 2008, local adult report was the result of an inadvertent error that the Financial Services Administration (FSA) did not identify during the review and approval phase of preparing federal financial reports. However, this error was identified and corrected in a subsequent quarter. On May 4, 2010, in order to help ensure that this error will not occur in the future, the specific requirements for these reports were reviewed with the FSA staff who routinely prepare the ETA-9130 Federal Financial Status reports. In addition, FSA asked staff to place specific emphasis upon the total administrative expenditures reported on line 10f during the review process.

09-109

Vocational Rehabilitation Cluster:

CFDA No.: 84.126 Rehabilitations Services—Vocational Rehabilitation Grants to States, #s H126A070002, H126A080002, and H126A090002

Agency: Department of Economic Security

Contact person: Kathy Levandowsky, RSA Program Administrator, (602) 542-6295

Anticipated completion date: June 30, 2010

Agency Response: Concur

Agency Corrective Action Plan: The Rehabilitation Services Administration (RSA) continues to stress the importance of complying with federal regulations and to train the Vocational Rehabilitation Counselors, supervisors, and support staff regarding the use of Libera, the new automated case management system. Libera contains a predefined alert list query containing those clients who are approaching the 60-day eligibility time limit. This query is available to the primary Vocational Rehabilitation Counselor and the Case Team, which includes the counselor's supervisor and support staff. The tool allows staff in each unit to closely monitor client eligibility timeframes in order to improve timeliness. During employee training, RSA emphasizes how the query can assist the Case Team in managing the eligibility process to ensure compliance with federal regulations.

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09-110

Vocational Rehabilitation Cluster:

CFDA No.: 84.126 **Rehabilitations Services—Vocational Rehabilitation Grants to States, #s H126A070002, H126A080002, and H126A090002**

Agency: Department of Economic Security

Contact persons: Kathy Levandowsky, RSA Program Administrator, (602) 542-6295 and Michael Wisheart, DES Acting Chief Financial Officer, (602) 542-3786

Anticipated completion date: Various, for anticipated completion dates see corrective action plan below

Agency Response: Concur

Agency Corrective Action Plan: Whenever there are changes to the federal guidelines, the Rehabilitation Services Administration (RSA) Finance and Budget Unit updates the desk reference materials used by staff when compiling data for the RSA-2 report. The last update was completed in April 2010. In addition, to ensure the accuracy of future reports, the Finance and Budget Unit will review the data before they submit the RSA-2 report.

As of May 4, 2010, the Financial Services Administration (FSA) employees who routinely prepare and review the SF-269 Federal Financial Status report were trained on the specific calculations for allocating the Social Security Administration program income expenditures between the Independent Living Program and Vocational Rehabilitation Program. Staff involved in the review process have been reminded to review these calculations closely. FSA also instituted an additional level of detailed review. These actions should help ensure that this error will not occur in future.

09-111

TANF Cluster:

CFDA No.: 93.558 **Temporary Assistance for Needy Families, #s G0802AZTANF and G0902AZTANF**

Agency: Department of Economic Security

Contact person: Leona Hodges, DBME Deputy Assistant Director, (602) 542-7596

Anticipated completion date: Various, for anticipated completion dates see corrective action plan below

Agency Response: Concur

Agency Corrective Action Plan: In March 2009, the Division of Benefits & Medical Eligibility (DBME) reviewed and revised the Family Assistance Administration Policy Manual and eligibility system to address the identified issues. DBME also issued two Flash Bulletins to inform staff of the changes and remind them of the policy. The eligibility system screen that contains the verification of wage and unemployment compensation through the data exchange now displays a "SEND Y/N." If the eligibility worker chooses Y, the AZTECS screen prints directly to the View Center.

In addition, DBME is revising the screening and processing of the federal tax information to improve the effectiveness of the information and make the process more efficient. DBME expects to implement the new process by December 2010.

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09-112

TANF Cluster:

CFDA No.: 93.558 **Temporary Assistance for Needy Families, #s G0802AZTANF and G0902AZTANF**

Agency: Department of Economic Security

Contact persons: Leona Hodges, DBME Deputy Assistant Director, (602) 542-7596 and Kathy Waite, Policy & Planning Administration Administrator, (602)-542-3882

Anticipated completion date: Various, for anticipated completion dates see corrective action plan below

Agency Response: Concur

Agency Corrective Action Plan: To ensure Temporary Assistance to Needy Families (TANF) Data Reports are prepared accurately, the Division of Benefits and Medical Eligibility (DBME) identified the programming error that resulted in the incorrect childcare data. DBME will initiate a program change to correct this coding issue by December 2010.

The Policy and Planning Administration (PPA) receives client count information from the various Department programs utilizing TANF funds and inputs the data into the final report format for submittal to Health and Human Services, Administration for Children and Families (HHS/ACF). PPA will ensure all programs that submit data for the report are provided an opportunity to review the final report prior to submission to HHS/ACF. The review process will utilize a final sign-off by the designated responsible person in each program area. By doing so, each program area will ensure that the numbers being used in the report are accurate. This corrective action will be effective with completion of the 2010 Annual TANF Maintenance of Effort (MOE) Report (ACF 204), on December 31, 2010. PPA will submit a corrected ACF 204, Attachment B, to HHS/ACF no later than July 1, 2010.

09-113

CFDA No.: 93.563 **Child Support Enforcement, #s G0804AZ4004 and G0904AZ4004**
93.563 **ARRA—Child Support Enforcement, # G0904AZ4002**

Agency: Department of Economic Security

Contact person: Sherry Seaman, DCSE Legal Services Administrator, (602) 771-8147

Anticipated completion date: Various, for anticipated completion dates see corrective action plan below

Agency Response: Concur

Agency Corrective Action Plan: The Division of Child Support Enforcement (DCSE) implemented processes to ensure that child support orders are established within time requirements. To improve establishment of child support orders, effective June 1, 2010, DCSE will begin to monitor L0025 worklist items that indicate the non-custodial parent has been located and the case should be reviewed for action.

To ensure DCSE refers interstate IV-D cases to applicable state interstate central registries for action, effective June 1, 2010, DCSE will begin to monitor L0025 worklist items that indicate the non-custodial parents have been located and cases should be reviewed for action.

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On April 6, 2009, DCSE centralized receipt of DCSE IV-D applications in order to streamline and enhance monitoring of application process. DCSE logs and monitors all applications for IV-D services to ensure child support cases are established within time requirements. Five of the six cases noted in this finding were the result of IV-D applications received and processed prior to implementing the application centralization.

09-114

CFDA No.: 93.563 **Child Support Enforcement, #s G0804AZ4004 and G0904AZ4004**
93.563 **ARRA—Child Support Enforcement, # G0904AZ4002**

Agency: Department of Economic Security

Contact person: Michael Wisehart, DES Acting Chief Financial Officer, (602) 542-3786

Completion date: January 29, 2010

Agency Response: Concur

Agency Corrective Action Plan: The Genetic Testing expenditures were included twice on the March 2009 Quarterly OCSE-396A report. The Financial Services Administration (FSA) submitted a subsequent Quarterly OCSE-396A report correcting reporting expenditures for the period. As a result, there are no outstanding disallowances or questioned costs.

A formula error in the workbook used by FSA to aggregate amounts for the various report lines on the OCSE-396A report caused the overstatement. Because of the error, lab/paternity costs for the quarter were reported once in the totals for IV-D costs and a second time in the totals for Non-IV-D costs.

FSA incorporated a correction into a subsequent report to compensate for and correct the reporting error. On January 29, 2010, FSA corrected the formula error in the report template so that future reports will not continue the error.

FSA reviewed with staff involved in preparing this report the importance of conducting a comprehensive match of the report totals against the various sources of supporting information. FSA staff will verify that a comprehensive match takes place in the future. Such a match will detect any formula error that could potentially produce a double reporting of an expenditure item on future reports.

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09-115

CFDA No.: 93.563 **Child Support Enforcement, #s G0804AZ4004 and G0904AZ4004**
93.563 **ARRA—Child Support Enforcement, # G0904AZ4002**

Agency: Department of Economic Security

Contact person: Roger C. Welch, DCSE Finance Administrator, (602) 771-8326

Anticipated completion date: October 1, 2010

Agency Response: Concur

Agency Corrective Action Plan: The Division of Child Support Enforcement (DCSE) is in the process of writing new intergovernmental agreements with counties who perform a variety of child support enforcement activities. DCSE anticipates these intergovernmental agreements will become effective October 1, 2010. Language will be added to the new agreements to require counties that plan to claim indirect costs to submit an acceptable cost allocation plan with its yearly summary budget. DCSE will notify the counties in writing prior to any reimbursement as to the acceptability of both the cost allocation plan and the summary budget.

09-116

CFDA No.: 93.563 **Child Support Enforcement, #s G0804AZ4004 and G0904AZ4004**
93.563 **ARRA—Child Support Enforcement, # G0904AZ4002**

93.566 **Refugee and Entrant Assistance—State Administered Programs, # G04AAAZ9110**

Agency: Department of Economic Security

Contact person: Michael Wisehart, DES Acting Chief Financial Officer, (602) 542-3786

Anticipated completion date: May 7, 2010

Agency Response: Concur

Agency Corrective Action Plan: To ensure the Financial Services Administration (FSA) accurately reports amounts for each quarter on the PSC-272 Federal Cash Transactions Report, FSA augmented the written procedure for preparation of the PSC-272 report with an instruction to include the prior period expenditures for each quarter. This procedure should ensure that analysts and reviewers scrutinize the report to prevent omissions. The written procedure will also assist analysts responsible for preparation of the PSC-272 avoid errors as identified in this finding. FSA corrected the applicable cumulative amounts reported on the September 30, 2009, report.

09-117

CFDA No.: 93.658 **Foster Care—Title IV-E, #s 0701AZ1401, 0801AZ1401, and 0901AZ1401**
93.658 **ARRA—Foster Care—Title IV-E, # 0901AZ1402**

Agency: Department of Economic Security

Contact person: David Longo, DCYF Finance and Business Administrator, (602) 542-5099

Anticipated completion date: October 31, 2010

Agency Response: Concur

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Agency Corrective Action Plan: To ensure the Division of Children, Youth and Families (DCYF) does not make payments from the Foster Care program to an unlicensed provider, DCYF will modify the automated system to meet the requirements for this service. In addition, DCYF will continue to monitor expenditures to ensure that payments from federal funds are only to licensed providers.

09-118

TANF Cluster:

CFDA No.: 93.556 Temporary Assistance for Needy Families, #s G0802AZTANF and G0902AZTANF

Medicaid Cluster:

CFDA No.: 93.775 State Medicaid Fraud Control Units

93.777 State Survey and Certification of Health Care Providers and Suppliers

93.778 Medical Assistance Program

93.778 ARRA—Medical Assistance Program

CFDA No.: 93.556 Promoting Safe and Stable Families, #s G0801AZFPSS and G0901AZFPSS

CFDA No.: 93.658 Foster Care—Title IV-E, #s 0701AZ1401, 0801AZ1401 and 0901AZ1401

CFDA No.: 93.658 ARRA—Foster Care—Title IV-E, # 0901AZ1402

CFDA No.: 93.659 Adoption Assistance, #s 0801AZ1407 and 0901AZ1407

CFDA No.: 93.659 ARRA—Adoption Assistance, # 0901AZ1403

CFDA No.: 93.667 Social Services Block Grant, #s G0801AZSOSR and G0901AZSOSR

Agency: Department of Economic Security

Contact person: David Longo, DCYF Finance and Business Administrator, (602) 542-5099

Anticipated completion date: July 31, 2010

Agency Response: Concur

Agency Corrective Action Plan: To correct this deficiency, the Division of Children, Youth and Families (DCYF), will review the time file and reporting codes used and submit expenditure corrections for the period in question. DCYF has discontinued this program so no additional monitoring will be needed.

09-119

Disability Insurance/SSI Cluster:

CFDA No.: 96.001 Social Security—Disability Insurance, #'s 040804AZD100 and 040904AZD100

Agency: Department of Economic Security

Contact person: Leona Hodges, DBME Deputy Assistant Director, (602) 542-7596

Anticipated completion date: June 2010

Agency Response: Concur

Agency Corrective Action Plan: To help ensure the Disability Determination Services Administration (DDSA) captures accurate data for the SSA-4514 reports, DDSA now delays the timesheet data download from the Financial Management and Control System (FMCS) data warehouse for three weeks from the date of timesheet data entry. This delay allows for input of amended timesheet data. Also, an additional field is downloaded and used to calculate hours. This calculation acts like a control field and should agree

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with leave hours and worked hours for each record. As of January 10, 2010, DDSA reconciles entries for each record with timesheets and reviews any special entries for each pay period.

To ensure DDSA uses the correct percentage to calculate the SSA leave hours in the SSA-4514 report, DDSA changed procedures to require verification of the percentage as the first step in the process. In addition, DDSA added flags to the spreadsheet to alert the user to verify the percentage is correct. DDSA corrected the error for the quarter and contacted the Social Security Administration (SSA) regional office to establish that a revised SSA-4514 report was not necessary since the impact of the error was insignificant.

To ensure DDSA fiscal staff members accurately record expenditures in the accounting system, DDSA provided additional training to fiscal staff members regarding data validation and review. Staff members were also given a reference list of the case type codes to use when separating authorizations by case type. In addition, supervisors will randomly review transactions in the future.

09-120

SNAP Cluster:

CFDA No.: 10.551 Supplemental Nutrition Assistance Program, # 7AZ400A24

10.561 State Administrative Matching Grants for the Supplemental Nutrition Assistance Program, # 7AZ400AZ4

10.561 ARRA—State Administrative Matching Grants for the Supplemental Nutrition Assistance Program, # 7AZ400AZ4

CFDA No.: 17.225 Unemployment Insurance, #s UI-15108-06-55, UI-15785-07-55, UI-16733-08-55, and UI-18007-09-55

17.225 ARRA—Unemployment Insurance, # UI-18007-09-55

Vocational Rehabilitation Cluster:

CFDA No.: 84.126 Rehabilitation Services—Vocational Rehabilitation Grants to States, #s H126A070002, H126A080002, and H126A090002

TANF Cluster:

CFDA No.: 93.558 Temporary Assistance for Needy Families, #s G0802AZTANF and G0902AZTANF

CCDF Cluster:

CFDA No.: 93.575 Child Care and Development Block Grant, #s G0801AZCCDF and G0901AZCCDF

93.596 Child Care Mandatory and Matching Funds of the Child Care and Development Fund, #s G0801AZCCDF and G0901AZCCDF

93.713 ARRA—Child Care and Development Block Grant, #G0901AZCCD7

Disability Insurance/SSI Cluster:

CFDA No.: 96.001 Social Security—Disability Insurance, #s 040804AZD100 and 040904AZD100

Agency: Department of Economic Security

Contact person: Tim Newton, DES Accounting Administrator, (602) 364-2350

Anticipated completion date: June 2010

Agency Response: Concur

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Agency Corrective Action Plan: The Department of Economic Security is implementing additional policies and procedures that ensure capital equipment is not charged to indirect cost pools. Non-Leased Capital equipment purchases where the benefiting federal program(s) cannot be readily identified will be paid for with non-federal funds and allocated through depreciation over the useful life of the asset to the benefiting federal programs.

The Financial Services Administration (FSA) completed an expenditure correction that removed the charge of the identified vehicle from the indirect cost pool.

09-121

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

Title I, Part A Cluster:

CFDA No.: 84.010 Title I Grants to Local Educational Agencies, #s S010A060003, S010A070003, and S010A080003

84.389 Title I Grants to Local Educational Agencies, Recovery Act, #S389A090003

Special Education Cluster (IDEA):

CFDA No.: 84.027 Special Education—Grants to States, #s H027A060007, H027A070007, and H027A080007

84.173 Special Education—Preschool Grants, #s H173A060003, H173A070003, and H173A080003

CFDA No.: 84.367 Improving Teacher Quality State Grants, #s S367A060049, S367B060003, S367A070049, S367B070003, S367A080049, and S367B080003

Agency: Arizona Department of Education

Contact person: Gary Holland, Audit Manager, (602) 364-3518

Anticipated completion date: June 30, 2010

Agency Response: Concur

Agency Corrective Action Plan: The Arizona Department of Education (ADE) account management guideline states that all systems must have an auditable account management process for establishing identity, provisioning access levels and removing accounts. The Department will evaluate and improve the account management processes for the Arizona Local Education Agency Tracker (ALEAT), School Finance, Child Nutrition Program (CNP), and Grants Management Enterprise (GME) systems to comply with this guideline.

ADE is also currently implementing an enterprise-wide Identity Management System (IDMS). The IDMS will enable ADE to centrally manage access to all ADE applications and resources. The IDMS will be used to

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manage individual account holder attributes, including access privileges. Access control related benefits of the IDMS will include:

- Improved ability for administrators to promptly and accurately maintain user accounts, both when adding/removing access and when modifying privileges.
- Improved central audit trail for all account management activities. This information will include at least:
 - When an access privilege is changed/added
 - Who authorized the change/addition
 - Why the change/addition was requested
- Addition of automated workflows for account management activities. Workflows will be used to allow individual business units the ability to manage access privileges to their applications. Workflows will also ensure that all required information is provided and proper approvals are documented before any changes/additions are applied.
- Improved password self-service capabilities to allow users to easily change their passwords periodically.
- Enhanced access reports for authorized account administrators. This will better enable ADE to ensure that access is periodically evaluated. For example, the system could provide an authorized representative at a school district with a list of active accounts. The representative would be required to certify the accuracy of the list and request any necessary changes.

In addition to the IDMS, ADE is also enhancing two additional systems:

CNPWeb Application:

Health and Nutrition Services (HNS) continues to utilize the current policy and procedures to ensure that CNP Web access permissions are assigned, monitored, and updated appropriately. In order to ensure compliance and address the 2 of 48 external users who did not have documentation authorizing their access, HNS will deploy the database tool that has been in production for the purposes of monitoring the accuracy of the access permissions provided to external users. This will be deployed prior to the end of fiscal year 2010.

In addition, to address the 4 of 5 employee users who did not have documentation authorizing their access, HNS will ensure the new database tool also tracks employee users in addition to external users. Moreover, HNS will create a new form that will mirror the current external user 'Common Logon Request Form', but be specific to employee users. This form will be managed and maintained by HNS to ensure compliance.

Grants Management Enterprise System:

Grants Management Office implemented GME user form (Electronic Signature User Form) to add/remove all internal user access in the Grants Enterprise System starting FY 2008. In order to add new user access,

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Grants Management Office requires two signatures from each unit/division preferably by a director of the unit and a deputy associate superintendent/or Associate Superintendent.

The Grants Management Office is also actively monitoring internal user access through a quarterly verification process. Units will receive a quarterly Internal User Access Report from the Grants Management Office in order to verify GME access for each continuing user. Quarterly verification process will be scheduled for July, October, January, and April starting FY 2011.

09-122

Title I, Part A Cluster

CFDA No.: 84.010 Title I Grants to Local Educational Agencies, #s S010A060003, S010A070003, and S010A80003

84.389 Title I Grants to Local Educational Agencies, Recovery Act, #S389A090003

CFDA No.: 84.367 Improving Teacher Quality State Grants, #s S367A060049, S367B060003, S367A070049, S367B070003, S367A080049, and S367B080003

Agency: Arizona Department of Education

Contact person: Gary Holland, Audit Manager, (602) 364-3518

Anticipated completion date: June 30, 2010

Agency Response: Concur

Agency Corrective Action Plan: The Arizona Department of Education has revised its monitoring procedures to conform with the change to the use of ALEAT to track all monitoring processes. Also the Statement of Assurances will be added to the Annual Submissions for 2010-2011 in the Monitoring portion of ALEAT, so that evidence from all local education agencies (LEAs) will be received.

09-123

Title I, Part A Cluster

CFDA No.: 84.010 Title I Grants to Local Educational Agencies, #s S010A060003, S010A070003, and S010A80003

84.389 Title I Grants to Local Educational Agencies, Recovery Act, #S389A090003

Special Education Cluster (IDEA):

CFDA No.: 84.027 Special Education—Grants to States, #s H027A060007, H027A070007, and H027A080007

84.173 Special Education—Preschool Grants, #s H173A060003, H173A070003, and H173A080003

CFDA No.: 84.367 Improving Teacher Quality State Grants, #s S367A060049, S367B060003, S367A070049, S367B070003, S367A080049, and S367B080003

Agency: Arizona Department of Education

Contact person: Gary Holland, Audit Manager, (602) 364-3518

Anticipated completion date: June 30, 2011

Agency Response: Concur

State of Arizona
Corrective Action Plan
Year Ended June 30, 2009

Agency Corrective Action Plan: The existing Grants Management Enterprise system offers all program areas the ability to view a LEA's individual cash management report through the Intranet under Grants Management Reports. The program areas can select the fiscal year, their specific grant or specific entity when viewing their projects' cash management status online. All projects are linked to the LEA's individual cash management report receipt status. These online reports were created to assist the program areas in the monitoring of their subrecipients. On the 19th of each month the program area can place a programmatic hold on funds if necessary.

The Grants Management Office continuously offers a Monthly Cash Management Summary Report to provide the program areas a quick glance of their subrecipients' cash management status on the 19th of each month. This report outlines such information as whether a subrecipient is compliant, the extent of any existing holds or the amount of cash on hand or the amount of requested disbursement. The program area utilizes this report to assess their subrecipients' compliance status on the 19th of each month and take appropriate corrective action if needed. Any abnormal cash on hand is dealt with by the program areas via placing a programmatic hold or contacting the LEAs at that time.

The existing Grants Management Enterprise system will be modified to ensure that subrecipients amend their subsequent year's budget for completion report cash balances immediately after the completion report has been approved. Once a completion report is approved and LEAs are directed to amend prior-year monies, the carryover must be amended into the current-year project within 60 days. If LEAs fail to amend the carryover within 60 days after the completion report approval date, the Grants Management Enterprise system will place an amendment hold and no payment will be made for the current year project. The submission of an amendment will release this system hold.

The ADE Business Rules have been finalized including 60 days rules and carryover system hold. The ADE Grants Management Office is currently working on this system enhancement.

09-124

Title I, Part A Cluster

CFDA No.: 84.010 Title I Grants to Local Educational Agencies, #s S010A060003, S010A070003, and S010A80003

84.389 Title I Grants to Local Educational Agencies, Recovery Act, #S389A090003

Agency: Arizona Department of Education

Contact person: Gary Holland, Audit Manager, (602) 364-3518

Anticipated completion date: June 30, 2010

Agency Response: Concur

Agency Corrective Action Plan: The Arizona Department of Education did not confirm that subrecipients have a current central contract registration (CCR) prior to the awarding of ARRA funds. In order to correct this finding in our instruction to LEAs for quarterly reporting, we are requesting all LEAs to register with the CCR and are working to determine how we will identify that such registration has taken place.

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09-125

Title I, Part A Cluster

CFDA No.: 84.010 **Title I Grants to Local Educational Agencies, #s S010A060003, S010A070003, and S010A80003**

84.389 **Title I Grants to Local Educational Agencies, Recovery Act, #S389A090003**

CFDA No.: 84.367 **Improving Teacher Quality State Grants, #s S367A060049, S367B060003, S367A070049, S367B070003, S367A080049, and S367B080003**

Agency: Arizona Department of Education

Contact person: Gary Holland, Audit Manager, (602) 364-3518

Anticipated completion date: June 30, 2010

Agency Response: Concur

Agency Corrective Action Plan: Arizona Department of Education has implemented procedures to ensure that the work of each employee, making allocation determinations, is reviewed by a program director responsible for the program. Additionally, all work files are kept in our archived folders for easy reference in the future.

In each of the cases cited the errors either have been adjusted or will be adjusted in a subsequent allocation process.

09-126

Special Education Cluster (IDEA):

CFDA No.: 84.027 **Special Education—Grants to States, #s H027A060007, H027A070007, and H027A080007**

84.173 **Special Education—Preschool Grants, #s H173A060003, H173A070003, and H173A080003**

Agency: Arizona Department of Education

Contact person: Gary Holland, Audit Manager, (602) 364-3518

Anticipated completion date: June 30, 2010

Agency Response: Concur

Agency Corrective Action Plan: The Arizona Department of Education (ADE)-Exceptional Student Services (ESS) has revised its policies and procedures to address the federal child count verification process in the following manner:

ESS requires local education agencies (LEAs) to verify their federal child count on October 1, effective FY 2009. This was a change from the previous federal child count date of December 1. A memo regarding this change was sent to the Special Education Directors, via the list-serv, on June 9, 2008, and again on August 21, 2008. By moving the child count date earlier in the year, LEAs will have more time to submit and correct their child count data in Student Accountability Information System (SAIS) well in advance of

State of Arizona
Corrective Action Plan
Year Ended June 30, 2009

the federal child count due date, thus giving ADE-ESS accurate data to submit to Office of Special Education Programs (OSEP).

ADE has not yet initiated statutory changes to reduce the SAIS adjustment window. ESS will continue to pursue discussions within ADE, relative to initiating and completing this statutory change. Currently, A.R.S. §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.

ESS will continue to include accuracy of LEA SAIS data in the Individuals with Disabilities Act (IDEA) determinations in accordance with 34 CFR §300.600.

Through multiple, regional workshops, ESS Data Management has advised LEAs of the availability of ADE data support resources to assist in resolving SAIS discrepancies prior to the October 1, 2009, federal child count verification/reconciliation deadline. Previously, the System Training and Response (STaR) team has been available as resource; however, since the team was disbanded in August 2009, support will now be provided by the ADE Support Center and the ESS Data Management team. ADE data support resources will be available throughout the data submission process to assist LEAs in providing an accurate, unduplicated count of children with disabilities receiving special education and related services.

The ADE-ESS Census Verification application for FY 2010 (October 1, 2009, child count) will be made available to all LEAs on October 5, 2009. LEAs will have until November 13, 2009, to submit their signed verification letters. ESS will require LEA October 1 federal child count verification numbers to match SAIS student count numbers by January 15, 2010. On January 20, 2010, SAIS student count numbers will be retained to provide documentation showing how the LEA counts matched SAIS counts at that time. If the LEA's count does not reconcile, it will be the LEA's responsibility (overseen by ADE-ESS Data Management) to provide supporting documentation as to why the counts were not reconciled. For the FY 2010, October 1, 2009, child count, if an LEA's count did not reconcile, ESS Data Management will follow up to secure supporting documentation specifying the reason for non-reconciliation before June 30, 2010. In addition, if the SAIS student count is higher than the LEA verification count, the LEA may be subject to an Average Daily Membership audit.

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Corrective Action Plan
Year Ended June 30, 2009

09-127

Homeland Security Cluster:

CFDA No.: 97.067 **Homeland Security Grant Program, #s 2006-GE-T6-4007, 2007-SG-N6-0004, 2007-GE-T7-0006, 2007-SG-N6-0007, 2008-GE-T8-0021, and 2008-SG-T8-0007**

Agency: Department of Public Safety

Contact person: Chuck LeBlanc, Financial Services Manager, (602) 223-2480

Anticipated completion date: December 31, 2010

Agency Response: Concur

Agency Corrective Action Plan: The Department of Public Safety maintains property records for all equipment acquired under federal grants; however, the Department's inventory control system did not adequately identify the specific grant or CFDA # associated with each item. This limitation hampered our ability to produce a complete list of all equipment acquired under a specific CFDA # within the time constraints imposed by the audit. The Department's inventory control system is being modified to include grant and CFDA # as part of the property record. In conjunction with the Department's 2010 capital inventory, grant and CFDA numbers will be identified for all federally funded equipment and the property records will be populated with this information. This will enhance the Department's ability to respond to requests for lists of equipment by grant or CFDA #.

09-128

Research and Development Cluster

All Arizona State University Research and Development grants and contracts

Agency: Arizona State University

Contact person: Marilyn Mulhollan, Executive Director Accounting Services, (480) 965-7236

Anticipated completion date: End of fiscal year 2010

Agency Response: Concur

Agency Corrective Action Plan: The University agrees that all charges made to federal awards, or any other University-funding source, should be properly supported by readily available documentation. The University has implemented all but one of the specific recommendations included in financial statement finding 09-19, with the final recommendation to be completed by the end of fiscal year 2010. Specifically related to finding 09-128 the University has enhanced previously existing policies and procedures for processing, monitoring, and verifying payroll related expenses. Included in these processes is the requirement for departments to complete monthly reconciliations of payroll expenses, which includes verification of salary/wage rates to supporting documentation (contract, offer letter or other official documentation). Financial Services is performing monthly reviews to ensure departments are complying with the payroll reconciliation requirement.

With regards to expenditure transfers, although in two cases payroll expenditures were not transferred within the time frame specified in university policy, the expenses were allowable charges to the sponsored projects. Likewise, the payroll expenditure transfer identified as related to budgetary concerns also

State of Arizona
Corrective Action Plan
Year Ended June 30, 2009

represented an allowable charge to the sponsored project and was needed to correct a clerical error. The payroll expenditures in each case were reasonable, necessary and allocable to the sponsored projects to which they were transferred and fairly represented the effort expended in support of the project scope of work during the approved period of performance and, as such, are valid charges to the awards to which they were transferred.

To clarify expenditure transfer requirements and enhance compliance, the University held refresher training on federal cost principles and university policies governing expenditure transfers for central research administrators. Additionally, the governing University policy has been updated and published in the Research and Sponsored Projects Manual.

09-129

Research and Development Cluster

All Arizona State University Research and Development grants and contracts

Agency: Arizona State University

Contact person: Michele Wrapp, Associate Director for Research Administration, (480) 965-4771

Anticipated completion date: Fiscal year 2010

Agency Response: Concur

Agency Corrective Action Plan: The University understands the importance of compliance with OMB Circular A-110, Subpart C §.23(a), governing requirements for cost sharing or matching. Although the sponsor did not have a mandatory cost share requirement for the National Institute of Child Health and Human Development project entitled *A Longitudinal Study of Mexican Origin Youth, Family, Culture, and Adjustment*, the University did make a voluntary cost share commitment which should have been documented in the Coeus grants management system. Likewise, fulfillment of the voluntary cost share commitment was not documented in the effort certification reports of the project employees who contributed effort on behalf of the project.

The voluntary cost share commitment was fulfilled, however, as committed on behalf of the project. This voluntary contribution of effort fulfilled the intended scope of work requirements as described in the project proposal. The voluntary cost share commitments for contributed effort on the referenced award have now been entered into the Coeus grants management system and into the effort reporting system commitment module to address the noted documentation deficiency. These commitments have been reflected on effort certification reports and certified by the employees who fulfilled the commitment. The record-keeping for the project effort is now aligned with the actual effort expended by project personnel.

Additionally, subsequent to the granting of this award, a new process for initial set-up of sponsored award accounts was implemented. This process reorganization included a segregation of duties and assignment of tasks exclusive to award set-up to a specialty team, the Award Set-up Team, with responsibility for ensuring that sponsored account parameters accurately reflect sponsor requirements, notice of award data elements and University voluntary cost share commitments as reflected in the proposal budget and budget justification. This account set-up process includes confirmation and input of both mandatory and

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Year Ended June 30, 2009

voluntary cost share commitments for tracking and documentation purposes in the Coeus grants management system. Mandatory and voluntary cost share commitments which will be fulfilled via contribution of effort are tracked in the effort reporting system and certified by the employees who have made contributions of effort to the project.

This focused responsibility for accurate account set-up should serve to enhance internal controls and resultant compliance with OMB Circular A-110, Subpart C §.23(a).

09-130

Research and Development Cluster

All Arizona State University Research and Development grants and contracts

Agency: Arizona State University

Contact person: Michele Wrapp, Associate Director for Research Administration, (480) 965-4771

Anticipated completion date: Fiscal year 2010

Agency Response: Concur

Agency Corrective Action Plan: The University acknowledges the importance of compliance with 29 CFR §97.20(b)(1), which requires accurate, current, and complete disclosure of the financial results of financially assisted activities in accordance with the grant's financial reporting requirements. At the time these reports were submitted, University policy and procedure guidance for the preparation of federal financial reports did not require review and approval of reports prior to submission to the federal awarding agency; however, the benefit of such reviews is acknowledged. The noted exceptions related to reported expenditures were the result of clerical errors. In each instance corrections were made with the routine filing of subsequent recurring reports for the affected sponsored projects. Expenditures reported and revenue received was accurate and correct at the time of audit.

In conjunction with a comprehensive reorganization of the University's central research operations functions, a project to improve documentation of processes and procedures and related work instructions is underway. Work instructions for the preparation of financial reports now include requirements for the review and approval of reports prior to submission to the federal awarding agency. This review and approval will be evidenced by initialing of the report by the reviewer. Staff responsible for this function have been provided with the updated work instruction and trained in the process. The occurrence of clerical errors and unsigned reports, if any, should be mitigated by this process improvement.

These work instruction revisions and related training should serve to enhance internal controls and resultant compliance with 29 CFR §97.20(b)(1).

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Summary Schedule of Prior Audit Findings

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State of Arizona
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2009

Status of Federal Award Findings and Questioned Costs

05-101

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

Agency: Department of Education

Status: Fully corrected

Contact person: Gary R. Holland, Audit Manager, (602) 364-3518

05-109

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

Agency: Department of Economic Security

Status: Not warranting further action

Contact person: Leona Hodges, DBME Deputy Assistant Director, (602) 542-7596

This finding does not warrant further action as the U.S. Department of Health and Human Services in a letter dated December 15, 2006, and the U.S. Department of Agriculture in a letter dated March 8, 2008, determined this audit finding closed.

05-124

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

Agency: Department of Education

Status: Partially corrected

Contact person: Gary R. Holland, Audit Manager, (602) 364-3518

The Arizona Department of Education (ADE), Exceptional Student Services (ESS), has revised its policies and procedures to address the federal child count verification process in the following manner:

ESS now requires local education agencies (LEAs) to verify their federal child count on October 1, effective FY 2009. This was a change from the previous federal child count date of December 1. A memo regarding this change was sent to the Special Education Directors, via the list-serv, on June 9, 2008, and again on August 21, 2008. It is anticipated that by moving the child count date earlier in the year, LEAs will have more time to submit and clean up their child count data in Student Accountability Information System (SAIS) well in advance of the federal child count due date, thus giving ADE-ESS accurate data to submit to Office of Special Education Programs (OSEP).

State of Arizona
Summary Schedule of Prior Audit Findings
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ADE has not yet initiated statutory changes to reduce the SAIS adjustment window. ESS will continue to pursue discussions within ADE, relative to initiating and completing this statutory change. Currently, A.R.S. §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.

ESS will continue to include accuracy of LEA SAIS data in the Individuals with Disabilities Act (IDEA) determinations in accordance with 34 CFR §300.600.

ESS will continue to send an alert on an annual basis via the list-serv to LEAs. The purpose of this alert is to advise LEAs of the use of the System Training and Response (STaR) team to resolve SAIS discrepancies prior to the October 1, 2008, federal child count verification/reconciliation deadline of January 29, 2009. For the FY 2009, October 1, 2008, child count, if an LEA's count did not reconcile, ESS Data Management will follow up to secure supporting documentation specifying the reason for non-reconciliation.

The ADE-ESS Census Verification application for FY 2010 (October 1, 2009, child count) is expected to be made available to all LEAs on October 2, 2009. LEAs will have until November 13, 2009, to submit their signed verification letters. ESS will require LEA October 1 federal child count verification numbers to match SAIS student count numbers by December 2009. On December 2009, SAIS student count numbers will be retained to provide documentation showing how the LEA counts matched SAIS counts at that time. If the LEA's count does not reconcile, it will be the LEA's responsibility (overseen by ADE-ESS Data Management) to provide supporting documentation as to why the counts were not reconciled. In addition, if the SAIS student count is higher than the LEA verification count, then the LEA may be subject to an ADM audit.

05-125

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

Agency: Department of Emergency and Military Affairs

Status: Fully corrected

Contact person: Julie Phelps, Fiscal Services Manager, (602) 464-6347

This finding is fully corrected as the Department of Emergency and Military Affairs is no longer the state administering agency for this program. The Department of Homeland Security is now the state administering agency for this grant and is adequately monitoring subrecipients.

State of Arizona
Summary Schedule of Prior Audit Findings
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06-101

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

Agency: Department of Emergency and Military Affairs

Status: Fully corrected

Contact person: Julie Phelps, Fiscal Services Manager, (602) 464-6347

This finding is fully corrected as the Department of Emergency and Military Affairs is no longer the state administering agency for this program. The Department of Homeland Security is now the state administering agency for this grant and is adequately monitoring subrecipients.

06-104

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

Agency: Department of Education

Status: Partially corrected

Contact person: Gary R. Holland, Audit Manager, (602) 364-3518

The Arizona Department of Education (ADE), Exceptional Student Services (ESS), has revised its policies and procedures to address the federal child count verification process in the following manner:

ESS now requires local education agencies (LEAs) to verify their federal child count on October 1, effective FY 2009. This was a change from the previous federal child count date of December 1. A memo regarding this change was sent to the Special Education Directors, via the list-serv, on June 9, 2008, and again on August 21, 2008. It is anticipated that by moving the child count date earlier in the year, LEAs will have more time to submit and clean up their child count data in the Student Accountability Information System (SAIS) well in advance of the federal child count due date, thus giving ADE-ESS accurate data to submit to Office of Special Education Programs (OSEP).

ADE has not yet initiated statutory changes to reduce the SAIS adjustment window. ESS will continue to pursue discussions within ADE, relative to initiating and completing this statutory change. Currently, A.R.S. §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.

ESS will continue to include accuracy of LEA SAIS data in the Individuals with Disabilities Act (IDEA) determinations in accordance with 34 CFR §300.600.

ESS will continue to send an alert on an annual basis via the list-serv to LEAs. The purpose of this alert is to advise LEAs of the use of the System Training and Response (STaR) team to resolve SAIS discrepancies prior to the October 1, 2008, federal child count verification/reconciliation deadline of January 29, 2009. For the FY 2009, October 1, 2008, child count, if an LEA's count did not reconcile, ESS

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Summary Schedule of Prior Audit Findings
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Data Management will follow up to secure supporting documentation specifying the reason for non-reconciliation.

The ADE-ESS Census Verification application for FY 2010 (October 1, 2009, child count) is expected to be made available to all LEAs on October 2, 2009. LEAs will have until November 13, 2009, to submit their signed verification letters. ESS will require LEA October 1 federal child count verification numbers to match SAIS student count numbers by December 2009. On December 2009, SAIS student count numbers will be retained to provide documentation showing how the LEA counts matched SAIS counts at that time. If the LEA's count does not reconcile, it will be the LEA's responsibility (overseen by ADE-ESS Data Management) to provide supporting documentation as to why the counts were not reconciled. In addition, if the SAIS student count is higher than the LEA verification count, then the LEA may be subject to an ADM audit.

06-106

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
84.011 Migrant Education—State Grant Program
84.027 Special Education—Grants to States
84.173 Special Education—Preschool Grants
84.213 Even Start- State Educational Agencies

Agency: Department of Education

Status: Fully corrected

Contact person: Gary R. Holland, Audit Manager, (602) 364-3518

06-107

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

Agency: Department of Education

Status: Not corrected

Contact person: Gary R. Holland, Audit Manager, (602) 364-3518

The existing Grants Management Enterprise system offers all program areas the ability to view a local education agencies (LEA's) individual cash management report through the Intranet under Grants Management Reports. The program areas can select the fiscal year, their specific grant or specific entity when viewing their projects' cash management status online. All projects are linked to the LEA's individual cash management report receipt status. These online reports were created to assist the program areas in the monitoring of their subrecipients. On the 19th of each month the program area can place a programmatic hold on funds if necessary.

The Grants Management Office continuously offers a Monthly Cash Management Summary Report to provide the program areas a quick glance of their subrecipients' cash management status on the 19th of

State of Arizona
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2009

each month. This report outlines such information as whether a subrecipient is compliant, the extent of any existing holds or the amount of cash on hand or the amount of requested disbursement. The program area utilizes this report to assess their sub-recipients' compliance status on the 19th of each month and take appropriate corrective action if needed. Any abnormal cash on hand is dealt with by the program areas via placing a programmatic hold or contacting the LEAs at that time.

The existing Grants Management Enterprise system will be modified to ensure that subrecipients amend their subsequent year's budget for completion report cash balances immediately after the completion report has been approved. Once a completion report is approved and LEAs are directed to amend prior year monies, the carryover must be amended into the current year project within 60 days. If LEAs fail to amend the carryover within 60 days after the completion report approval date, the Grants Management Enterprise system will place an amendment hold and no payment will be made for the current year project. The submission of an amendment will release this system hold.

ADE revised the Business Rules to address the cash management challenge however, due to budget constraints, the system change has been delayed until additional resources become available to finish the phased project. Any interest collected is reported in the completion report at the end of the grant year; however, ADE Grants Management Office is currently researching other agencies' processes and procedures and programming requirements necessary to capture and report any interest earned on a quarterly basis rather than on an annual basis.

06-108

CFDA No.: 84.011 Migrant Education—State Grant Program

Agency: Department of Education

Status: Fully corrected

Contact person: Gary R. Holland, Audit Manager, (602) 364-3518

06-126

CFDA No.: 93.558 Temporary Assistance for Needy Families

93.658 Foster Care—Title IV-E

93.667 Social Services Block Grant

Agency: Department of Economic Security

Status: Not warranting further action

Contact person: David Longo, DCYF Finance and Business Operations Administrator, (602) 542-5099

This finding does not warrant further action as the U.S. Department of Health and Human Services in a letter dated March 7, 2008, determined this audit finding closed.

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06-127

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

Agency: Department of Economic Security

Status: Fully corrected

Contact person: Mark Darmer, DERS Budget Manager, (602) 542-6333

07-101

CFDA No.: 10.553 School Breakfast Program
10.555 National School Lunch Program
10.556 Special Milk Program for Children
10.559 Summer Food Service Program for Children
10.557 Special Supplemental Nutrition Program for Women, Infants, and Children
10.558 Child and Adult Care Food Program
84.010 Title I Grants to Local Educational Agencies
84.011 Migrant Education—State Grant Program
84.027 Special Education—Grants to States
84.173 Special Education—Preschool Grants
84.357 Reading First—State Grants
84.367 Improving Teacher Quality State Grants
93.283 Centers for Disease Control and Prevention—Investigations and Technical Assistance
97.008 Urban Areas Security Initiative
16.007 State Domestic Preparedness Equipment Support Program
97.004 State Domestic Preparedness Equipment Support Program
97.067 Homeland Security Grant Program

Agency: Department of Administration

Status: Not corrected

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

We have an established process in place for monitoring legislation. In fact, this concept was raised for over two years prior to actually becoming law. On multiple occasions during that period we advised that this was, in our opinion, not consistent with established federal cost principles and almost certainly would be disallowed. This item is controlled by statute and cannot be resolved without a legislative change. Until the methodology is acceptably modified, there will likely continue to be disallowed costs that will require repayment with applicable interest. We will continue efforts to develop a solution to this issue.

This issue is a cross-cutting finding and is appropriately being addressed with the Department of Health and Human Services, Division of Cost Allocation (DHHS-DCA) for the payment and appropriate resolution of the questioned costs. We agree and commit to continue to work with DHHS-DCA, to the best of our ability, to find a resolution which ensures that the federal programs will be properly charged upfront for these costs, thus eliminating the need for subsequent refunds or adjustments.

State of Arizona
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07-104

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

84.011 Migrant Education—State Grant Program

84.027 Special Education—Grants to States

84.173 Special Education—Preschool Grants

84.367 Improving Teacher Quality State Grants

Agency: Department of Education

Status: Not corrected

Contact person: Gary R. Holland, Audit Manager, (602) 364-3518

The existing Grants Management Enterprise system offers all program areas the ability to view a local education agencies (LEA's) individual cash management report through the Intranet under Grants Management Reports. The program areas can select the fiscal year, their specific grant or specific entity when viewing their projects' cash management status online. All projects are linked to the LEA's individual cash management report receipt status. These online reports were created to assist the program areas in the monitoring of their subrecipients. On the 19th of each month the program area can place a programmatic hold on funds if necessary.

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State of Arizona
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Year Ended June 30, 2009

07-105

CFDA No.: 84.010 Title I Grants to Local Educational Agencies
84.011 Migrant Education—State Grant Program
84.367 Improving Teacher Quality State Grants

Agency: Department of Education

Status: Fully corrected

Contact person: Gary R. Holland, Audit Manager, (602) 364-3518

07-106

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
84.011 Migrant Education—State Grant Program
84.027 Special Education—Grants to States
84.173 Special Education—Preschool Grants
84.357 Reading First State Grants
84.367 Improving Teacher Quality State Grants

Agency: Department of Education

Status: Fully corrected

Contact person: Gary R. Holland, Audit Manager, (602) 364-3518

07-108

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

Agency: Department of Education

Status: Partially corrected

Contact person: Gary R. Holland, Audit Manager, (602) 364-3518

The Arizona Department of Education (ADE), Exceptional Student Services (ESS), has revised its policies and procedures to address the federal child count verification process in the following manner:

ESS now requires local education agencies (LEAs) to verify their federal child count on October 1, effective FY 2009. This was a change from the previous federal child count date of December 1. A memo regarding this change was sent to the Special Education Directors, via the list-serv, on June 9, 2008, and again on August 21, 2008. It is anticipated that by moving the child count date earlier in the year, LEAs will have more time to submit and clean up their child count data in Student Accountability Information System (SAIS) well in advance of the federal child count due date, thus giving ADE-ESS accurate data to submit to Office of Special Education Programs (OSEP).

ADE has not yet initiated statutory changes to reduce the SAIS adjustment window. ESS will continue to pursue discussions within ADE, relative to initiating and completing this statutory change. Currently, A.R.S. §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.

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ESS will continue to include accuracy of LEA SAIS data in the Individuals with Disabilities Act (IDEA) determinations in accordance with 34 CFR §300.600.

ESS will continue to send an alert on an annual basis via the list-serv to LEAs. The purpose of this alert is to advise LEAs of the use of the System Training and Response (STaR) team to resolve SAIS discrepancies prior to the October 1, 2008, federal child count verification/reconciliation deadline of January 29, 2009. For the FY 2009, October 1, 2008, child count, if a LEA's count did not reconcile, ESS Data Management will follow up to secure supporting documentation specifying the reason for non-reconciliation.

The ADE-ESS Census Verification application for FY 2010 (October 1, 2009, child count) is expected to be made available to all LEAs on October 2, 2009. LEAs will have until November 13, 2009, to submit their signed verification letters. ESS will require LEA October 1 federal child count verification numbers to match SAIS student count numbers by December 2009. On December 2009, SAIS student count numbers will be retained to provide documentation showing how the LEA counts matched SAIS counts at that time. If the LEA's count does not reconcile, it will be the LEA's responsibility (overseen by ADE-ESS Data Management) to provide supporting documentation as to why the counts were not reconciled. In addition, if the SAIS student count is higher than the LEA verification count, then the LEA may be subject to an ADM audit.

07-109

CFDA No.: 84.027 Special Education—Grants to States
84.173 Special Education—Preschool Grants
Agency: Department of Education
Status: Fully corrected
Contact person: Gary R. Holland, Audit Manager, (602) 364-3518

07-110

CFDA No.: 84.011 Migrant Education—State Grant Program
Agency: Department of Education
Status: Fully Corrected
Contact person: Gary R. Holland, Audit Manager, (602) 364-3518

07-112

CFDA No.: 10.551 Food Stamps
10.561 State Administrative Matching Grants for Food Stamp Program
93.558 Temporary Assistance for Needy Families
Agency: Department of Economic Security
Status: Not warranting further action
Contact person: Leona Hodges, DBME Deputy Assistant Director, (602) 542-7596

This finding does not warrant further action as the U.S. Department of Agriculture in a letter dated February 3, 2009, and the U.S. Department of Health and Human Services in a letter dated July 24, 2009 determined this audit finding closed.

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07-113

CFDA No.: 10.551 Food Stamps
 10.561 State Administrative Matching Grants for Food Stamp Program
Agency: Department of Economic Security
Status: Not warranting further action
Contact person: Leona Hodges, DBME Deputy Assistant Director, (602) 542-7596

This finding does not warrant further action as the U.S. Department of Agriculture in a letter dated February 3, 2009, determined this audit finding closed.

07-121

CFDA No.: 93.558 Temporary Assistance for Needy Families
 93.658 Foster Care—Title IV-E
 93.667 Social Services Block Grant
Agency: Department of Economic Security
Status: Not warranting further action
Contact person: David Longo, DCYF Finance and Business Operations Administrator, (602) 542-5099

This finding does not warrant further action as the U.S. Department of Health and Human Services in a letter dated June 17, 2009, determined this audit finding closed.

07-122

CFDA No.: 96.001 Social Security—Disability Insurance
Agency: Department of Economic Security
Status: Fully Corrected
Contact person: Leona Hodges, DBME Deputy Assistant Director, (602) 542-7596

07-125

CFDA No.: 93.563 Child Support Enforcement
Agency: Department of Economic Security
Status: Fully corrected
Contact person: Roger C. Welch, DCSE Finance Administrator, (602) 771-8326

07-126

CFDA No.: 16.007 State Domestic Preparedness Equipment Support Program
 97.004 State Domestic Preparedness Equipment Support Program
 97.008 Urban Areas Security Initiative
 97.067 Homeland Security Grant Program
Agency: Department of Emergency and Military Affairs
Status: Fully corrected
Contact person: Julie Phelps, Fiscal Services Manager, (602) 464-6347

This finding is fully corrected as the Department of Emergency and Military Affairs is no longer the state administering agency for this program. The Department of Homeland Security is now the state administering agency for this grant and is adequately monitoring subrecipients.

State of Arizona
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Year Ended June 30, 2009

07-128

Research and Development Cluster

Agency: Arizona State University

Status: Fully corrected

Contact person: Beth Israel, Associate Vice President for Research Administration, (480) 965-8751

08-101

CFDA No.: 10.551 Food Stamps

10.561 State Administrative Matching Grants for Food Stamp Program

10.553 School Breakfast Program

10.555 National School Lunch Program

10.556 Special Milk Program for Children

10.559 Summer Food Service Program for Children

10.558 Child and Adult Food Care Program

10.664 Cooperative Forestry Assistance

20.205 Highway Planning and Construction

66.458 Capitalization Grants for Clean Water State Revolving Funds

66.468 Capitalization Grants for Drinking Water State Revolving Funds

84.002 Adult Education—Basic Grants to States

84.010 Title I Grants to Local Educational Agencies

84.011 Migrant Education—State Grant Program

84.027 Special Education—Grants to States

84.173 Special Education—Preschool Grants

84.126 Rehabilitation Services—Vocational Rehabilitation Grants to States, Rehabilitation

Services—Vocational Rehabilitation Grants to States

84.367 Improving Teacher Quality State Grants

93.268 Immunization Grants

93.575 Child Care and Development Block Grant

93.596 Child Care Mandatory and Matching Funds of the Child Care and Development Fund

93.667 Social Services Block Grant

93.767 State Children's Insurance Program

93.775 State Medicaid Fraud Control Units

93.777 State Survey and Certification of Health Care Providers and Suppliers

93.778 Medical Assistance Program

97.004 State Domestic Preparedness Equipment Support Program

97.067 Homeland Security Grant Program

Agency: Department of Administration

Status: Not corrected

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

We have an established process in place for monitoring legislation. In fact, this concept was raised for over two years prior to actually becoming law. On multiple occasions during that period we advised that this was, in our opinion, not consistent with established federal cost principles and almost certainly would be disallowed. This item is controlled by statute and cannot be resolved without a legislative change. Until the methodology is acceptably modified, there will likely continue to be disallowed costs that will require repayment with applicable interest. We will continue efforts to develop a solution to this issue.

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This issue is a cross-cutting finding and is appropriately being addressed with the Department of Health and Human Services, Division of Cost Allocation (DHHS-DCA) for the payment and appropriate resolution of the questioned costs. We agree and commit to continue to work with DHHS-DCA, to the best of our ability, to find a resolution which ensures that the federal programs will be properly charged up-front for these costs, thus eliminating the need for subsequent refunds or adjustments.

08-102

CFDA No.: 10.551 Food Stamps

10.561 State Administrative Matching Grants for Food Stamp Program

93.558 Temporary Assistance for Needy Families

Agency: Department of Economic Security

Status: Not corrected

Contact person: Leona Hodges, DBME Deputy Assistant Director, (602) 542-7596

To ensure benefits are issued only to eligible recipients and EBT cards are adequately safeguarded, the Division of Benefits and Medical Eligibility (DBME) local offices only issue cards for cases that meet the expedite criteria. This was necessary to ensure that these cases have access to benefits within seven days from the date of application as required by federal regulation. DBME programmed the eligibility system to prevent the issuance of EBT cards in the local offices except for the expedite cases. The vendor mails out all other EBT cards. Local offices also placed posters in their lobbies informing clients of the following:

- DO NOT give your unwanted, damaged, or unusable EBT card to any DES employee.
- DES employees are not allowed to accept, handle, or receive EBT Cards from participants for any reason.
- You must destroy the unwanted EBT card yourself. Shred or cut the card in pieces before discarding.
- Remember! Never give your personal identification number (PIN) to anyone for any reason.

In addition, DBME made changes to the eligibility system to restrict issuance of supplemental payments and prevent the occurrence of EBT fraud. DBME addressed all issues noted in the finding with the appropriate staff and issued a reminder to all staff to log off the system when computers are unattended.

08-103

CFDA No.: 10.551 Food Stamps

10.561 State Administrative Matching Grants for Food Stamp Program

Agency: Department of Economic Security

Status: Partially corrected

Contact person: Leona Hodges, DBME Deputy Assistant Director, (602) 542-7596

DBME 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. DBME

State of Arizona
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also developed an Accuracy Improvement Plan to improve the quality of services and eligibility determinations. This plan was closely monitored internally and by the Food and Nutrition Services to ensure compliance. The completion date for the Accuracy Improvement Plan was June 30, 2008. The error rate based on case reads through June 2008 was 4.66% compared to 6.07% in June 2007 and 8.26% in FFY 2006. DBME also received bonus funding due to the improvement in the accuracy rate. The error rate was within the allowable federal standard for FFY 2008. Due to resource issues and increasing caseloads, the error rate has started to increase again in FFY 2009. Accordingly, DBME is making significant changes in the case read process that were recommended by our Federal partners.

08-104

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

Agency: Department of Economic Security

Status: Fully corrected

Contact person: Mark Darmer, DERS Budget Manager, (602) 542-6333

08-105

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

Agency: Department of Economic Security

Status: Fully corrected

Contact person: Mark Darmer, DERS Budget Manager, (602) 542-6333

08-106

CFDA No.: 17.225 Unemployment Insurance

Agency: Department of Economic Security

Status: Partially corrected

Contact person: Mark Darmer, DERS Budget Manager, (602) 542-6333

Due to the increase in Unemployment Insurance claims and system modifications required to implement the various benefit tiers implemented by the Federal Government, it has been difficult for the Division of Employment and Rehabilitation Services (DERS) Information Technology staff to retain supporting documentation for federal reports in a manner that allows easy retrieval. However, DERS continues to train staff responsible for submission of the ETA reports on records retention associated with any data used to compile the federal reports.

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08-107

CFDA No.: 84.126 Rehabilitation Services—Vocational Rehabilitation Grants to States
Agency: Department of Economic Security
Status: Not warranting further action
Contact person: Mark Darmer, DERS Budget Manager, (602) 542-6333

This finding does not warrant further action as the U.S. Department of Education in a letter dated March 1, 2010, determined this audit finding closed.

08-108

CFDA No.: 84.126 Rehabilitation Services—Vocational Rehabilitation Grants to States
Agency: Department of Economic Security
Status: Not warranting further action
Contact person: Mark Darmer, DERS Budget Manager, (602) 542-6333

This finding does not warrant further action as the U.S. Department of Education in a letter dated March 1, 2010, determined this audit finding closed.

08-109

CFDA No.: 93.558 Temporary Assistance for Needy Families
Agency: Department of Economic Security
Status: Not warranting further action
Contact person: Leona Hodges, DBME Deputy Assistant Director, (602) 542-7596

This finding does not warrant further action as the U.S. Department of Health and Human Services in a letter dated May 7, 2010, determined this audit finding closed.

08-110

CFDA No.: 93.558 Temporary Assistance for Needy Families
 93.645 Child Welfare Services—State Grants
 93.658 Foster Care—Title IV-E
 93.667 Social Services Block Grant
Agency: Department of Economic Security
Status: Not warranting further action
Contact person: David Longo, DCYF Finance and Business Operations Administrator, (602) 542-5099

This finding does not warrant further action as the U.S. Department of Health and Human Services in a letter dated April 9, 2010, determined this audit finding closed.

State of Arizona
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Year Ended June 30, 2009

08-111

CFDA No.: 93.563 Child Support Enforcement

Agency: Department of Economic Security

Status: Not corrected

Contact person: Sherry Seaman, Legal Service Administrator, (602) 771-8147

The Department of Economic Security Division of Child Support Enforcement (DCSE) reviewed each identified case to determine the actions to be taken by staff.

DCSE implemented processes to ensure that cases are established and worked within required periods. In February 2006, DCSE implemented processes to identify, prioritize and monitor establishment cases with worklist items that indicate verified non-custodial parent locate data is available from New Hire reporting. In May 2007, DCSE implemented similar processes to identify worklist items indicating establishment actions can begin. Additional worklist items were incorporated into the monthly tracking mechanism, in addition to caseload data housed on the DCSE Geographic Environment and Analytical Report Utility Portal (GEARUP). This allows office managers and supervisors the ability to review all cases within a specific function for case status and action. In addition in June 2010, DCSE will add an additional worklist item to the tracking matrix that provides an indicator when locate data has been received through automation. DCSE continues to monitor cases for timely action to improve compliance.

DCSE has automated most of the medical support enforcement process, but there are a few circumstances where manual intervention is required. In an effort to achieve improved compliance, DCSE monitors the E7018 codes to ensure timely issuance of the Medical Support Notice as well as the Income Withholding Order. This monitoring became effective on December 19, 2008. In addition, DCSE will centralize all aspects of the Medical Support Notice activity effective June 2010.

DCSE staff continue to discuss Interstate case processing at quarterly meetings. The discussion material is accessible to all operations staff via the GEARUP portal. Emphasis is placed upon the importance of meeting required timelines and determining when cases should be processed as local or as two-state actions. DCSE has supplemented this training with DCSE Training Tips that are available on GEARUP.

To ensure Intake is completed within 20 days of IV-D application receipt, DCSE now logs and monitors all applications for IV-D services. On April 6, 2009, DCSE centralized the IV-D Applications received by DCSE in order to streamline and enhance the timeline monitoring of these requests. DCSE will continue to monitor the timeline requirements; including the monitoring of applications received by the state Central Registry unit.

08-112

CFDA No.: 93.563 Child Support Enforcement

Agency: Department of Economic Security

Status: Fully corrected

Contact person: Roger C. Welch, Finance Administrator, (602) 771-8326

State of Arizona
Summary Schedule of Prior Audit Findings
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08-113

CFDA No.: 96.001 Social Security—Disability Insurance

Agency: Department of Economic Security

Status: Partially Corrected

Contact person: Leona Hodges, DBME Deputy Assistant Director, (602) 542-7596

To help ensure the Disability Determination Services Administration (DDSA) captures accurate data for the SSA-4514 reports, DDSA now delays the timesheet data download from the Financial Management and Control System (FMCS) data warehouse for three weeks from the date of timesheet data entry. This delay allows for input of amended timesheet data. Also, an additional field is downloaded and used to calculate hours. This calculation acts like a control field and should agree with leave hours and worked hours for each record. As of January 10, 2010, DDSA reconciles entries for each record with timesheets and reviews any special entries for each pay period.

08-114

CFDA No.: 96.001 Social Security—Disability Insurance

Agency: Department of Economic Security

Status: Fully corrected

Contact person: Leona Hodges, DBME Deputy Assistant Director, (602) 542-7596

08-115

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

84.002 Adult Education – State Grant Program

84.010 Title I Grants to Local Educational Agencies

84.011 Migrant Education—State Grant Program

84.027 Special Education—Grants to States

84.173 Special Education—Preschool Grants

84.367 Improving Teacher Quality State Grants

Agency: Department of Education

Status: Not corrected

Contact person: Gary R. Holland, Audit Manager, (602) 364-3518

The Arizona Department of Education (ADE) is currently implementing an enterprise-wide Identity Management System (IDMS). The IDMS will enable ADE to centrally manage access to all ADE applications and resources. The IDMS will be used to manage individual account holder attributes, including access privileges. Access control related benefits of the IDMS will include:

- Improved ability for administrators to promptly and accurately maintain user accounts, both when adding/removing access and when modifying privileges.

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- Improved central audit trail for all account management activities. This information will include at least:
 - When an access privilege is changed/added
 - Who authorized the change/addition
 - Why the change/addition was requested
- Addition of automated workflows for account management activities. Workflows will be used to allow individual business units the ability to manage access privileges to their applications. Workflows will also ensure that all required information is provided and proper approvals are documented before any changes/additions are applied.
- Improved password self-service capabilities to allow users to easily change their passwords periodically.
- Enhanced access reports for authorized account administrators. This will better enable ADE to ensure that access is periodically evaluated. For example, the system could provide an authorized representative at a school district with a list of active accounts. The representative would be required to certify the accuracy of the list and request any necessary changes.

In addition to the IDMS, ADE is also enhancing two additional systems:

CNPWeb Application:

Health and Nutrition Services (HNS) is establishing a new permission group that will only be accessed by HNS Financial personnel to ensure proper separation of duties and that Child Nutrition Program Web (CNPWeb) access is appropriate for specific job assignments. This new permission group will ensure that financial functions within CNPWeb (e.g., creating exception claims, modifying reimbursement rates, administering advance payments) will be limited to HNS Financial personnel. This permission group will be created and implemented by June 30, 2009.

HNS continues to utilize the current policy and procedures to ensure that CNPWeb access permissions are assigned, monitored, and updated appropriately. In order to ensure compliance and address the 4 of 20 subrecipients whose access privileges were incorrect, HNS is developing additional application tools to simplify the process. Specifically, an Access database is being created to monitor the accuracy of the access permissions provided to subrecipients.

Grants Management Enterprise System:

The Grants Management Enterprise System (GME) was updated on 2/23/2009. With the update, the system is able to recognize users and their job positions. After the system update, all internal users except Accounting and IT groups needed to be listed on Electronic Signature User Forms in order to have had Grants Management User Access. The Grants Management office provided Electronic Signature User Forms to each program area and internal user access was updated accordingly. The Grants Management Office is also actively monitoring internal user access through a quarterly verification process. Units will receive a quarterly Internal User Access Report from the Grants Management Office in order to verify GME access for each user. Accounting and IT Group's user permissions will be verified through a quarterly verification process.

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08-116

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
84.002 Adult Education – State Grant Program
84.010 Title I Grants to Local Educational Agencies
84.011 Migrant Education—State Grant Program
84.027 Special Education—Grants to States
84.173 Special Education—Preschool Grants
84.367 Improving Teacher Quality State Grants

Agency: Department of Education

Status: Fully corrected

Contact person: Gary R. Holland, Audit Manager, (602) 364-3518

08-117

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

Agency: Department of Education

Status: Fully corrected

Contact person: Gary R. Holland, Audit Manager, (602) 364-3518

08-118

CFDA No.: 84.002 Adult Education – State Grant Program
84.010 Title I Grants to Local Educational Agencies
84.011 Migrant Education—State Grant Program
84.027 Special Education—Grants to States
84.173 Special Education—Preschool Grants
84.367 Improving Teacher Quality State Grants

Agency: Department of Education

Status: Not corrected

Contact person: Gary R. Holland, Audit Manager, (602) 364-3518

The existing Grants Management Enterprise system offers all program areas the ability to view a local education agencies (LEA's) individual cash management report through the Intranet under Grants Management Reports. The program areas can select the fiscal year, their specific grant or specific entity when viewing their projects' cash management status online. All projects are linked to the LEA's individual cash management report receipt status. These online reports were created to assist the program areas in the monitoring of their subrecipients. On the 19th of each month the program area can place a programmatic hold on funds if necessary.

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The Grants Management Office continuously offers a Monthly Cash Management Summary Report to provide the program areas a quick glance of their subrecipients' cash management status on the 19th of each month. This report outlines such information as whether a subrecipient is compliant, the extent of any existing holds or the amount of cash on hand or the amount of requested disbursement. The program area utilizes this report to assess their subrecipients' compliance status on the 19th of each month and take appropriate corrective action if needed. Any abnormal cash on hand is dealt with by the program areas via placing a programmatic hold or contacting the LEAs at that time.

The existing Grants Management Enterprise system will be modified to ensure that subrecipients amend their subsequent year's budget for completion report cash balances immediately after the completion report has been approved. Once a completion report is approved and LEAs are directed to amend prior year monies, the carryover must be amended into the current year project within 60 days. If LEAs fail to amend the carryover within 60 days after the completion report approval date, the Grants Management Enterprise system will place an amendment hold and no payment will be made for the current year project. The submission of an amendment will release this system hold.

ADE revised the Business Rules to address the cash management challenge; however, due to budget constraints, the system change has been delayed until additional resources become available to finish the phased project. Any interest collected is reported in the completion report at the end of the grant year; however, ADE Grants Management Office is currently researching other agencies processes and procedures and programming requirements necessary to capture and report any interest earned on a quarterly basis rather than on an annual basis.

08-119

CFDA No.: 84.010 Title I Grants to Local Educational Agencies
84.011 Migrant Education—State Grant Program
84.367 Improving Teacher Quality State Grants

Agency: Department of Education

Status: Fully corrected

Contact person: Gary R. Holland, Audit Manager, (602) 364-3518

08-120

CFDA No.: 84.011 Migrant Education—State Grant Program

Agency: Department of Education

Status: Fully corrected

Contact person: Gary R. Holland, Audit Manager, (602) 364-3518

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08-121

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

Agency: Department of Education

Status: Partially corrected

Contact person: Gary R. Holland, Audit Manager, (602) 364-3518

The Arizona Department of Education (ADE), Exceptional Student Services (ESS), has revised its policies and procedures to address the federal child count verification process in the following manner:

ESS now requires local education agencies (LEAs) to verify their federal child count on October 1, effective FY 2009. This was a change from the previous federal child count date of December 1. A memo regarding this change was sent to the Special Education Directors, via the list-serv, on June 9, 2008, and again on August 21, 2008. It is anticipated that by moving the child count date earlier in the year, LEAs will have more time to submit and clean up their child count data in Student Accountability Information System (SAIS) well in advance of the federal child count due date, thus giving ADE-ESS accurate data to submit to Office of Special Education Programs (OSEP).

ADE has not yet initiated statutory changes to reduce the SAIS adjustment window. ESS will continue to pursue discussions within ADE, relative to initiating and completing this statutory change. Currently, A.R.S. §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.

ESS will continue to include accuracy of LEA SAIS data in the Individuals with Disabilities Act (IDEA) determinations in accordance with 34 CFR §300.600.

ESS will continue to send an alert on an annual basis via the list-serv to LEAs. The purpose of this alert is to advise LEAs of the use of the System Training and Response (STaR) team to resolve SAIS discrepancies prior to the October 1, 2008, federal child count verification/reconciliation deadline of January 29, 2009. For the FY 2009, October 1, 2008, child count, if an LEA's count did not reconcile, ESS Data Management will follow up to secure supporting documentation specifying the reason for non-reconciliation.

The ADE-ESS Census Verification application for FY 2010 (October 1, 2009, child count) is expected to be made available to all LEAs on October 2, 2009. LEAs will have until November 13, 2009, to submit their signed verification letters. ESS will require PEA October 1 federal child count verification numbers to match SAIS student count numbers by December 2009. On December 2009, SAIS student count numbers will be retained to provide documentation showing how the LEA counts matched SAIS counts at that time. If the LEA's count does not reconcile, it will be the LEA's responsibility (overseen by ADE-ESS Data Management) to provide supporting documentation as to why the counts were not reconciled. In addition, if the SAIS student count is higher than the LEA verification count, then the LEA may be subject to an ADM audit.

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08-122

CFDA No.: 84.027 Special Education—Grants to States
84.173 Special Education—Preschool Grants
Agency: Department of Education
Status: Fully corrected
Contact person: Gary R. Holland, Audit Manager, (602) 364-3518

08-123

CFDA No.: 84.367 Improving Teacher Quality State Grants
Agency: Department of Education
Status: Not corrected
Contact person: Gary R. Holland, Audit Manager, (602) 364-3518

In completing our allocations for the fiscal year ending June 30, 2008, a clerical error occurred and the poverty data copied to the worksheet used to determine the allocations was from the prior fiscal year. The resulting error was less than 1/2 of one-percent and was not noticed during our normal review process. Only when the allocations were recalculated by the auditor, did the error come to light.

In order to prevent similar occurrences in the future, we have implemented a review process to ensure that the numbers used to determine the allocations are accurate.

08-124

CFDA No.: 97.004 State Domestic Preparedness Equipment Support Program
97.067 Homeland Security Grant Program
Agency: Department of Emergency and Military Affairs
Status: Fully corrected
Contact person: Julie Phelps, Fiscal Services Manager, (602) 464-6347

This finding is fully corrected as the Department of Emergency and Military Affairs is no longer the state administering agency for this program. The Department of Homeland Security is now the state administering agency for this grant and is adequately monitoring subrecipients.

08-125

CFDA No.: 10.664 Cooperative Forestry Assistance
Agency: State Forestry Division
Status: Not corrected
Contact person: Cam Hunter, Deputy Forester, (602) 771-1416

The Arizona State Forestry Division has experienced a marked increase in federal grant activity both in the amount of funding and number of projects. We are hoping to adjust the staffing level to match or at least assist with the workload by adding a position within the grants section within the next two to three months and by including our Agency Admin in monitoring duties. We recognize the importance of subrecipient monitoring as a critical part of our fiscal business operation. And while some monitoring is currently being conducted, our process lacks the formalization to capture these activities. We will move forward with a

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written plan that requires documentation of all contacts (phone, letter or e-mail) and other activities, including quarterly report activity.

Regarding the need for negative reporting and adhering to the quarterly time schedule in reports that are submitted, we will ensure our monitoring plan includes oversight of these elements.

The agency internal fiscal business practice has been changed to include the Single Audit requirement. Guidance from the auditor during the fiscal year 2008 audit was to request Single Audit reports from our stakeholders in September or December of 2009. Due to timing issues related to the reporting cycle, we elected to move forward with the Single Audit requirement in a December 2009 letter to stakeholders. While an attempt was made to secure Single Audit reports from stakeholders for fiscal year 2009, only a couple were submitted. The December 2009 letter from State Forestry to stakeholders was well received, and a significant number of reports have already been forwarded to us for fiscal year 2010.

08-126
CFDA No.: 10.664 Cooperative Forestry Assistance
Agency: State Forestry Division
Status: Fully corrected
Contact person: Cam Hunter, Deputy Forester, (602) 771-1416

08-127
CFDA No.: 10.664 Cooperative Forestry Assistance
Agency: State Forestry Division
Status: Fully corrected
Contact person: Cam Hunter, Deputy Forester, (602) 771-1416

08-128
Research and Development Cluster
CFDA No.: 47.076 Education and Human Resources
Agency: Arizona State University
Status: Partially corrected
Contact person: Kevin Salcido, Interim Associate Vice President/Chief Human Resource Officer, (480) 965-6608

All outlined corrective actions have been taken. The University is in the process of reviewing centralized records for completeness. The currently estimated completion date is fourth quarter, FY 2010. All questioned costs have been removed from the accounts and remaining reimbursements to the respective federal agencies will be issued by April 2010.

State of Arizona
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2009

08-129

Research and Development Cluster

CFDA No.: 47.076 Education and Human Resources

Agency: Arizona State University

Status: Fully corrected

Contact person: Tamara Deuser, Executive Director, Research Operations, (480) 727-7962

08-130

Research and Development Cluster:

CFDA No.: 47.RD A Longitudinal Study of the Development of Rational Number Knowledge in the Middle Grades

84.336 Teacher Quality Enhancement Grants

Agency: Arizona State University

Status: Fully corrected.

Contact person: Joanne Wamsley, Senior Associate Vice President Finance/Deputy Treasurer, (480) 965-6940

08-131

CFDA No.: 47.076 Education and Human Resources

Agency: Arizona State University

Status: Fully corrected

Contact person: Tamara Deuser, Executive Director, Research Operations, (480) 727-7962

08-132

Research and Development Cluster

CFDA No.: 47.076 Education and Human Resources

Agency: University of Arizona

Status: Fully corrected

Contact person: Sherry Esham, Director, (520) 626-6000