



A REPORT
TO THE
ARIZONA LEGISLATURE

Financial Audit Division

Single Audit

Maricopa County

Year Ended June 30, 2015



Debra K. Davenport
Auditor General

The **Auditor General** is appointed by the Joint Legislative Audit Committee, a bipartisan committee composed of five senators and five representatives. Her mission is to provide independent and impartial information and specific recommendations to improve the operations of state and local government entities. To this end, she provides financial audits and accounting services to the State and political subdivisions, investigates possible misuse of public monies, and conducts performance audits of school districts, state agencies, and the programs they administer.



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Maricopa County
Single Audit Reporting Package
Year Ended June 30, 2015

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DEBRA K. DAVENPORT, CPA
AUDITOR GENERAL

STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL

MELANIE M. CHESNEY
DEPUTY AUDITOR GENERAL

Independent Auditors' Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

Members of the Arizona State Legislature

The Board of Supervisors of
Maricopa County, Arizona

Report on Compliance for Each Major Federal Program

We have audited Maricopa County's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015, except for the Public and Indian Housing (14.850), Section 8 Housing Choice Vouchers (14.871), and the Public Housing Capital Fund (14.872) major federal programs administered by the Housing Authority of Maricopa County. Those major federal programs were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to those major federal programs' compliance with the types of compliance requirements described in the *OMB Compliance Supplement*, is based solely on the report of the other auditors. The County's major federal programs are identified in the Summary of Auditors' Results section of the accompanying Schedule of Findings and Questioned Costs.

Maricopa County's basic financial statements include the operations of the Maricopa County Accommodation Schools, which expended \$775,959 in federal awards that are not included in the County's Schedule of Expenditures of Federal Awards for the year ended June 30, 2015. Our audit, described below, did not include the operations of the Maricopa County Accommodation Schools because the Accommodation Schools engaged other auditors to perform an audit in accordance with OMB Circular A-133.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. 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 County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit and the report of the other auditors provide a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

Basis for Qualified Opinion on Child Support Enforcement

As described in the accompanying Schedule of Findings and Questioned Costs, the County did not comply with requirements regarding the Child Support Enforcement (93.563) program's allowable costs/cost principles requirements as described in finding 2015-108. Compliance with such requirements is necessary, in our opinion, for the County to comply with the requirements applicable to that program.

Qualified Opinion on Child Support Enforcement

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, Maricopa County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on Child Support Enforcement (93.563) for the year ended June 30, 2015.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, based on our audit and the report of the other auditors, Maricopa County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the Summary of Auditors' Results section of the accompanying Schedule of Findings and Questioned Costs for the year ended June 30, 2015.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance that are required to be reported in accordance with OMB Circular A-133 and that are described in the accompanying Schedule of Findings and Questioned Costs as items 2015-101, 2015-102, 2015-104, 2015-105, 2015-107, 2015-109, and 2015-110. Our opinion on each major federal program is not modified with respect to these matters.

Maricopa County's responses to the noncompliance findings identified in our audit are presented on pages 23 through 27. The County's responses were not subjected to the auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on them.

Report on Internal Control over Compliance

The County's management is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in

accordance with OMB Circular A-133, 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 County's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2015-101, 2015-102, 2015-103, 2015-104, 2015-106, 2015-107, 2015-108, 2015-109, and 2015-110 to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2015-105 to be a significant deficiency.

Maricopa County's responses to the internal control over compliance findings identified in our audit are presented on pages 23 through 27. The County's responses were not subjected to the auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the governmental activities, business-type activities, discretely presented component unit, each major fund, and aggregate remaining fund information of Maricopa County as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated December 21, 2015, that contained unmodified opinions on those financial statements. Our report also included a reference to our reliance on other auditors. Our audit was conducted for the purpose of forming our opinions on the financial statements that collectively comprise the County'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 is the responsibility of the County's management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards by us and the other auditors. In our opinion, based on our audit, the procedures performed as described previously, and the report of the other auditors, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Jay Zsorey, CPA
Financial Audit Director

March 24, 2016

Maricopa County
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2015

Federal agency/CFDA number	Federal program name	Cluster title	Pass-through grantor	Pass-through grantor's number(s)	Program expenditures	Amount provided to subrecipients
Department of Agriculture						
10 551	Supplemental Nutrition Assistance Program	SNAP Cluster	Arizona Department of Health Services	ADHS12-030680	\$ 2,602,616	\$ 726,104
10 553	School Breakfast Program	Child Nutrition Cluster	Arizona Department of Education	ED09-0001	124,361	
10 555	National School Lunch Program	Child Nutrition Cluster	Arizona Department of Education	ED09-0001	196,486	
	<i>Total Child Nutrition Cluster</i>				<u>320,847</u>	
10 557	Special Supplemental Nutrition Program for Women, Infants, and Children		Arizona Department of Health Services	ADHS11-005228, ADHS14-053007, ADHS15-084210	11,053,370	
10 558	Child and Adult Care Food Program		Arizona Department of Education	KR02-1170-ALS	292,224	
10 665	Schools and Roads—Grants to States	Forest Service Schools and Roads Cluster			454,563	
10 904	Watershed Protection and Flood Prevention				3,729,373	
10 11-LE-11031200-005	Cooperative Law Enforcement Agreement				77,115	
	Total Department of Agriculture				<u>18,530,108</u>	<u>726,104</u>
Department of Housing and Urban Development						
14 218	Community Development Block Grants/Entitlement Grants				2,762,551	2,240,252
14 231	Emergency Solutions Grant Program				423,382	402,216
14 231	Emergency Solutions Grant Program		City of Phoenix	140484-0	101,000	101,000
	<i>Total 14.231</i>				<u>524,382</u>	<u>503,216</u>
14 239	HOME Investment Partnerships Program				3,754,866	3,549,962
14 850	Public and Indian Housing				3,311,243	
14 870	Resident Opportunity and Supportive Services - Service Coordinators				39,098	
14 871	Section 8 Housing Choice Vouchers	Housing Voucher Cluster			12,499,950	
14 872	Public Housing Capital Fund				676,543	
14 896	Family Self-Sufficiency Program				20,961	
14 900	Lead-Based Paint Hazard Control in Privately-Owned Housing		City of Phoenix	133523, 141175-0	120,816	
	Total Department of Housing and Urban Development				<u>23,710,410</u>	<u>6,293,430</u>
Department of the Interior						
15 226	Payments in Lieu of Taxes				2,749,905	
15 227	Distribution of Receipts to State and Local Governments				7,127	
15 242	National Fire Plan—Rural Fire Assistance				21,713	21,713
	Total Department of the Interior				<u>2,778,745</u>	<u>21,713</u>
Department of Justice						
16 523	Juvenile Accountability Block Grants		Arizona Governor's Office for Children, Youth and Families	JB-CSG-14-4365-03	244,033	
16 540	Juvenile Justice and Delinquency Prevention—Allocation to States		Arizona Governor's Office for Children, Youth and Families	J2-CSG-14-4181-00, J2-CSG-14-4181-06Y2	68,895	
16 554	National Criminal History Improvement Program (NCHIP)		Arizona Criminal Justice Commission	NCP14-15-002, NCP14-15-004	134,026	
16 575	Crime Victim Assistance		Arizona Department of Public Safety	2013-246, 2013-247	112,280	
16 576	Crime Victim Compensation		Arizona Criminal Justice Commission	VC-15-056	893,429	
16 593	Residential Substance Abuse Treatment for State Prisoners		Arizona Criminal Justice Commission	RSAT-15-005	20,568	

See accompanying notes to schedule.

Maricopa County
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2015

Federal agency/CFDA number	Federal program name	Cluster title	Pass-through grantor	Pass-through grantor's number(s)	Program expenditures	Amount provided to subrecipients
16 606	State Criminal Alien Assistance Program				832,073	
16 726	Juvenile Mentoring Program		National CASA Association	AZ10766-12-0613-L1, AZ10766-13-0614-L2	12,545	
16 735	PREA Program: Demonstration Projects to Establish "Zero Tolerance" Cultures for Sexual Assault in Correctional Facilities		National PREA Resource Council	16090	46,936	
16 738	Edward Byrne Memorial Justice Assistance Grant Program				1,395,092	1,164,754
16 738	Edward Byrne Memorial Justice Assistance Grant Program		Arizona Criminal Justice Commission	DC-15-027	959,534	
	<i>Total 16.738</i>				<u>2,354,626</u>	<u>1,164,754</u>
16 742	Paul Coverdell Forensic Sciences Improvement Grant Program		Arizona Criminal Justice Commission	CV14-15-002	7,581	
16 745	Criminal and Juvenile Justice and Mental Health Collaboration Program				98,602	98,602
16 750	Support for Adam Walsh Act Implementation Grant Program				55,166	
16 755	Southwest Border Prosecution Initiative				418,301	
16 812	Second Chance Act Reentry Initiative				324,614	
16 88A-PX-46088	Desert Hawk Violent Crime Task Force				16,602	
16 SWAZP0661	Organized Crime Drug Enforcement Task				58,242	
16 SWAZP0706	Organized Crime Drug Enforcement Task				391,410	
16 unknown	DEA Task Force				45,100	
	Total Department of Justice				<u>6,135,029</u>	<u>1,263,356</u>
Department of Labor						
17 258	WIA/WIOA Adult Program	WIA Cluster	Arizona Department of Economic Security	ADES14-054318, DE111009001, DE14-054318	5,074,151	
17 259	WIA/WIOA Youth Activities	WIA Cluster	Arizona Department of Economic Security	ADES14-054318, DE111009001, DE14-054318	2,680,175	1,072,653
17 278	WIA/WIOA Dislocated Worker Formula Grants	WIA Cluster	Arizona Department of Economic Security	ADES14-054318, DE111009001, DE14-054318	3,148,680	
	<i>Total Workforce Investment Act (WIA) Cluster</i>				<u>10,903,006</u>	<u>1,072,653</u>
17 267	Incentive Grants—WIA Section 503		Arizona Department of Economic Security	15FAECCR-570694-05A	57,670	
	Total Department of Labor				<u>10,960,676</u>	<u>1,072,653</u>
Department of Transportation						
20 205	Highway Planning and Construction	Highway Planning and Construction Cluster	Arizona Department of Transportation	AC STP-MMA-0(239), AC STP-MMA-0(240), AC-STP MMA-0(241), CM-MMA-0(206), CM-MMA-0(234), CM-MMA-0(235), CM-MMA-0(237), CM-MMA-0(0242)D, CM-MMA-0(243), CM-MMA-0(244), CM-MMA-0(245), CM-MMA-0(246), JPA 12-100-I, JPA14-0004022-I, JPA 14-0004849-I, STP MMA-0(034), STP MMA-0(224), STP QCR-0(001)	9,503,988	

See accompanying notes to schedule.

Maricopa County
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2015

Federal agency/CFDA number	Federal program name	Cluster title	Pass-through grantor	Pass-through grantor's number(s)	Program expenditures	Amount provided to subrecipients
20 205	Highway Planning and Construction	Highway Planning and Construction Cluster	Maricopa Association of Governments	412, 656, STP MMA-0(217)	1,131,183	335,983
	<i>Total Highway Planning and Construction Cluster</i>				<u>10,635,171</u>	<u>335,983</u>
20 600	State and Community Highway Safety	Highway Safety Cluster	Arizona Governor's Office of Highway Safety	2014-AI-001, 2014-PT-007, 2015-AI-001, 2015-AL-007, 2015-CIOT-009, 2015-PT-022, 2015-PT-063, 2015-PT-064	208,252	
20 601	Alcohol Impaired Driving Countermeasures Incentive Grants I	Highway Safety Cluster	Arizona Governor's Office of Highway Safety	2014-410-001, 2014-410-022	57,480	
20 616	National Priority Safety Programs	Highway Safety Cluster	Arizona Governor's Office of Highway Safety	2015-405D-05	18,226	
	<i>Total Highway Safety Cluster</i>				<u>283,958</u>	
20 608	Minimum Penalties for Repeat Offender for Driving While Intoxicated		Arizona Governor's Office of Highway Safety	2014-164-015	21,560	
	Total Department of Transportation				<u>10,940,689</u>	<u>335,983</u>
Institute of Museum and Library Services						
45 310	Grants to States		Arizona State Library, Archives and Public Records	2014-34026-23	100,000	
Environmental Protection Agency						
66 001	Air Pollution Control Program Support				954,981	
66 034	Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act				350,339	
	Total Environmental Protection Agency				<u>1,305,320</u>	
Department of Energy						
81 042	Weatherization Assistance for Low-Income Persons		Arizona Governor's Office of Energy Policy	EW-ESA-14-4181-03Y2	153,693	144,702
Department of Education						
84 002	Adult Education—Basic Grants to States		Arizona Department of Education	15FAEABE-570694-16B	131,323	
84 013	Title I State Agency Program for Neglected and Delinquent Children and Youth		Arizona Department of Education	15FLCCCL-570696-02A	73,941	
84 027	Special Education—Grants to States	Special Education Cluster (IDEA)	Arizona Department of Education	14FESSCG-470692-02A, 15FESCBG-570692-09A, 15FESSCG-570692-55B	104,473	
84 365	English Language Acquisition State Grants		Arizona Department of Education	14FELENG-470696-03A	8,528	
84 366	Mathematics and Science Partnerships		Arizona Department of Education	14FMSIMG-470696-02A	382,278	
84 374	Teacher Incentive Fund				17,126,360	4,304,335
84 395 ARRA	State Fiscal Stabilization Fund (SFSF)—Race-to-the-Top Incentive Grants		Arizona Department of Education	13-02-EDSG	221,608	
84 411	Investing in Innovation (i3) Fund				939,750	
	Total Department of Education				<u>18,988,261</u>	<u>4,304,335</u>

See accompanying notes to schedule.

Maricopa County
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2015

Federal agency/CFDA number	Federal program name	Cluster title	Pass-through grantor	Pass-through grantor's number(s)	Program expenditures	Amount provided to subrecipients
Department of Health and Human Services						
93 044	Special Programs for the Aging—Title III, Part B—Grants for Supportive Services and Senior Centers	Aging Cluster	Area Agency on Aging	2014-28-MCH, 2015-26-MCH	264,703	
93 069	Public Health Emergency Preparedness		Arizona Department of Health Services	ADHS12-007891	2,736,515	
93 116	Project Grants and Cooperative Agreements for Tuberculosis Control Programs		Arizona Department of Health Services	ADHS13-042100	393,904	
93 224	Consolidated Health Centers (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care)	Health Centers Cluster			3,075,369	169,170
93 243	Substance Abuse and Mental Health Services—Projects of Regional and National Significance		Arizona Criminal Justice Commission	SAP-15-004	14,087	
93 268	Immunization Cooperative Agreements		Arizona Department of Health Services	ADHS13-041805	1,499,212	
93 283	Centers for Disease Control and Prevention—Investigations and Technical Assistance		Arizona Department of Health Services	ADHS14-072293	172,550	146,841
93 292	National Public Health Improvement Initiative				123,924	
93 297	Teenage Pregnancy Prevention Program				916,407	240,544
93 332	Cooperative Agreement to Support Navigators in Federally-facilitated and State Partnership Marketplaces				71,907	
93 505	Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program		Arizona Department of Health Services	ADHS12-023419	1,954,604	487,219
93 558	Temporary Assistance for Needy Families	TANF Cluster	Arizona Department of Economic Security	DE111071001	557,179	
93 563	Child Support Enforcement		Arizona Department of Economic Security	DE111162-001, DE111171001	2,558,126	
93 568	Low-Income Home Energy Assistance		Governor's Office of Energy Policy	LW-ESA-12-2182-03Y3, LW-ESA-12-2182-03Y4	635,011	
93 568	Low-Income Home Energy Assistance		Arizona Department of Economic Security	DE111071001	2,977,948	176,001
	<i>Total 93.568</i>				<u>3,612,959</u>	<u>176,001</u>
93 569	Community Services Block Grant		Arizona Department of Economic Security	DE111071001	710,845	67,000
93 576	Refugee and Entrant Assistance—Discretionary Grants		Arizona Department of Economic Security	DE101038001	1,444,165	
93 597	Grants to States for Access and Visitation Programs		Arizona Department of Economic Security	G1101AZSAVP	119,473	
93 600	Head Start				22,703,681	8,519,070
93 617	Voting Access for Individuals with Disabilities—Grants to States		Arizona Secretary of State	HHS-2006-ACF-ADD-VOTE-0135	117,862	
93 652	Adoption Opportunities				98,302	
93 667	Social Services Block Grant		Area Agency on Aging	2014-28-MCH, 2015-26-MCH	236,839	
93 667	Social Services Block Grant		Arizona Department of Economic Security	DE111071001	310,285	194,000
	<i>Total 93.667</i>				<u>547,124</u>	<u>194,000</u>
93 742	PPHF: Early Childcare and Education Obesity Prevention Program-Obesity Prevention in Young Children - financed solely by Public Prevention and Health Funds		Arizona Department of Health Services	ADHS14-052676	35,512	

See accompanying notes to schedule.

Maricopa County
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2015

Federal agency/CFDA number	Federal program name	Cluster title	Pass-through grantor	Pass-through grantor's number(s)	Program expenditures	Amount provided to subrecipients
93 758	Preventive Health and Health Services Block Grant funded solely with Prevention and Public Health Funds (PPHF)		Arizona Department of Health Services	ADHS15-078134	67,528	
93 914	HIV Emergency Relief Project Grants				8,238,314	5,475,845
93 926	Healthy Start Initiative				692,973	24,172
93 940	HIV Prevention Activities—Health Department Based		Arizona Department of Health Services	ADHS13-034910	798,299	
93 944	Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance		Arizona Department of Health Services	ADHS12-016584	29,285	
93 945	Assistance Programs for Chronic Disease Prevention and Control		Arizona Department of Health Services	ADHS14-061877	65,903	
93 977	Preventive Health Services—Sexually Transmitted Diseases Control Grants		Arizona Department of Health Services	ADHS14-071224, HG052195	421,251	
93 994	Maternal and Child Health Services Block Grant to the States		Arizona Department of Health Services	ADHS12-010921, ADHS12-015902, ADHS12-021145, ADHS13-037845, ADHS14-074958	654,417	
Total Department of Health and Human Services					<u>54,696,380</u>	<u>15,499,862</u>
Executive Office of the President of the United States						
95 001	High Intensity Drug Trafficking Areas Program				736,495	
Department of Homeland Security						
97 042	Emergency Management Performance Grants		Arizona Department of Emergency and Military Affairs	EMW-2014-EP-000016	537,645	
97 045	Cooperating Technical Partners				126,226	
97 047	Pre-Disaster Mitigation		Arizona Department of Emergency and Military Affairs	EMF-2014-PC-0003	75,406	
97 067	Homeland Security Grant Program		Arizona Department of Homeland Security	130201-01, 130202-01, 130202-02, 130814-01, 130814-02, 130814-03, 130814-04, 130814-05, 130814-06, 130814-07, 140203-01, 140805-01, 140805-02, 140805-03, 140805-04, 888206-01, 999810-03	1,085,803	2,875
97 091	Homeland Security Biowatch Program				755,218	
Total Department of Homeland Security					<u>2,580,298</u>	<u>2,875</u>
Total expenditures of federal awards					<u>\$ 151,616,104</u>	<u>\$ 29,665,013</u>

See accompanying notes to schedule.

Maricopa County
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2015

Note 1 – Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards includes Maricopa County's federal grant activity and is presented on the modified accrual basis of accounting, except for the following programs: Schools and Roads—Grants to States (10.665), Payments in Lieu of Taxes (15.226), and Distribution of Receipts to State and Local Governments (15.227). For these programs, revenues received during the fiscal year are considered earned and are reported as expenditures. The information in this 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.

The amounts included on the schedule of \$3,873 for the School Breakfast Program (10.553) and \$6,058 for the National School Lunch Program (10.555) represent the value of noncash assistance expended for each of the federal programs.

Note 2 – Catalog of Federal Domestic Assistance (CFDA) Number

The program titles and CFDA numbers were obtained from the federal or pass-through grantor or the 2015 *Catalog of Federal Domestic Assistance*. When no CFDA number had been assigned to a program, the two-digit federal agency identifier and the federal contract number were used. When there was no federal contract number, the two-digit federal agency identifier and the word "unknown" were used.

Maricopa County
 Schedule of Findings and Questioned Costs
 Year Ended June 30, 2015

Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified		
	Yes	No	
Internal control over financial reporting:			
Material weaknesses identified?	<u>X</u>	<u> </u>	
Significant deficiencies identified?	<u>X</u>	<u> </u>	
Noncompliance material to the financial statements noted?	<u> </u>	<u>X</u>	

Federal Awards

Internal control over major programs:			
Material weaknesses identified?	<u>X</u>	<u> </u>	
Significant deficiency identified?	<u>X</u>	<u> </u>	
Type of auditors' report issued on compliance for major programs: Unmodified on all major programs except for Child Support Enforcement (93.563) which was qualified.			
Any audit findings disclosed that are required to be reported in accordance with Circular A-133 (section .510[a])?	<u>X</u>	<u> </u>	

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children
10.904	Watershed Protection and Flood Prevention
14.850	Public and Indian Housing
14.871	Section 8 Housing Choice Vouchers
14.872	Public Housing Capital Fund
16.738	Edward Byrne Memorial Justice Assistance Grant Program
84.374	Teacher Incentive Fund
93.069	Public Health Emergency Preparedness
93.224	Consolidated Health Centers (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care)
93.563	Child Support Enforcement

Maricopa County
 Schedule of Findings and Questioned Costs
 Year Ended June 30, 2015

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
93.568	Low-Income Home Energy Assistance
93.600	Head Start

Dollar threshold used to distinguish between Type A and Type B programs: \$3,000,000

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 _____

Maricopa County
Schedule of Findings and Questioned Costs
Year Ended June 30, 2015

Financial Statement Findings

Financial statement findings were reported in the separately issued 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*.

Federal Award Findings and Questioned Costs

2015-101

CFDA No. and Name:	10.904 Watershed Prevention and Flood Protection
Award Number and Years:	69-9457-12-509; October 18, 2012 through September 30, 2017
Federal Agency:	Department of Agriculture
Compliance Requirement:	Reporting
Questioned Costs:	None

Criteria: To comply with 7 Code of Federal Regulations (CFR) §3016.20(b)(1), internal controls should be maintained over reporting to provide reasonable assurance that federal program reports are accurate, reliable, and prepared using the accrual basis of accounting. The report should also be supported by accounting records, reviewed for accuracy, and submitted within 30 days of quarter-end.

Condition and context: The County's Flood Control District (District) did not have policies and procedures to review and approve the quarterly SF-425, Federal Financial Report, and to maintain accounting records to support the amounts reported. As a result, the District was unable to provide supporting documentation for the three SF-425 reports submitted. The County attempted to recreate documentation for the June 30, 2015, SF-425, report but auditors determined the report was incorrectly compiled. Specifically, the District incorrectly reported the amount reimbursed by the Department of Agriculture, the recipient share of expenditures line item, and the federal share of unliquidated obligations and the unobligated balance of federal funds. In addition, the District did not prepare the report using the accrual basis of accounting. Further, the reports for the quarters ended December 31, 2014, and March 31, 2015, were not submitted within the 30 day time frame, and there was no report submitted for the quarter ended September 30, 2014.

Effect: The June 30, 2015, SF-425 report submitted to the federal agency was not accurate as program income and recipient share of expenditures were overstated by \$5.7 million, and the federal share of unliquidated obligations and unobligated balance of federal funds were overstated and understated by \$18.7 million, respectively.

Cause: The District did not establish policies and procedures to ensure SF-425, Federal Financial Reports were submitted timely and reviewed and approved for accuracy prior to submission.

Maricopa County
Schedule of Findings and Questioned Costs
Year Ended June 30, 2015

Recommendation: The District should establish policies and procedures to ensure that the quarterly SF-425, Federal Financial Reports, are reviewed and approved for accuracy prior to submission and that the reports are compiled in accordance with the grant requirement and supported by its accounting records. In addition, the District should submit all reports to the federal grantor by the designated due dates.

2015-102

CFDA No. and Name: 10.904 **Watershed Prevention and Flood Protection**
Award Number and Years: 69-9457-12-509; October 18, 2012 through September 30, 2017
Federal Agency: **Department of Agriculture**

CFDA No. and Name: 84.374 **Teacher Incentive Fund**
Award Numbers and Years: S374A100025; October 1, 2010 through September 30, 2016;
S374A12089; October 1, 2012 through September 30, 2015
Federal Agency: **Department of Education**
Compliance Requirement: Suspension and debarment
Questioned Costs: None

Criteria: In accordance with 7 CFR §3016.35 and 34 CFR §80.35, grantees and subgrantees must not make any award to or contract with any party that is debarred or suspended or is otherwise excluded from or ineligible for participation in federal assistance programs.

Condition and context: The County's Maricopa Education Service Agency (Agency) and Flood Control District (District) did not establish adequate procedures to verify that subrecipients and vendors providing goods and services paid with federal monies of \$25,000 or more had not been suspended or debarred, or otherwise excluded, from federal contracts. As a result, for all subrecipients and six of eight vendors tested for the Teacher Incentive Fund and the only applicable vendor tested for the Watershed Prevention and Flood Protection program, the Agency and the District did not verify that the subrecipients and vendors were not suspended or debarred. Auditors performed additional procedures for all subrecipients and vendors and determined no payments were made to suspended or debarred parties; therefore, no questioned costs were noted.

Effect: Payments could be made to suspended or debarred subrecipients or vendors.

Cause: The Agency and the District did not have adequate procedures to ensure that subrecipients and vendors receiving \$25,000 or more in federal funds were not suspended or debarred.

Recommendation: The Agency and the District should establish procedures to document its determinations that all subrecipients and vendors being paid over \$25,000 in federal monies have not been suspended or debarred from doing business with governmental entities before incurring expenditures. This verification may be accomplished by checking the Excluded Parties List System (EPLS) that the General Services Administration (GSA) maintains, obtaining vendor certification, or adding a clause or condition to the contract regarding suspension and debarment.

Maricopa County
Schedule of Findings and Questioned Costs
Year Ended June 30, 2015

This finding is similar to prior-year finding 2014-108.

2015-103

CFDA No. and Name:	16.738 Edward Byrne Memorial Justice Assistance Grant Program
Award Numbers and Years:	2010-DJ-BX-1213; October 1, 2009 through September 30, 2014 2011-DJ-BX-3298; October 1, 2010 through September 30, 2014 2012-DJ-BX-1182; October 1, 2011 through September 30, 2015 2013-DJ-BX-1164; October 1, 2012 through September 30, 2016 2014-DJ-BX-1197; October 1, 2013 through September 30, 2017 DC-15-027; July 1, 2014 through June 30, 2015
Federal Agency:	Department of Justice
Pass-Through Grantor:	Arizona Criminal Justice Commission
Compliance Requirement:	Reporting
Questioned Costs:	None

Criteria: To comply with 28 CFR §66.20(b), internal controls should be maintained over reporting to provide reasonable assurance that federal program reports are accurate and reliable, and accounting records are maintained.

Condition and context: The County Manager's Department (Department) administers all the Edward Byrne Memorial Justice Assistance Grant Programs, except for grant number DC-15-027. The Department did not have controls to maintain documentation that subrecipients and other county departments submit for inclusion in its SF-425, Federal Financial Report, and, for reports submitted prior to March 31, 2015, that another employee reviewed and approved the reports before submitting them to the Department of Justice. Specifically, the Department received summary information from its subrecipients and other county departments of amounts to include in the SF-425 report, but did not maintain documentation from the subrecipients or county departments that the schedules were compiled by knowledgeable program personnel. In addition, for three of five reports tested, the Department submitted the reports without a knowledgeable person reviewing and approving the reports' accuracy.

Effect: The lack of controls over financial reporting could result in the reporting of inaccurate information. No instances of noncompliance were noted for the reports tested.

Cause: The Department did not realize documentation should be maintained of program personnel that certified the accuracy of the program information. Additionally, internal controls to review and approve financial reports were not implemented until March 2015 because sufficient resources had not been available.

Maricopa County
Schedule of Findings and Questioned Costs
Year Ended June 30, 2015

Recommendation: To ensure the reports' accuracy, the Department should develop policies and procedures to verify that expenditure information submitted on the SF-425, Federal Financial Reports, is accurate and complete. This should include maintaining documentation that subrecipients and other county departments have certified the accuracy of the schedules. In addition, a knowledgeable employee should review and approve the reports.

This finding is similar to prior-year finding 2014-105.

2015-104

CFDA No. and Name:	84.374 Teacher Incentive Fund
Award Numbers and Years:	S374A100025; October 1, 2010 through September 30, 2016; S374A12089; October 1, 2012 through September 30, 2015
Federal Agency:	Department of Education
Compliance Requirements:	Activities Allowed or Unallowed and Allowable Costs/Cost Principles
Questioned Costs:	Unknown

Criteria: In accordance with 2 CFR §225, Appendix A, and 34 CFR §§80.20, 80.22, and 80.23, the Maricopa County Education Service Agency (Agency) should maintain effective internal controls over federal award programs to provide reasonable assurance that it is managing its federal awards in compliance with laws, regulations, and provisions of contracts and grant agreements, including charging only costs to the program that are reasonable and necessary and within the funding period. Therefore, the Agency should charge only allowable costs to federal programs, maintain supporting documentation of federal expenditures, and ensure all transactions receive an independent review and approval.

Condition and context: The Agency did not have adequate internal controls to ensure that all expenditures were properly reviewed and approved for compliance by personnel knowledgeable of the program and to determine expenditure transactions were adequately supported, mathematically accurate, and properly classified prior to payment. Specifically, 4 of 60 transactions tested were not properly reviewed and approved. One transaction was not reviewed by a second employee knowledgeable of the program requirements but did comply with the programs requirements. In addition, for two of the transactions, the program charged payroll expenditures twice because the Agency adjusted the employees' payroll that was allocated to multiple separate accounts. Auditors determined that similar payroll errors occurred for the period July 1, 2014 through March 31, 2015, and possibly earlier periods. Finally, a payroll transaction was transferred to the federal program that did not have time and effort reporting because the employee's file could not be located.

Effect: Auditors performed additional analysis and estimated the amount of unallowable expenditures for the period of July 1, 2014 through June 30, 2015, for the payroll expenditures charged twice ranged from \$31,000 to \$116,000 and for the employee whose file was missing approximately \$106,000. It was not practical to extend auditing procedures sufficiently to determine the actual questioned costs that resulted from this finding for prior years.

Maricopa County
Schedule of Findings and Questioned Costs
Year Ended June 30, 2015

Cause: The County's policies and procedures requiring an independent review and approval of all transactions were not consistently followed, which resulted in errors in the transactions processed. In addition, the Agency misplaced the employee's records that were filed with a different program.

Recommendation: The Agency should follow the County's policies and procedures requiring an independent review and approval of expenditures prior to payment by a knowledgeable employee and ensure all costs charged to the program are appropriate and supported. Also, all accounting records should be maintained to support transactions paid with program funds, including time and effort reporting.

2015-105

CFDA No. and Name:	84.374 Teacher Incentive Fund
Award Numbers and Years:	S374A100025; October 1, 2010 through September 30, 2016; S374A12089; October 1, 2012 through September 30, 2015
Federal Agency:	Department of Education
Compliance Requirement:	Subrecipient Monitoring
Questioned Costs:	None

Criteria: In accordance with 34 CFR §80.37(b), a pass-through entity must ensure that every subaward is clearly identified to the subrecipient and includes the specific federal award information. Pass-through entities are also required to obtain DUNS numbers from the subrecipients prior to issuance of the subaward. In addition, pass-through entities must follow up on all deficiencies pertaining to the subaward detected through audits and issue a management decision for the audit findings as required by 34 CFR §80.26.

Condition and context: The County's Maricopa Education Service Agency (Agency) was awarded the Teacher Incentive Fund program in 2010 along with its partnering school districts. The school districts received approximately 25 percent of the grant funds for the period of July 1, 2014, through June 30, 2015. At the grant's inception, the Agency was told to classify the school districts as partners. The Agency was not provided guidance to classify the school districts as subrecipients until December 2015. As a result, the County did not implement policies and procedures to properly perform all subrecipient monitoring requirements over the school districts. Specifically, the Agency did not perform some of the required before-the-award monitoring elements such as obtaining DUNS numbers and making subrecipients aware of the program requirements. In addition, the Agency did not take appropriate and timely corrective action on audit findings and issue management decisions within 6 months after receipt of the subrecipient's audit report.

Effect: The Agency did not comply with subrecipient monitoring requirements. Auditors performed additional audit work and determined that the Agency worked closely with the subrecipients to ensure compliance with program requirements.

Cause: The Agency was originally told to classify the subrecipients as partners and was not aware that the school districts should be classified and monitored as subrecipients until December 2015.

Maricopa County
Schedule of Findings and Questioned Costs
Year Ended June 30, 2015

Recommendation: To help ensure the Agency complies with subrecipient monitoring requirements, it should evaluate and update, as appropriate, its existing policies and procedures to ensure they are aligned with the federal agency's regulations. This should include communicating program information to subrecipients, obtaining DUNS numbers, reviewing Single Audit Reports, and issuing management decisions on audit findings within 6 months.

2015-106

CFDA No. and Name:	93.069 Public Health Emergency Preparedness
Award Number and Years:	ADHS12-007891; July 1, 2013 through June 30, 2015 ADHS12-007891; July 1, 2014 through June 30, 2016
Federal Agency:	Department of Health and Human Services
Pass-Through Grantor:	Arizona Department of Health Services
Compliance Requirement:	Matching
Questioned Costs:	None

Criteria: To comply with its grant agreement, the County was required to match 10 percent of the award amount with nonfederal monies. During the period of July 1, 2014 through June 30, 2015, the required match was \$268,560. The County should ensure the nonfederal match is met through an allowable source to comply with 45 CFR §92.24 and 2 CFR §200.306. Further, the County should ensure that the match is appropriately calculated, reviewed, and approved.

Condition and context: The County's Office of Preparedness and Response (Office) did not have adequate internal controls to monitor its federal program matching requirements. The Office relied on donated time from county employees to match federal expenditures; however, donated time was not appropriately recorded and properly reviewed and approved for accuracy. Specifically, for 34 out of 48 employees tested, the employees' matching rates were incorrect because the wrong hourly rate was used or overtime was unclaimed in the calculation. Of these sample items, auditors determined that 28 of the employees' matching contributions were understated, whereas 6 of the employees' matching contributions were overstated. In addition, another employee who had been paid with grant funds was incorrectly included in the matching allocation. Auditors analyzed the errors and population and determined that it appears that the Office met its matching requirement of \$268,560 despite instances of under- and over-reported donated time identified.

Effect: Failure to properly review and approve employee donated time studies, accurately calculate donated time, and ensure matching expenditures are from allowable sources could result in noncompliance with the program's matching requirements.

Cause: The Office did not have procedures to review and approve time studies for accuracy and allowability throughout the year to monitor the program's matching requirement.

Maricopa County
Schedule of Findings and Questioned Costs
Year Ended June 30, 2015

Recommendation: To help ensure that only allowable sources are used to match federal expenditures and that the program's matching requirement is met, the Office should strengthen its policies and procedures for reviewing, approving, and calculating its matching expenditures.

2015-107

CFDA No. and Name:	93.563 Child Support Enforcement
Award Numbers and Years:	DE111162-001; October 1, 2010 through September 30, 2015 DE111171001; October 1, 2010 through September 30, 2015
Federal Agency:	Department of Health and Human Services
Pass-Through Grantor:	Arizona Department of Economic Security
Compliance Requirement:	Reporting
Questioned Costs:	None

Criteria: To comply with the pass-through grant agreement, the County's Superior Court must submit monthly reports detailing various programmatic and statistical information on cases processed for the Child Support Enforcement program.

Condition and context: The Superior Court did not have policies and procedures to ensure the required reports for award number DE111171001 were submitted monthly to the pass-through grantor. Although the Court compiled child support enforcement case information, none of the monthly reports were submitted to the pass-through grantor for the entire audit period of July 1, 2014 through June 30, 2015. Further, this has the potential to affect previous award periods.

Effect: Noncompliance with the pass-through grant agreement's terms and conditions and potential risk the pass-through grantor did not have the correct information to compile its federal reports. As funding was not withheld for the lack of reporting program data, no questioned costs were noted.

Cause: The Court was not aware the required report information should be submitted to the pass-through grantor, and the pass-through grantor had not requested the Court to provide the program information.

Recommendation: The Court should establish policies and procedures to ensure monthly program reports are submitted to the pass-through grantor as outlined in the grant agreement. These policies and procedures should include a knowledgeable employee reviewing and approving the reports for accuracy prior to submission.

Maricopa County
Schedule of Findings and Questioned Costs
Year Ended June 30, 2015

2015-108

CFDA No. and Name:	93.563 Child Support Enforcement
Award Numbers and Years:	DE111162-001; October 1, 2010 through September 30, 2015 DE111171001; October 1, 2010 through September 30, 2015
Federal Agency:	Department of Health and Human Services
Pass-Through Grantor:	Arizona Department of Economic Security
Compliance Requirement:	Allowable Costs/Cost Principles
Questioned Costs:	Unknown

Criteria: In accordance with 2 CFR §225, Appendix B, Section 8.h, the County's Superior Court should ensure that the employee payroll costs charged to the Child Support Enforcement program are supported by personnel activity reports or equivalent documentation that reflect an after-the-fact distribution of each employee's actual activity during the period. In addition, the Court should prepare these certifications at least monthly, and the employee should sign them.

Condition and context: During the fiscal year, the County's Superior Court spent \$1,331,892 in salaries and wages for its Child Support Enforcement program. The Court charged salaries and wages to the program based on spreadsheets used to track each employee's hours devoted to the program, but it did not retain documentation of the time study supporting the allocation. Although county employees charging to the grant prepared a time sheet each pay period, the time sheets did not specify the actual activity, and no periodic certifications were prepared. These employees were disclosed as program personnel to the pass-through entity and all positions were approved in the grant award. However, auditors could not confirm the payroll amounts charged to the program reflected actual time worked on the program. Further, this has the potential to affect previous award periods.

Effect: The Department may have charged inappropriate payroll costs to the program. It was not practical to extend our auditing procedures to determine questioned costs, if any, that may have resulted from this finding.

Cause: The Court did not have adequate policies and procedures for certifying or confirming employees' time and effort spent on federal programs.

Recommendation: The Court should implement policies and procedures to ensure that employee payroll costs charged to the program are supported by personnel activity reports or equivalent documentation that reflect an after-the-fact distribution of each employee's actual activity during the period. In addition, these procedures should require at least monthly certifications that the employee signs.

Maricopa County
Schedule of Findings and Questioned Costs
Year Ended June 30, 2015

2015-109

CFDA No. and Name:	93.568 Low-Income Home Energy Assistance
Award Numbers and Years:	DE111071001; July 1, 2010 through June 30, 2015; LW-ESA-12-2182-03Y4; July 1, 2014 through June 30, 2015;
Federal Agency:	Department of Health and Human Services
Pass-through Grantor:	Arizona Department of Economic Security and Governor's Office of Energy Policy
Compliance Requirement:	Activities Allowed and Unallowed and Allowable Costs/Cost Principles
Questioned Costs:	\$31,538

Criteria: To comply with 2 CFR Part 225, Appendix B8(h), and 2 CFR §200.405, costs charged to a federal award must be allocable to that award. Further, employees who work on more than one grant should allocate and specifically identify the time devoted to each federal award.

Condition and context: The County's Human Services Department (Department) was awarded several federal and nonfederal grant funds from the Department of Economic Security to operate and maintain a Community Action Agency (CAA) in Maricopa County to provide community services and financial assistance to residents during the period of July 1, 2014 through June 30, 2015. The Department assigned individual employees to charge their payroll to a specific community service program even though the employee may have worked on multiple programs. As a result, some of the payroll expenditures charged to the Low-Income Home Energy Assistance Program (LIHEAP) may not have been for the program's purpose but for the other various community service programs that were funded with federal, state, and local funds. Likewise, other programs' payroll expenditures may have been for LIHEAP services. As a result, the Department transferred \$26,547 in payroll expenditures to LIHEAP when multiple community service programs exceeded their budget capacity. The Department was unable to provide time and effort reports for these payroll expenditures charged to LIHEAP. Further, the Department was reimbursed an additional \$4,991 in indirect costs for these payroll costs.

Effect: The Department was reimbursed for \$31,538 in payroll and indirect cost expenditures for program expenditures originally charged to other community service programs. It was not practical to extend our auditing procedures sufficiently to determine if any additional questioned costs may have resulted from this finding.

Cause: The Department transferred payroll expenditures to other programs with available budget capacity because all of the community service programs had similar purposes, and no additional funding was available in the original program charged.

Recommendation: The Department should follow the County's policies and procedures and charge payroll expenditures to the appropriate fund and programs. Payroll expenditures should be certified through time-and-effort reporting. Further, indirect costs should be based on actual payroll costs allocated to the specific program.

Maricopa County
Schedule of Findings and Questioned Costs
Year Ended June 30, 2015

2015-110

CFDA No. and Name:	93.600 Head Start
Award Numbers and Years:	09CH7096/48; July 1, 2013 through June 30, 2014 09CH7096/49; July 1, 2014 through June 30, 2015 09HP0004/01; January 1, 2015 through June 30, 2019
Federal Agency:	Department of Health and Human Services
Compliance Requirement:	Procurement and Suspension and Debarment
Questioned Costs:	Unknown

Criteria: In accordance with 2 CFR §200.318(a), a nonfederal entity must use its own documented procurement procedures that reflect its laws and regulations. In accordance with the County's Procurement Code MC1-308, each contract should include an option for renewal, extension, or purchase in each solicitation if it is determined to be applicable. Therefore, the Office of Procurement (Office) should renew contracts only in accordance with the stipulations outlined in its original contract.

Condition and context: The Office did not always follow the policies and procedures outlined in the County's Procurement Code for one of ten procurement transactions tested. Specifically, the Office renewed a contract for 12 months longer than allowed under the original contract instead of issuing a new procurement solicitation. This vendor was paid \$515,000 of program monies during the ineligible renewal period. Auditors performed additional audit work and determined that after the ineligible contract renewal's expiration, the Office issued a new solicitation that was awarded to the same vendor.

Effect: Noncompliance with federal procurement regulations. Additionally, this could result in the County not receiving the best rate for the procured services. It was not practical to extend auditing procedures sufficiently to determine questioned costs, if any, that resulted from this finding.

Cause: The Office did not follow the County's Procurement Code or approve procurement transactions because of insufficient oversight.

Recommendation: The Office should follow the County's Procurement Code to ensure that contracts are procured and documented properly.



Maricopa County

Office of Assistant County Manager and Department of Finance

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March 24, 2016

Debbie Davenport
Auditor General
2910 North 44th Street, Suite 410
Phoenix, AZ 85018

Dear Ms. Davenport:

The accompanying Corrective Action Plan has been prepared as required by U.S. Office of Management and Budget Circular A-133. Specifically, we are providing you with the names of the contact persons responsible for corrective action, the corrective action planned, and the anticipated completion date for each federal award finding included in the current year's Schedule of Findings and Questioned Costs.

Sincerely,

Shelby L. Scharbach
Assistant County Manager — Chief Financial Officer

**Maricopa County
Corrective Action Plan
Year Ended June 30, 2015**

Federal Award Findings and Questioned Costs

2015-101

CFDA No.: 10.904 Watershed Prevention and Flood Protection

Department: Maricopa County Flood Control District

Contact person(s): David Turner, Finance Support Supervisor Flood Control District, (602) 506-8617

Anticipated completion date: March 31, 2016

County Response: Concur

County Corrective Action Plan: The Maricopa County Flood Control District has updated its policies and procedures to ensure that required reports are completed accurately and submitted on time. Internal reports have been developed to ensure financial data on projects can be obtained on demand. Additionally, all reports will be reviewed for accuracy to supporting documentation by a knowledgeable person prior to submission.

2015-102

CFDA No.: 10.904 Watershed Prevention and Flood Protection

84.374 Teacher Incentive Fund

Department: Maricopa County Flood Control District; Maricopa County Education Service Agency

Contact person(s): Sharon Rogers, Contract Office, Flood Control District, (602) 506-6764; Marc Kuffner, Assistant Superintendent for Economic Management, (602) 506-2068

Anticipated completion date: March 31, 2016

County Response: Concur

County Corrective Action Plan: The Maricopa County Flood Control District amended its procedures in the contract department to ensure that all contracts (Contractor or consultant) are reviewed to ensure vendors and subrecipients receiving more than \$25,000 in federal funds are not suspended or debarred by reviewing the excluded parties list system (EPLS), obtaining a vendor certification, or including a clause in new contracts. The Maricopa County Education Service Agency updated its policies and procedures to ensure new vendors and subrecipients who receive \$25,000 in federal funds are not suspended or debarred in July 2015. As the Single Audit for fiscal year 2014 was not completed until March 2015, corrective action was not fully implemented until July 2015.

2015-103

CFDA No.: 16.738 Edward Byrne Memorial Justice Assistance Grant Program

Department: Maricopa County Manager's Department

Contact person(s): Alice Bustillo, JAG Grant Administrator, (602) 372-7059

Anticipated completion date: March 31, 2016

County Response: Concur

County Corrective Action Plan: The Maricopa County Manager's Department has updated its policies and procedures to ensure subrecipient financial reports are certified through review and approval of a knowledgeable person prior to submission. In addition, the SF-

**Maricopa County
Corrective Action Plan
Year Ended June 30, 2015**

425 reports have been reviewed and approved prior to submission. As the Single Audit for fiscal year 2014 was not completed until March 2015, corrective action regarding review of reports prior to submission was not fully implemented until April 2015.

2015-104

CFDA No.: 84.374 Teacher Incentive Fund

Department: Maricopa County Education Service Agency

Contact person(s): Marc Kuffner, Assistant Superintendent for Economic Management, (602) 506-2068

Anticipated completion date: June 30, 2016

County Response: Concur

County Corrective Action Plan: The Maricopa County Education Service Agency revised its procedures to ensure that expenditures are approved and reviewed to supporting documents for appropriateness and accuracy by a knowledgeable person. Additionally, the department updated its procedures to ensure that accounting records are maintained including time and effort reports.

2015-105

CFDA No.: 84.374 Teacher Incentive Fund

Department: Maricopa County Education Service Agency

Contact person(s): Marc Kuffner, Assistant Superintendent for Economic Management, (602) 506-2068

Anticipated completion date: June 30, 2016

County Response: Concur

County Corrective Action Plan: The Maricopa County Education Service Agency will incorporate its policies and procedures regarding subrecipient monitoring to ensure the agency reviews Single Audit reports from subrecipients and issues management decisions within six months. Additionally, the agency will ensure required information is communicated to new subrecipients. The original guidance provided by the U.S. Department of Education was to classify the school districts as partners and not subrecipients. On December 9, 2015, the U.S. Department of Education provided additional guidance to classify the school districts as subrecipients.

2015-106

CFDA No.: 93.069 Public Health Emergency Preparedness

Department: Maricopa County Department of Public Health

Contact person(s): Scot Pitcairn, Finance Manager, Maricopa County Department of Public Health, (602) 506-6963

Anticipated completion date: April 15, 2016

County Response: Concur

County Corrective Action Plan: The Maricopa County Department of Public Health developed and implemented procedures for documenting matching expenditures in April 2015. The department will document these procedures by identifying costs that can be utilized for the matching requirement. Additionally, responsibilities, by position, will be

**Maricopa County
Corrective Action Plan
Year Ended June 30, 2015**

documented so all grant personnel will understand their role, responsibility, and actions in the process. Any adjustments or modifications to the cost match plan developed at the beginning of the fiscal year will also be communicated with the grantor.

2015-107

CFDA No.: 93.563 Child Support Enforcement

Department: Maricopa County Superior Court

Contact person(s): Cheri Clark, Family Court Administrator/Director Conciliation Services, (602) 506-2109

Anticipated completion date: June 30, 2016

County Response: Concur

County Corrective Action Plan: The Superior Court will update its policies and procedures to ensure that reporting requirements are known and followed as outlined in the grant agreement. Additionally, the department will ensure that all reports submitted to the grantor are reviewed for accuracy by a knowledgeable employee to the underlying documents.

2015-108

CFDA No.: 93.563 Child Support Enforcement

Department: Maricopa County Superior Court

Contact person(s): Cheri Clark, Family Court Administrator/Director Conciliation Services, (602) 506-2109

Anticipated completion date: June 30, 2016

County Response: Concur

County Corrective Action Plan: The Superior Court will update its policies and procedures to ensure that employee payroll costs charged to the program follow 2 CFR §225 for payroll documentation and time distribution. Specifically policies and procedures will ensure employee payroll costs will be supported by personnel activity reports or equivalent documentation that reflect an after-the-fact distribution of each employee's actual activity during the period. In addition, these procedures will include at least monthly certifications that the employee signs.

2015-109

CFDA No.: 93.568 Low-Income Home Energy Assistance

Department: Maricopa County Human Services Department

Contact person(s): Celeste Bautista, Finance Administrator, (602) 506-2513

Anticipated completion date: March 31, 2016

County Response: Concur

County Corrective Action Plan: The Maricopa County Human Services Department updated its policies to utilize a Personnel Activity Report (PAR) that split funded employees can record and certify actual time spent on each project or funding strings. The PAR will be reconciled to ADP payroll distribution reports and a correcting journal entry will be prepared on a monthly basis to align actual hours worked for each grant.

**Maricopa County
Corrective Action Plan
Year Ended June 30, 2015**

This will ensure that payroll and indirect expenditures are charged to the appropriate grant.

2015-110

CFDA No.: 93.600 Head Start

Department: Maricopa County Human Services Department

Contact person(s): Celeste Bautista, Finance Administrator, (602) 506-2513

Anticipated completion date: March 31, 2016

County Response: Concur

County Corrective Action Plan: The Maricopa County Human Services Department updated its procedures by developing a tracking mechanism that will alert the end user 120 days prior to a contract's expiration. Department contract administrators will monitor all contracts and inform users when such contracts are expired or ready to expire and inform programs of the action that needs to take place. Department contract administrators will coordinate with Maricopa County Office of Procurement Services to ensure that the department follows the Maricopa County procurement guidelines. Additionally, the department and the Office of Procurement Services will work together to ensure that solicitations and contracts are procured and documented properly.

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Maricopa County

Office of Assistant County Manager and Department of Finance

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February 17, 2016

Debbie Davenport
Auditor General
2910 North 44th Street, Suite 410
Phoenix, AZ 85018

Dear Ms. Davenport:

We have prepared the accompanying Summary Schedule of Prior Audit Findings as required by U.S. Office of Management and Budget Circular A-133. Specifically, we are reporting the status of audit findings included in the prior audit's Schedule of Findings and Questioned Costs related to federal awards. This schedule also includes the status of audit findings reported in the prior audit's Summary Schedule of Prior Audit Findings that were not corrected.

Sincerely,

Shelby L. Scharbach
Assistant County Manager – Chief Financial Officer

**Maricopa County
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2015**

Status of Federal Award Findings and Questioned Costs

CFDA No.: 14.871 Section 8 Housing Choice Vouchers
Finding No. 11-106
Status: Fully corrected.

CFDA No.: 14.218 Community Development Block Grants/Entitlement Grants
Finding No. 2013-102
Status: Fully corrected.

CFDA No.: 16.738 Edward Byrne Memorial Justice Assistance Grant Program
16.804 ARRA Recovery Act – Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government
Finding No. 2013-103
Status: Fully corrected.

CFDA No.: 14.871 Section 8 Housing Choice Vouchers
Finding No. 2013-111
Status: Fully corrected.

CFDA No.: 10.557 Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)
Finding No. 2014-101
Status: Fully corrected.

CFDA No.: 10.557 Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)
93.069 Public Health Emergency Preparedness (PHEP)
93.576 Refugee and Entrant Assistance–Discretionary Grants (REA)
Finding No. 2014-102
Status: Fully corrected.

CFDA No.: 14.218 Community Development Block Grants/Entitlement Grants
Finding No. 2014-103
Status: Fully corrected.

CFDA No.: 14.218 Community Development Block Grants/Entitlement Grants
Finding No. 2014-104
Status: Fully corrected.

CFDA No.: 16.738 Edward Byrne Memorial Justice Assistance Grant Program
Finding No. 2014-105
Status: Partially corrected.

The Maricopa County Manager's Department reviewed unallowable administrative costs for the 2009 and 2010 JAG awards and remitted \$49,277 to the grantor. As the Single Audit for fiscal year 2014 was not completed until March 2015, corrective action regarding

Maricopa County
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2015

review of reports prior to submission was not fully implemented until April 2015. This finding was fully corrected as of June 30, 2015. Contact person is Alice Bustillo, JAG Grant Administrator, (602) 372-7059.

CFDA No.: 16.738 Edward Byrne Memorial Justice Assistance Grant Program
Finding No. 2014-106
Status: Fully corrected.

CFDA No.: 84.374 Teacher Incentive Fund
Finding No. 2014-107
Status: Fully corrected.

CFDA No.: 84.374 Teacher Incentive Fund
Finding No. 2014-108
Status: Partially corrected.

The Maricopa County Education Service Agency (MCESA) updated its policies and procedures to ensure new vendors and subrecipients who receive \$25,000 in federal funds are not suspended or debarred. As the Single Audit for fiscal year 2014 was not completed until March 2015, corrective action was not fully implemented until July 2015. MCESA will verify and document the vendor's status by checking the Excluded Parties List System (EPLS), obtaining vendor certification, or adding a clause or condition to the contract. Contact person is Marc Kuffner, Assistant Superintendent for Economic Management & Consulting, (602) 506-2068.

CFDA No.: 93.069 Public Health Emergency Preparedness (PHEP)
Finding No. 2014-109
Status: Partially corrected.

The Maricopa County Department of Public Health Office of Preparedness and Response is developing and implementing a review process to ensure the positions/personnel being utilized for cost match purposes are allowable. Cost match documentation, such as timesheets, will be collected and reviewed at least monthly. This review will ensure supporting documentation is completed as the work is performed. Additionally, the reviews will track actual match expenditures with the proposed match expenditures documented in the Grantor Budget Tool to ensure the 10% match is met by grant year end. As the Single Audit for fiscal year 2014 was not completed until March 2015, corrective action regarding match documentation and review was not implemented until April 2015. This finding will be fully corrected as of June 30, 2016. Contact person is Scot Pitcairn, Department of Public Health Finance Manager, (602) 506-6963.

CFDA No.: 93.069 Public Health Emergency Preparedness (PHEP)
Finding No. 2014-110
Status: Fully corrected.

**Maricopa County
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2015**

CFDA No.: 93.576 Refugee and Entrant Assistance–Discretionary Grants (REA)
Finding No. 2014-111
Status: Fully corrected.

CFDA No.: 14.871 Section 8 Housing Choice Vouchers
Finding No. 2014-112
Status: Fully corrected.

CFDA No.: 14.871 Section 8 Housing Choice Vouchers
Finding No. 2014-113
Status: Fully corrected.

CFDA No.: 14.850 Public and Indian Housing
Finding No. 2014-114
Status: Fully corrected.