

Maricopa County

Single Audit Report

Year Ended June 30, 2022



A Report to the Arizona Legislature

Lindsey A. Perry
Auditor General





The Arizona Auditor General’s mission is to provide independent and impartial information and specific recommendations to improve the operations of State and local government entities. To this end, the Office provides financial audits and accounting services to the State and political subdivisions, investigates possible misuse of public monies, and conducts performance audits and special reviews of school districts, State agencies, and the programs they administer.

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Annual Comprehensive Financial Report



LINDSEY A. PERRY
AUDITOR GENERAL

ARIZONA
AUDITOR GENERAL

MELANIE M. CHESNEY
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*

Members of the Arizona State Legislature

The Board of Supervisors of
Maricopa County, Arizona

We have audited, in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the U.S. Comptroller General, the financial statements of the governmental activities, aggregate discretely presented component units, each major fund, and aggregate remaining fund information of Maricopa County as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated December 22, 2022. Our report includes a reference to other auditors who audited the financial statements of the Stadium District, Risk Management, Employee Benefits Trust, Housing Authority, and Industrial Development Authority, as described in our report on the County's financial statements. 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.

Report on internal control over financial reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances 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 County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we and the other auditors identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control 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 and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County's basic financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2022-04 to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2022-01 to be a significant deficiency.

Report on compliance and other matters

As part of obtaining reasonable assurance about whether the County's basic financial statements are free from 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 financial statements. 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and that are described in the accompanying schedule of findings and questioned costs as items 2022-02 and 2022-03.

County response to findings

Government Auditing Standards requires the auditor to perform limited procedures on the County's responses to the findings identified in our audit that are presented in its corrective action plan at the end of this report. The County is responsible for preparing a corrective action plan to address each finding. The County's responses and corrective action plan were not subjected to the other auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

Purpose of this report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Lindsey A. Perry

Lindsey A. Perry, CPA, CFE
Auditor General

December 22, 2022



LINDSEY A. PERRY
AUDITOR GENERAL

ARIZONA
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 the Uniform Guidance**

Members of the Arizona State Legislature

The Board of Supervisors of
Maricopa County, Arizona

Report on compliance for each major federal program

Qualified and unmodified opinions

We have audited Maricopa County's compliance with the types of compliance requirements identified as subject to audit 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, 2022, except for the Housing Voucher Cluster (Assistance Listing numbers 14.871 and 14.879) and the Section 8 Project-Based Cluster (Assistance Listing number 14.195), 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.

Qualified opinions on COVID-19 - Emergency Solutions Grant Program and Teacher and School Leader Incentive Grants

In our opinion, except for the noncompliance described in the basis for qualified and unmodified opinions section of our report, the County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the COVID-19 - Emergency Solutions Grant Program (Assistance Listing number 14.231) and the Teacher and School Leader Incentive Grants (Assistance Listing number 84.374) for the year ended June 30, 2022.

Unmodified opinion on each of the other major federal programs

In our opinion, based on our audit and the report of the other auditors, the County complied, in all material respects, with the 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, 2022.

Basis for qualified and unmodified opinions

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 U.S. Comptroller General, and the audit requirement of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the auditors' responsibilities for the audit of compliance section of our report.

We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified and unmodified opinions on compliance for each major federal program. Our audit does not provide a legal determination of the County's compliance with the compliance requirements referred to above.

Matters giving rise to qualified opinions on COVID-19 - Emergency Solutions Grant Program and Teacher and School Leader Incentive Grants

As described in the accompanying schedule of findings and questioned costs, the County did not comply with requirements regarding the COVID-19 - Emergency Solutions Grant Program's special tests and provisions and the Teacher and School Leader Incentive Grant's cash management as described in items 2022-101 and 2022-102, respectively. Compliance with such requirements is necessary, in our opinion, for the County to comply with the requirements applicable to these programs.

Other matter—Federal expenditures not included in the compliance audit

The County's basic financial statements include the operations of the Maricopa County Accommodation Schools that is not included in the County's schedule of expenditures of federal awards during the year ended June 30, 2022. Our compliance audit, described in the qualified and unmodified opinions section, does not include the operations of the Maricopa County Accommodation Schools because they engaged other auditors to perform a compliance audit.

Management's responsibilities for compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the County's federal programs.

Auditors' responsibilities for the audit of compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with U.S. generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the County's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with U.S. generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over compliance. Accordingly, we express no such opinion.

We are required to communicate with those charged with governance regarding, among other matters, the audit's planned scope and timing and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other matters

The results of our auditing procedures and those of the other auditors disclosed other instances of noncompliance that are required to be reported in accordance with the Uniform Guidance and that are described in the accompanying schedule of findings and questioned costs as items 2022-103 and 2022-104. Our opinion on each major federal program is not modified with respect to these matters.

Report on internal control over compliance

Our consideration of internal control over compliance was for the limited purpose described in the auditors' responsibilities for the audit of compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance, and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we and the report of the other auditors 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 2022-101 and 2022-102 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 deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2022-103 and 2022-104 to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

County response to findings

Government Auditing Standards requires the auditor to perform limited procedures on the County's responses to the noncompliance and internal control over compliance findings that are presented in its corrective action plan at the end of this report. The County is responsible for preparing a corrective action plan to address each finding. The County's responses and corrective action plan were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on them.

Report on schedule of expenditures of federal awards required by the Uniform Guidance

We have audited the financial statements of the County's governmental activities, aggregate discretely presented component units, each major fund, and aggregate remaining fund information as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated December 22, 2022, that contained unmodified opinions on those financial statements. Our report also included a reference to our reliance on other auditors. Our audit was performed 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 the Uniform Guidance 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.

Lindsey A. Perry

Lindsey A. Perry, CPA, CFE
Auditor General

March 30, 2023



SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Summary of auditors' results

Financial statements

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with generally accepted accounting principles Unmodified

Internal control over financial reporting

Material weaknesses identified? Yes

Significant deficiencies identified? Yes

Noncompliance material to the financial statements noted? No

Federal awards

Internal control over major programs

Material weaknesses identified? Yes

Significant deficiencies identified? Yes

Type of auditors' report issued on compliance for major programs

Unmodified for all major programs except for the COVID-19 - Emergency Solutions Grant Program (Assistance Listing number 14.231) and the Teacher and School Leader Incentive Grants Program (Assistance Listing number 84.374) which were qualified.

Any audit findings disclosed that are required to be reported in accordance with 2 CFR §200.516(a)? Yes

Identification of major programs

Assistance Listings number	Name of federal program or cluster
14.195	Section 8 Project-Based Cluster
14.231	COVID-19 - Emergency Solutions Grant Program
14.231	Emergency Solutions Grant Program
14.871	COVID-19 - Housing Voucher Cluster
14.871, 14.879	Housing Voucher Cluster
17.258, 17.259, 17.278	WIOA Cluster
20.205	Highway Planning and Construction Cluster

Assistance Listings number	Name of federal program or cluster
21.023	COVID-19 - Emergency Rental Assistance Program
21.027	COVID-19 - Coronavirus State and Local Fiscal Recovery Funds
84.374	Teacher and School Leader Incentive Grants
93.391	COVID-19 - Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises
93.600	COVID-19 - Head Start
93.600	Head Start
93.914	HIV Emergency Relief Project Grants

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

Auditee qualified as low-risk auditee? **No**

Financial statement findings

2022-01

The County's deficiencies in its process for managing and documenting its risks may put its operations and IT systems and data at unintended and unnecessary risk of potential harm

Condition—The County's process for managing and documenting its information technology (IT) risks did not include identifying, classifying, and inventorying sensitive information that might need stronger access and security controls.

Effect—The County's administration and IT management may put the County's IT systems and data at unintended and unnecessary risk.

Cause—The County was in the process of training its employees on how to implement its new written policies and procedures that it developed in the prior year.

Criteria—Establishing a process for managing risk that follows a credible industry source, such as the National Institute of Standards and Technology, helps the County to effectively manage risk related to IT systems and data. The process of managing risks should address the risk of unauthorized access and use, modification, or loss of sensitive information.

Recommendations—The County should:

1. Complete the process of training its employees on how to implement its new written policies and procedures.
2. Evaluate and manage the risks of holding sensitive information by identifying, classifying, and inventorying the information the County holds to assess where stronger access and security controls may be needed to protect data in accordance with State statutes and federal regulations.

The County's corrective action plan at the end of this report includes the views and planned corrective action of its responsible officials. We are not required to audit and have not audited these responses and planned corrective actions and therefore provide no assurances as to their accuracy.

This finding is similar to prior-year finding 2021-01.

2022-02

County School Superintendent's Office paid \$227,631 for services, travel, supplies, software, food, and other items using purchasing cards without complying with County policy, risking misuse of public monies and possible violation of the Arizona Constitution

Condition—Contrary to County policy, the County School Superintendent's Office paid \$227,631 for purchases the Assistant County School Superintendent made with a County purchasing card that did not comply with County policy, including purchases of services, travel, supplies, software, food, and other items. Specifically, the Office paid for these 287 purchasing card transactions without independently reviewing or approving the former Assistant County School Superintendent's purchases, as was required. Additionally, the former Assistant County Superintendent did not report 64 travel-related purchases totaling \$32,280 on the required travel authorization and expense report and did not obtain advance approval from

the County School Superintendent or his designee for 7 food purchases totaling \$3,660. Finally, the former Assistant County School Superintendent made 2 unallowable purchase transactions totaling \$606 for the following items used as employee participation incentives for the County's healthcare open enrollment: a Samsung soundbar (\$256), a Keurig coffee brewer (\$144), 2 mobile power banks (\$108), and other small electronics (\$98).

Effect—The County paying for purchases that did not comply with County policy put \$227,631 of public monies at risk of misuse and possible violation of the Arizona Constitution. Further, when public monies are misused, less monies are available for uses that benefit the County, its schools, and its residents.

Cause—Despite their responsibility for doing so, Office management did not provide sufficient oversight and monitoring of the Assistant County School Superintendent's purchasing card purchases to ensure his compliance with County policy and that the purchases were appropriate and for a public purpose. Office management reported that they were not aware of the Assistant County School Superintendent's noncompliance with County policy.

Criteria—All County department employees are required to follow County policy and State laws, and Office management has the oversight responsibilities to ensure its employees comply with County policy. Specifically, County policy requires all purchasing cardholder employees to maintain monthly reconciliation reports and itemized receipts and other documentation to support all purchasing card transactions, which are to be reviewed and approved by the employee's supervisor within 30 days of the transaction cycle's end (Maricopa County. [2020.] *Maricopa County Internal Policy*, Policy Number A2120—Acceptable Use of County Purchasing Card). In addition, County policy requires employees to complete a travel authorization and expense report that is accompanied with documentation supporting the County purpose for the travel and related expenses (Maricopa County. [2020.] *Maricopa County Internal Policy*, Policy Number A2313—General Travel). Food purchases are restricted by policy to County functions that promote a public program, economic development, or other authorized County objective and must be approved in advance of the purchase by the applicable County department's elected official or designee (Maricopa County. [2020.] *Maricopa County Internal Policy*, Policy Number A1508—Approval of Food Expenditures). Further, County policy allows employee incentives but limits such purchases to nominally priced items not exceeding \$100 in value in recognition of exemplary performance, attendance, and other types of job-related achievements (Maricopa County. [2020.] *Maricopa County Internal Policy*, Policy Number A2502—Expenditures for the Convenience and Benefit of Employees, Visitors, and Volunteers). Finally, State law bans gifts of public monies by counties to individuals and organizations (Arizona Constitution, Art. IX, Sec. 7).

Recommendations—The Office should:

1. Require its employees to follow the County's established policy when using purchasing cards, such as:
 - a. Maintaining monthly reconciliation reports supported by itemized receipts and other documentation and provide them to a supervisor for review and approval. The employee's supervisor should review and approve or disapprove the monthly reconciliation reports within 30 days of the transaction cycle's end.
 - b. Completing a travel authorization and expense report that is accompanied with documentation supporting the County purpose for the travel and related expenses.
 - c. Obtaining advanced approval for food purchases from the County School Superintendent or his designee, ensuring food purchases are in accordance with County policy and are an allowable use of the funding source.

- d. Limiting purchases for employee incentives to nominally priced items not exceeding \$100 in value in recognition of exemplary performance, attendance, and other types of job-related achievements and ensuring that the value to be received by the public for such purchases is not to be far exceeded by the consideration being paid by the public as stipulated in the Arizona Constitution, Art. IX, §7.
2. Periodically monitor employee cardholders' purchasing card purchases and notify the Office of Procurement Services when an employee fails to follow County policy so the County can take timely and appropriate corrective or disciplinary actions, as appropriate, to restrict an employee's purchasing card purchasing ability, such as revoking card privileges, and requiring repayment of unallowable purchases.

The County's corrective action plan at the end of this report includes the views and planned corrective action of its responsible officials. We are not required to audit and have not audited these responses and planned corrective actions and therefore provide no assurances as to their accuracy.

2022-03

The County School Superintendent's Office risks having to return juvenile detention center education program monies to the Arizona Department of Education in excess of what it was legally entitled to receive because it did not accurately report program operations

Condition—Despite the Office reporting to the Arizona Department of Education (ADE) that it had separated its juvenile detention center education program operations from its accommodation school, the Office had never fully done so. Specifically, in June 2019, the Office reported to ADE that it had separated program operations from its accommodation school beginning in fiscal year 2020, qualifying it for alternative funding that became effective in State law starting in fiscal year 2020 for counties that operate their juvenile detention center education programs separately from an existing accommodation school. Separating the program operations from its accommodation school may have resulted in a higher amount of funding than the Office otherwise would receive if it continued to operate its program with its accommodation school.¹ However, the Office never fully separated its program from its accommodation school. For example, the Office continued to direct State payments for program operations to the accommodation school, which controlled the funds, maintained the program's accounting records, and processed the program's payroll and other expenditures. In addition, the accommodation school reported some of the program's revenues and expenditures as its own in at least two of its fiscal years 2020 through 2022 annual financial reports submitted to ADE.

Effect—The Office received a total of \$2.8 million from ADE for program operations for fiscal years 2020 through 2022, which may be more than it would have received if it had reported to ADE that it continued to operate the program through its accommodation school. The Office risks having to return program monies to ADE that were in excess of what it was legally entitled to receive. However, we were unable to determine the amount of overfunding the Office received from ADE for program operations during fiscal years 2020 through 2022, if any, because ADE personnel indicated they would need to review additional data from the Office to do that calculation and the Office had not informed ADE that its reporting of program operations was inaccurate. Further, because the Office never fully separated the program from its accommodation school, there is a risk that some program monies may have been improperly used to support accommodation school activities.

Cause—After reporting to ADE in June 2019 that beginning in fiscal year 2020, program operations were being separated from the accommodation school and operated under a new name, the Maricopa County Juvenile Detention Center, the Office did not develop and follow a process to separate program operations from its accommodation school. Further, according to Office and other County staff, in January 2020, when the Office requested a separate fund to record the program’s revenues beginning in fiscal year 2021, the County did not approve the Office’s request.

Criteria—State law allows counties to operate a juvenile detention center education program separate from an existing accommodation school and prescribes the program’s funding provisions. Further, the county school superintendent may establish a detention center education fund to provide financial support to the program and shall deposit State payments into it. Any excess monies in the fund shall be used to supplement classroom spending (Arizona Revised Statutes [A.R.S.] §15-913). Programs operated through an existing accommodation school are included in the apportionment of State aid appropriations to accommodation schools (A.R.S. §15-909).

Recommendations—The Office should:

1. Either develop and follow a process for separating program operations from the accommodation school in accordance with its reporting to ADE or inform ADE that it is not separating program operations from the accommodation school.
2. Ensure that the program receives the correct statutory funding based on whether or not program operations are separated from the accommodation school.
3. Work with ADE to identify if the program was overfunded in fiscal years 2020 through 2022.
4. Return any program monies to ADE that were in excess of what it was legally entitled to receive, if required.

The County’s corrective action plan at the end of this report includes the views and planned corrective action of its responsible officials. We are not required to audit and have not audited these responses and planned corrective actions and therefore provide no assurances as to their accuracy.

¹ Laws 2019, Ch. 265.

Other auditors’ financial statement finding

The other auditors who audited the Maricopa County Housing Authority reported the following finding.

2022-04

Maricopa County Housing Authority’s financial reporting process lacked effective internal controls, and numerous adjustments were required by the Authority to correct the financial statements

Condition—There were multiple adjusting journal entries recorded during the course of the audit. This is indicative of a lack of internal controls over the financial reporting process. Specifically, the Authority does not have a system of internal controls that would enable management to conclude the financial statements and related disclosures are complete and presented in accordance with GAAP. We also proposed material audit adjustments in order to draft the financial statements. Most of the adjusting journal entries

were related to transactions with related parties. Significant adjustments such as these are indicative of inadequate controls over financial reporting. Specifically, we noted the following:

- Adjustments made to properly report the Authority's beginning net position and notes receivable.
- Adjustments made to properly report the Authority's accounts receivables and unearned revenues.
- Eliminations made to the Authority's notes receivable and payables and other interfund transactions as these transactions were between the Authority and its blended component units.

Effect—Inefficient controls over the financial reporting process could result in inaccurate account balances that require restatement, a significant number of audit adjustments or a lack of timely financial information.

Cause—The Authority did not properly establish and implement sufficient internal controls over financial reporting to ensure the timely and accurate recording of financial transactions. We noted that the Authority relies on the audits of related parties in order to record a significant number of related party transactions. Related party transactions should be recorded by the Authority as they are incurred. The audited financial statements of related parties should be reviewed, but not relied upon for the recording of the related party transactions.

Criteria—The Internal Control-Integrated Framework (COSO Report) requires adequate internal controls over financial reporting to ensure that transactions are properly recorded and accounted for to permit the preparation of reliable financial statements and demonstrate compliance with laws, regulations and other compliance requirements. Internal controls should be in place to provide reasonable assurance that financial statements are prepared in accordance with U.S. GAAP.

Recommendations—The Authority should evaluate their financial reporting processes and controls to determine whether additional controls over the preparation of annual financial statements can be implemented to provide reasonable assurance that financial statements are prepared in accordance with U.S. GAAP. We recommend the Authority to review their current procedures for reconciliations and year-end close procedures and evaluate the number of staff assigned to various accounting functions to ensure that staffing is appropriate. We recommend the Authority implements a tracking system to ensure that related party transactions are recorded accurately when incurred in order to avoid delays or discrepancies in the reporting process. Additionally, the Authority's finance department should consider hiring a consultant to assist in year end closing procedures and reconciliation of material accounts as well as unaudited financial data schedule submission.

The County's corrective action plan at the end of this report includes the views and planned corrective action of its responsible officials. We are not required to audit and have not audited these responses and planned corrective actions and therefore provide no assurances as to their accuracy.

This finding is similar to prior-year finding 2021-03.

Federal award findings and questioned costs

2022-101

Assistance Listings number and name: 14.231 **COVID-19 - Emergency Solutions Grant Program**

Award numbers and years: E-21-UC-04-0501, August 9, 2021 through August 8, 2023
E-20-UW-04-0501 August 27, 2020 through November 22, 2022

Federal agency: **U.S. Department of Housing and Urban Development**

Compliance requirement: Special tests and provisions—Obligation, expenditure and payment requirements

Questioned costs: Not applicable

Condition—Contrary to federal regulation and the County’s award terms, the County’s Human Services Department did not pay subrecipients for program expenditures they incurred and requested reimbursement for within the required 30 days for 42 percent of the requests we tested. Specifically, of the 12 subrecipient reimbursement requests we tested, the Department paid 5 of those requests, totaling \$78,992, 10 to 51 days late. This amount comprised 7.8 percent of total program expenditures the County reimbursed to subrecipients for the year and 3.4 percent of total program expenditures the County incurred for the year.

Effect—The Department’s failure to pay subrecipients within the required 30 days may place an undue financial burden on those entities, which are primarily nonprofit organizations that are helping the County administer the federal program, placing the services provided by those entities at an increased risk of being interrupted.

Cause—The Department reported it needed additional time to obtain complete reimbursement requests from its subrecipients; however, the Department did not document its attempts to obtain complete requests or the dates when the completed requests were obtained. Further, the Department did not have written policies and procedures for paying subrecipients within the required 30-day period.

Criteria—Both federal regulation and the County’s award terms require the County to pay subrecipients for allowable costs they incur for the program within 30 days of receiving their completed reimbursement requests (24 Code of Federal Regulation [CFR] §576.203). In addition, the County must establish and maintain effective internal control over federal awards that provides reasonable assurance that federal programs are being administered in compliance with all applicable laws, regulations, and award terms (2 CFR 200.303).

Recommendations—The Department should:

1. Develop and implement written policies and procedures to pay subrecipients for program expenditures they incur and request reimbursement for within the required 30 days of receiving their completed reimbursement requests.
2. Document its attempts to obtain complete reimbursement requests from subrecipients or the dates when the completed requests were obtained.

The County’s corrective action plan at the end of this report includes the views and planned corrective action of its responsible officials. We are not required to audit and have not audited these responses and planned corrective actions and therefore provide no assurances as to their accuracy.

2022-102

Assistance Listings number and name:	84.374 Teacher and School Leader Incentive Grants
Award number and year:	U374A160041-20, October 1, 2020 through September 30, 2022
Federal agency:	U.S. Department of Education
Compliance requirement:	Cash management
Questioned costs:	\$925,524

Condition—Contrary to federal regulation, the Maricopa County School Superintendent’s Office overdrew \$1,370,113 of program monies for its May 2022 reimbursement request for program expenditures it did not incur, or 18 percent of the program’s total expenditures for the year.

Effect—The Office risks having to return the \$1,370,113 of program monies for expenditures that it had not incurred and was not eligible to receive, along with any interest it earned exceeding \$500, to the federal grantor. However, the Office incurred additional program expenditures of \$444,589 during the fiscal year for which it did not request reimbursement because it wanted to first resolve the \$1,370,113 overdrawn amount. Therefore, the total questioned costs at fiscal year-end were \$925,524, which the Office reported notifying the federal grantor of the error and requesting guidance on how to repay the federal monies. The federal program ended on September 30, 2022, and the Office will need to work with the federal grantor to resolve the overpayment during the grant’s close-out.

Cause—The Office’s former Assistant Superintendent incorrectly based the May 2022 drawdown on the wrong time period—July 1, 2019 through May 2020 instead of the time period of July 1, 2021 through May 2022, resulting in a requested drawdown of \$1,915,288 rather than the needed drawdown of \$545,175—due to an apparent oversight. The Office’s policies and procedures did not require the reviewer to perform a reconciliation of the year’s program expenditures to the drawdown request prior to approving the request for submission to the federal grantor, and the assigned reviewer did not detect the error. Had the Office performed a more careful preparation and detailed review of the reimbursement request, it may have been able to detect and correct the error before submitting the reimbursement request to the federal grantor.

Criteria—The Office’s federal award terms and federal Uniform Guidance require the Office to use the reimbursement method to administer the program, whereby the Office is reimbursed with federal program monies only after it spends its own monies for authorized program purposes and requests reimbursement from the federal grantor (2 Code of Federal Regulations [CFR] §200.305[b][3]). Accordingly, both the Office and County-wide policies and procedures require an independent review and approval of federal program reimbursement requests and reports before submitting them to the grantor. Also, federal regulation requires the County and all its departments administering federal grants to establish and maintain effective internal control over federal awards that provides reasonable assurance that federal programs are being administered in accordance with all applicable laws, regulations, and award terms (2 CFR §200.303).

Recommendations—The Office should develop and implement policies and procedures for preparing and reviewing federal reimbursement requests that require:

1. The assigned reimbursement request reviewer to review or reconcile program expenditures recorded on the County’s financial accounting system to the drawdown request before approving the request to be submitted to the federal grantor.

- The Office to continue to work with the federal grantor to repay award amounts exceeding what the Office was eligible to receive, if any such amounts exist during the grant's close-out.

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2022-103

Assistance Listings number and name: 21.023 **COVID-19 - Emergency Rental Assistance Program**

Award numbers and years: C-95-21-017-X-01, January 6, 2021 through September 30, 2022;
C-22-22-062-X-00, December 6, 2021 through June 30, 2024;
C-49-21-024-X-00, May 10, 2021 through September 30, 2025

Federal agency: **U.S. Treasury**

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

Questioned costs: \$60,199

Condition—During the audit, County management reported to us that it identified 6 suspicious payments totaling \$135,125 that it made to potentially fraudulent claimants during fiscal year 2022. We reviewed each of the 6 suspicious payments the County made and determined each involved a rental assistance application listing a landlord who was not the recorded property owner of the residence. Although we did not identify instances in which the landlord was not the residence's property owner in the sample of 60 applications we tested, the County potentially made improper payments from the \$75.8 million it disbursed for emergency rental assistance during the year due to the County's Human Services Department not verifying the landlord information provided on the application.

Effect—Upon making potential improper payments, the County made those monies no longer available to assist others who may have needed emergency rental assistance and would have been eligible to receive it. Three of the 6 potentially improper payments totaling \$74,926 were flagged by banks and a reported landlord and returned to the County due to suspicious activity, and County management used those monies to provide emergency rental assistance payments to other claimants. However, the County is at risk of having to repay any unrecovered payments that the federal government determines to be improper.

Cause—Although the Department had written policies and procedures for verifying tenants were eligible to participate in other federal and State assistance welfare programs before making payments to them, it lacked guidance to identify fraud indicators for applicant information that may warrant further investigation and where to implement antifraud measures to address the program's inherent risks. For instance, the Department relied on written attestations from applicants that the landlord information provided was accurate but lacked written procedures to verify information submitted on applications using other County records, such as matching the landlord on the application to the County Assessor's records of the residence's property owner. In September 2022, the Department began implementing written procedures to verify landlord information with the County Assessor's property records.

Criteria—Federal law and the County's grant award terms and policies and procedures all require the Department to make rental assistance payments for eligible household tenants directly to the tenant's landlord unless documentation is provided indicating that the landlord refuses to participate in the

program and accept the payments on the tenant's behalf.¹ In those cases, the Department may make payments directly to the tenant. In addition, the County must establish and maintain effective internal control over federal awards that provides reasonable assurance that federal programs are being administered in compliance with all applicable laws, regulations, and award terms (2 CFR 200.303).

Recommendations—The Department should:

1. Continue to verify that the landlord information provided in the application is accurate prior to authorizing rental assistance payments, such as by verifying landlord information with the County Assessor's property record.
2. Add written policies and procedures to include guidance to identify fraud indicators for applicant information that may warrant further investigation and where to implement antifraud measures to address the program's inherent risks.
3. Investigate suspicious payments and work with the federal grantor, its legal counsel, and law enforcement, as appropriate, to recover any payments determined to be improper.
4. Repay any unrecovered monies to the federal grantor, if required.

The County's corrective action plan at the end of this report includes the views and planned corrective action of its responsible officials. We are not required to audit and have not audited these responses and planned corrective actions and therefore provide no assurances as to their accuracy.

¹ The Consolidated Appropriations Act of 2021 (Public Law 116-260), Title V, Section 501(c)(2)(C)(i)(I) and the American Rescue Plan Act of 2021 (Public Law 117-2), Title III, Section 3201.

Other auditors' federal award findings and questioned costs

The other auditors who audited the Section 8 Project-Based Cluster administered by the County's Housing Authority reported the following instance of noncompliance.

2022-104

Assistance Listings number and name:	14.195 Section 8 Project-Based Cluster
Award number and year:	AZ99RF00001, December 1, 2017 through December 1, 2037
Federal agency:	U.S. Department of Housing and Urban Development
Compliance requirement:	Special tests and provisions-Housing quality standards
Questioned costs:	None

Condition—During our testing, we noted the Authority did not have adequate internal controls designed to ensure annual quality housing standard inspections were performed as they became due.

Effect—The Authority is not in compliance with program requirements for inspections.

Cause—The Authority was unaware the housing units were due for their bi-annual housing quality inspection.

Criteria—2 CFR Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards requires compliance with the provisions of Housing Quality Standards Inspections. The Authority should have internal controls designed to ensure compliance with those provisions.

Recommendations—We recommend the Authority design controls to ensure an adequate internal control process is in place to identify the units on which housing quality inspections are due and properly document the result of these inspections.

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COUNTY SECTION

MARICOPA COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Fiscal Period 7/1/2021 - 6/30/2022

Federal Awarding Agency/Program Title	Assistance Listing Number	Additional Award Identification (Optional)	Name of Funder Pass-Through Entity	Identifying Number Assigned by Funder Pass-Through Entity	Total Amount Provided to Sub-Recipients	Federal Expenditures	Federal Program Total	Cluster Name	Cluster Total
DEPARTMENT OF AGRICULTURE									
SCHOOL BREAKFAST PROGRAM	10.553		ARIZONA DEPARTMENT OF EDUCATION	ED09-0001	\$101,403	\$118,242		CHILD NUTRITION CLUSTER	\$305,526
SCHOOL BREAKFAST PROGRAM (NON-CASH)	10.553		ARIZONA DEPARTMENT OF EDUCATION	ED09-0001	\$16,839	\$118,242		CHILD NUTRITION CLUSTER	\$305,526
NATIONAL SCHOOL LUNCH PROGRAM	10.555		ARIZONA DEPARTMENT OF EDUCATION	ED09-0001	\$160,635	\$187,284		CHILD NUTRITION CLUSTER	\$305,526
NATIONAL SCHOOL LUNCH PROGRAM (NON-CASH)	10.555		ARIZONA DEPARTMENT OF EDUCATION	ED09-0001	\$26,649	\$187,284		CHILD NUTRITION CLUSTER	\$305,526
SPECIAL SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM FOR WOMEN, INFANTS, AND CHILDREN	10.557		ARIZONA DEPARTMENT OF HEALTH SERVICES	CTR040876 CTR046145	\$9,571,712	\$9,571,712		N/A	\$0
CHILD AND ADULT CARE FOOD PROGRAM	10.558		ARIZONA DEPARTMENT OF EDUCATION	KR02-1170-ALS	\$303,587	\$303,587		N/A	\$0
STATE ADMINISTRATIVE MATCHING GRANTS FOR THE SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM	10.561		ARIZONA DEPARTMENT OF HEALTH SERVICES	ADHS16-106547 RFGA2020-001-001	\$99,381	\$1,887,127		SNAP CLUSTER	\$1,887,127
EMERGENCY FOOD ASSISTANCE PROGRAM (ADMINISTRATIVE COSTS)	10.568		ARIZONA DEPARTMENT OF EDUCATION	AZ364-21	\$18,465	\$18,465		N/A	\$0
SCHOOLS AND ROADS - GRANTS TO STATES	10.665				\$399,552	\$399,552		FOREST SERVICE SCHOOLS AND ROADS CLUSTER	\$399,552
WATERSHED REHABILITATION PROGRAM	10.916				\$1,120,063	\$1,120,063		N/A	\$0
COOPERATIVE LAW ENFORCEMENT AGREEMENT	10.U001	21-LE-11031200-041			\$133,160	\$133,160		N/A	\$0
TOTAL DEPARTMENT OF AGRICULTURE					\$99,381	\$13,739,192			
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT									
SECTION 8 HOUSING ASSISTANCE PAYMENTS PROGRAM	14.195					\$1,370,989	\$1,370,989	SECTION 8 PROJECT-BASED CLUSTER	\$1,370,989
COMMUNITY DEVELOPMENT BLOCK GRANTS/ENTITLEMENT GRANTS	14.218				\$2,439,684	\$3,061,164	\$3,459,164	CDBG - ENTITLEMENT GRANTS CLUSTER	\$3,459,164
COVID-19 - COMMUNITY DEVELOPMENT BLOCK GRANTS/ENTITLEMENT GRANTS	14.218	COVID 19			\$223,686	\$398,000	\$3,459,164	CDBG - ENTITLEMENT GRANTS CLUSTER	\$3,459,164
EMERGENCY SOLUTIONS GRANT PROGRAM	14.231				\$296,225	\$307,718	\$2,310,026	N/A	\$0
COVID-19 - EMERGENCY SOLUTIONS GRANT PROGRAM	14.231	COVID 19			\$718,838	\$2,002,308	\$2,310,026	N/A	\$0
HOME INVESTMENT PARTNERSHIPS PROGRAM	14.239				\$3,742,759	\$4,013,780	\$4,013,780	N/A	\$0
SECTION 8 HOUSING CHOICE VOUCHERS	14.871					\$17,359,470	\$17,677,689	HOUSING VOUCHER CLUSTER	\$18,123,707
COVID-19 - SECTION 8 HOUSING CHOICE VOUCHERS	14.871	COVID 19				\$318,219	\$17,677,689	HOUSING VOUCHER CLUSTER	\$18,123,707
MAINSTREAM VOUCHERS	14.879					\$446,018	\$446,018	HOUSING VOUCHER CLUSTER	\$18,123,707
FAMILY SELF-SUFFICIENCY PROGRAM	14.896					\$95,683	\$95,683	N/A	\$0
LEAD-BASED PAINT HAZARD CONTROL IN PRIVATELY-OWNED HOUSING	14.900					\$240,518	\$333,157	N/A	\$0
LEAD-BASED PAINT HAZARD CONTROL IN PRIVATELY-OWNED HOUSING	14.900		CITY OF PHOENIX	146579 NONE		\$92,639	\$333,157	N/A	\$0
TOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					\$7,521,192	\$29,706,506			
DEPARTMENT OF THE INTERIOR									
DISTRIBUTION OF RECEIPTS TO STATE AND LOCAL GOVERNMENTS	15.227					\$7,938	\$7,938	N/A	\$0
TOTAL DEPARTMENT OF THE INTERIOR						\$7,938			
DEPARTMENT OF JUSTICE									
CORONAVIRUS EMERGENCY SUPPLEMENTAL FUNDING PROGRAM	16.034	COVID 19	ARIZONA CRIMINAL JUSTICE COMMISSION	2020-VD-8X-0309		\$260,609	\$452,269	N/A	\$0
CORONAVIRUS EMERGENCY SUPPLEMENTAL FUNDING PROGRAM	16.034	COVID 19	ARIZONA CRIMINAL JUSTICE COMMISSION	NCP 19-21-001		\$191,660	\$452,269	N/A	\$0
NATIONAL CRIMINAL HISTORY IMPROVEMENT PROGRAM (NCHIP)	16.554		ARIZONA CRIMINAL JUSTICE COMMISSION	NCHIP-20-22-001		\$276,867	\$276,867	N/A	\$0
CRIME VICTIM ASSISTANCE	16.575		ARIZONA DEPARTMENT OF PUBLIC SAFETY	2016-VA-GX-0046 2018-V2-GC-0012		\$1,446,860	\$1,446,860	N/A	\$0
CRIME VICTIM COMPENSATION	16.576		ARIZONA CRIMINAL JUSTICE COMMISSION	VC-20-056		\$1,051,875	\$1,051,875	N/A	\$0
EDWARD BYRNE MEMORIAL JUSTICE ASSISTANCE GRANT PROGRAM	16.738		ARIZONA CRIMINAL JUSTICE COMMISSION	DC-20-027 DC-22-027		\$1,223,968	\$1,231,111	N/A	\$0
EDWARD BYRNE MEMORIAL JUSTICE ASSISTANCE GRANT PROGRAM	16.738		ARIZONA CRIMINAL JUSTICE COMMISSION	DC-22-027		\$7,143	\$1,231,111	N/A	\$0
DNA BACKLOG REDUCTION PROGRAM	16.741		ARIZONA CRIMINAL JUSTICE COMMISSION	CV 20-21-005		\$3,065	\$3,065	N/A	\$0
PAUL COVERDELL FORENSIC SCIENCES IMPROVEMENT GRANT PROGRAM	16.742		ARIZONA CRIMINAL JUSTICE COMMISSION	CV 20-21-005		\$6,181	\$6,181	N/A	\$0
COURT APPOINTED SPECIAL ADVOCATES	16.756		NATIONAL CASA/GAL ASSOCIATION	CASAPPE2020		\$351	\$351	N/A	\$0
SMART PROSECUTION INITIATIVE	16.825					\$123,072	\$123,072	N/A	\$0
NATIONAL SEXUAL ASSAULT KIT INITIATIVE	16.833					\$696,690	\$696,690	N/A	\$0
EQUITABLE SHARING PROGRAM	16.922					\$149,084	\$149,084	N/A	\$0
FBI JOINT TERRORISM TASK FORCE	16.U002	415A-PX-A54566-S				\$9,652	\$9,652	N/A	\$0
FBI DESERT HAWK FUGITIVE TASK FORCE	16.U003	88A-PX-C5061747 MN-20-0001/SWAZ: P0904				\$46,460	\$46,460	N/A	\$0
ORGANIZED CRIME DRUG ENFORCEMENT TASK FORCES	16.U004					\$417,456	\$417,456	N/A	\$0
DOJ FBI TASK FORCE	16.U005	UNKNOWN				\$12,955	\$12,955	N/A	\$0
DEA PHOENIX TASK FORCE	16.U006	UNKNOWN				\$22,898	\$22,898	N/A	\$0
DEA TASK FORCE	16.U007	UNKNOWN				\$24,240	\$24,240	N/A	\$0
TOTAL DEPARTMENT OF JUSTICE						\$5,971,086			
DEPARTMENT OF LABOR									
WIA ADULT PROGRAM	17.258		ARIZONA DEPARTMENT OF ECONOMIC SECURITY	D119-002202 D121-002283		\$7,780,751	\$7,825,922	WIOA CLUSTER	\$21,891,974
WIA ADULT PROGRAM	17.258		STATE OF ARIZONA GOVERNOR'S OFFICE OF YOUTH, FAITH AND FAMILY	ISA-SOR-20-010120-02Y2	\$45,171	\$45,171	\$7,825,922	WIOA CLUSTER	\$21,891,974
WIA YOUTH ACTIVITIES	17.259		ARIZONA DEPARTMENT OF ECONOMIC SECURITY	D121-002283		\$6,845,929	\$6,845,929	WIOA CLUSTER	\$21,891,974
WIA DISLOCATED WORKER FORMULA GRANTS	17.278		ARIZONA DEPARTMENT OF ECONOMIC SECURITY	D121-002283		\$7,220,123	\$7,220,123	WIOA CLUSTER	\$21,891,974
TOTAL DEPARTMENT OF LABOR					\$45,171	\$21,891,974			
DEPARTMENT OF TRANSPORTATION									
HIGHWAY PLANNING AND CONSTRUCTION	20.205		ARIZONA DEPARTMENT OF TRANSPORTATION	VARIOUS		\$17,955,616	\$18,757,066	HIGHWAY PLANNING AND CONSTRUCTION CLUSTER	\$18,757,066
HIGHWAY PLANNING AND CONSTRUCTION	20.205		MARICOPA ASSOCIATION OF GOVERNMENTS	1024-1 1024-2 2021-AI-006 2021-AI-019 2021-PTS-034 2022-AI-006 2022-AL-020		\$292,876	\$801,450	HIGHWAY PLANNING AND CONSTRUCTION CLUSTER	\$18,757,066
STATE AND COMMUNITY HIGHWAY SAFETY	20.600		ARIZONA GOVERNOR'S OFFICE OF HIGHWAY SAFETY	2022-C01-016 D119-002202		\$253,681	\$253,681	HIGHWAY SAFETY CLUSTER	\$287,111
NATIONAL PRIORITY SAFETY PROGRAMS	20.616		ARIZONA GOVERNOR'S OFFICE OF HIGHWAY SAFETY	2021-4054-0222 2022-AL-019		\$33,430	\$33,430	HIGHWAY SAFETY CLUSTER	\$287,111
TOTAL DEPARTMENT OF TRANSPORTATION						\$292,876	\$19,044,177		
DEPARTMENT OF TREASURY									
CORONAVIRUS RELIEF FUND	21.019	COVID 19				\$1,614,132	\$1,614,132	N/A	\$0
EMERGENCY RENTAL ASSISTANCE PROGRAM	21.023	COVID 19				\$80,772,594	\$80,772,594	N/A	\$0
CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027	COVID 19			\$42,682,739	\$205,634,050	\$205,878,839	N/A	\$0
CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027	COVID 19	ARIZONA CRIMINAL JUSTICE COMMISSION	VC-22-008		\$140,000	\$205,878,839	N/A	\$0
CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027	COVID 19	ARIZONA SUPREME COURT, ADMINISTRATIVE OFFICE OF THE COURTS	NONE		\$104,789	\$205,878,839	N/A	\$0
TOTAL DEPARTMENT OF TREASURY					\$42,682,739	\$288,265,565			
ENVIRONMENTAL PROTECTION AGENCY									
AIR POLLUTION CONTROL PROGRAM SUPPORT	66.001					\$1,099,878	\$1,099,878	N/A	\$0

SURVEYS, STUDIES, RESEARCH, INVESTIGATIONS, DEMONSTRATIONS, AND SPECIAL PURPOSE ACTIVITIES RELATING TO THE CLEAN AIR ACT	66.034				\$126,172	\$126,172	N/A	\$0	
STATE CLEAN DIESEL GRANT PROGRAM	66.040				\$537,796	\$537,796	N/A	\$0	
TOTAL ENVIRONMENTAL PROTECTION AGENCY					\$394,858	\$1,763,846			
DEPARTMENT OF ENERGY									
			ARIZONA DEPARTMENT OF ADMINISTRATIVE OFFICE OF GRANTS AND FEDERAL RESOURCES	214-21					
WEATHERIZATION ASSISTANCE FOR LOW-INCOME PERSONS	81.042				\$544,687	\$544,687	N/A	\$0	
TOTAL DEPARTMENT OF ENERGY						\$544,687			
DEPARTMENT OF EDUCATION									
			ARIZONA DEPARTMENT OF EDUCATION	22FABASC-213237-01A 22FIECTC-213237-01A 22FIELCC-213237-01A 22FIETCO-213237-01A 22FPRLEC-213237-01A		\$210,106	\$210,106	N/A	\$0
ADULT EDUCATION - BASIC GRANTS TO STATES	84.002								
TITLE I STATE AGENCY PROGRAM FOR NEGLECTED AND DELINQUENT CHILDREN AND YOUTH	84.013			20FLCCCL-613245-02A	\$68,347	\$68,347	N/A	\$0	
SPECIAL EDUCATION GRANTS TO STATES	84.027			21FESCBG-113229-09A	\$49,784	\$49,784	SPECIAL EDUCATION CLUSTER (IDEA)	\$49,784	
ENGLISH LANGUAGE ACQUISITION STATE GRANTS	84.365			18FELENG-613245-66A	\$67,723	\$74,710	N/A	\$0	
TEACHER AND SCHOOL LEADER INCENTIVE GRANTS	84.374				\$1,542,238	\$7,640,471	N/A	\$0	
EDUCATION STABILIZATION FUND	84.425	COVID-19 84.425D	ARIZONA DEPARTMENT OF EDUCATION	NONE		\$133,659	\$133,659	N/A	\$0
TOTAL DEPARTMENT OF EDUCATION						\$1,609,961	\$8,177,077		
DELTA REGIONAL AUTHORITY or DENALI COMMISSION or ELECTION ASSISTANCE COMMISSION or JAPAN U.S. FRIENDSHIP COMMISSION									
			ARIZONA SECRETARY OF STATE'S OFFICE	AZ20101001		\$22,409	\$22,409	N/A	\$0
2018 HAVA ELECTION SECURITY GRANTS	90.404								
TOTAL DELTA REGIONAL AUTHORITY or DENALI COMMISSION or ELECTION ASSISTANCE COMMISSION or JAPAN U.S. FRIENDSHIP COMMISSION						\$22,409			
DEPARTMENT OF HEALTH AND HUMAN SERVICES									
			AREA AGENCY ON AGING	2022-28-MCH		\$534,785	\$1,588,670	AGING CLUSTER	\$1,588,670
SPECIAL PROGRAMS FOR THE AGING TITLE III PART B GRANTS FOR SUPPORTIVE SERVICES AND SENIOR CENTERS	93.044								
COVID-19 - SPECIAL PROGRAMS FOR THE AGING TITLE III PART B GRANTS FOR SUPPORTIVE SERVICES AND SENIOR CENTERS	93.044	COVID 19		2022-28-MCH	\$1,053,885	\$1,588,670	AGING CLUSTER	\$1,588,670	
PUBLIC HEALTH EMERGENCY PREPAREDNESS	93.069		ARIZONA DEPARTMENT OF HEALTH SERVICES	ADHS17-133194 CTR055214	\$2,444,012	\$2,444,012	N/A	\$0	
ENVIRONMENTAL PUBLIC HEALTH AND EMERGENCY RESPONSE MATERNAL AND CHILD HEALTH FEDERAL CONSOLIDATED PROGRAMS	93.070		ARIZONA DEPARTMENT OF HEALTH SERVICES	ADHS18-175519 ADHS18-184151 CTR045915 CTR057839	\$189,298	\$189,298	N/A	\$0	
PROJECT GRANTS AND COOPERATIVE AGREEMENTS FOR TUBERCULOSIS CONTROL PROGRAMS	93.110		ARIZONA DEPARTMENT OF HEALTH SERVICES	CTR048567	\$369,569	\$369,569	N/A	\$0	
CENTERS FOR RESEARCH AND DEMONSTRATION FOR HEALTH PROMOTION AND DISEASE PREVENTION	93.116		ARIZONA BOARD OF REGENTS ON BEHALF OF THE UNIVERSITY OF ARIZONA	ADHS18-188102 CTR038383-2	\$343,477	\$343,477	N/A	\$0	
INJURY PREVENTION AND CONTROL RESEARCH AND STATE AND COMMUNITY BASED PROGRAMS	93.135			U48DP006413	\$63,415	\$63,415	N/A	\$0	
COMMUNITY PROGRAMS TO IMPROVE MINORITY HEALTH GRANT PROGRAM	93.137				\$80,253	\$2,524,058	N/A	\$0	
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES PROJECTS OF REGIONAL AND NATIONAL SIGNIFICANCE	93.243				\$173,247	\$273,310	N/A	\$0	
IMMUNIZATION COOPERATIVE AGREEMENTS	93.268		ARIZONA DEPARTMENT OF HEALTH SERVICES	ADHS18-177694	\$1,507,242	\$4,862,209	N/A	\$0	
COVID-19 - IMMUNIZATION COOPERATIVE AGREEMENTS	93.268	COVID 19	ARIZONA DEPARTMENT OF HEALTH SERVICES	ADHS18-177694 ADHS16-130023 CTR045915 CTR047666 CTR056454 IGA20201-079 IGACTR057220 CTR055638 IGA2021-073	\$3,354,967	\$4,862,209	N/A	\$0	
ACTIVITIES TO SUPPORT STATE, TRIBAL, LOCAL AND TERRITORIAL (STLT) HEALTH DEPARTMENT RESPONSE TO PUBLIC HEALTH OR HEALTHCARE CRISES	93.323		ARIZONA DEPARTMENT OF HEALTH SERVICES	IGACTR057220	\$187,443	\$29,588,135	N/A	\$0	
EPIDEMIOLOGY AND LABORATORY CAPACITY FOR INFECTIOUS DISEASES (ELC)	93.323	COVID 19	ARIZONA DEPARTMENT OF HEALTH SERVICES	CTR055638 IGA2021-073	\$29,400,692	\$29,588,135	N/A	\$0	
PUBLIC HEALTH EMERGENCY RESPONSE: COOPERATIVE AGREEMENT FOR EMERGENCY RESPONSE: PUBLIC HEALTH CRISIS RESPONSE	93.354		ARIZONA DEPARTMENT OF HEALTH SERVICES	ADHS17-133194	\$209,332	\$991,574	N/A	\$0	
COVID-19 - PUBLIC HEALTH EMERGENCY RESPONSE: COOPERATIVE AGREEMENT FOR EMERGENCY RESPONSE: PUBLIC HEALTH CRISIS RESPONSE	93.354	COVID 19	ARIZONA DEPARTMENT OF HEALTH SERVICES	CTR055214	\$782,242	\$991,574	N/A	\$0	
STRENGTHENING PUBLIC HEALTH SYSTEMS AND SERVICES THROUGH NATIONAL PARTNERSHIPS TO IMPROVE AND PROTECT THE NATIONS HEALTH	93.391	COVID 19			\$2,615,675	\$4,287,250	N/A	\$0	
STRENGTHENING PUBLIC HEALTH SYSTEMS AND SERVICES THROUGH NATIONAL PARTNERSHIPS TO IMPROVE AND PROTECT THE NATIONS HEALTH	93.421		NATIONAL ASSOCIATION OF COUNTY AND CITY HEALTH OFFICIALS	2020-040204 2021-041905	\$59,770	\$69,271	N/A	\$0	
TEMPORARY ASSISTANCE FOR NEEDY FAMILIES	93.558		ARIZONA DEPARTMENT OF ECONOMIC SECURITY	D120-002264	\$136,489	\$136,489	N/A	\$0	
CHILD SUPPORT ENFORCEMENT	93.563		ARIZONA DEPARTMENT OF ECONOMIC SECURITY	D18-002178 G1604A24004	\$2,090,885	\$2,090,885	N/A	\$0	
LOW-INCOME HOME ENERGY ASSISTANCE	93.568		ARIZONA DEPARTMENT OF HOUSING	214-21	\$1,077,039	\$4,880,417	N/A	\$0	
LOW-INCOME HOME ENERGY ASSISTANCE	93.568		ARIZONA DEPARTMENT OF ECONOMIC SECURITY	D120-002264	\$1,209,383	\$4,880,417	N/A	\$0	
COVID-19 - LOW-INCOME HOME ENERGY ASSISTANCE	93.568	COVID 19	ARIZONA DEPARTMENT OF ECONOMIC SECURITY	D120-002264	\$2,593,995	\$4,880,417	N/A	\$0	
COMMUNITY SERVICES BLOCK GRANT	93.569		ARIZONA DEPARTMENT OF ECONOMIC SECURITY	D120-002264	\$281,650	\$861,944	\$1,494,871	N/A	\$0
COVID-19 - COMMUNITY SERVICES BLOCK GRANT	93.569	COVID 19	ARIZONA DEPARTMENT OF ECONOMIC SECURITY	D120-002264	\$632,927	\$1,494,871	N/A	\$0	
CHILD CARE AND DEVELOPMENT BLOCK GRANT	93.575		ARIZONA DEPARTMENT OF ECONOMIC SECURITY	VARIOUS	\$1,355,000	\$1,355,000	N/A	\$0	
REFUGEE AND ENTRANT ASSISTANCE DISCRETIONARY GRANTS	93.576		ARIZONA DEPARTMENT OF ECONOMIC SECURITY	D18-002141	\$243,782	\$243,782	N/A	\$0	
GRANTS TO STATES FOR ACCESS AND VISITATION PROGRAMS	93.597		ARIZONA DEPARTMENT OF ECONOMIC SECURITY	186600478-E8	\$5,869	\$5,869	N/A	\$0	
HEAD START	93.600				\$17,787,056	\$18,093,453	HEAD START CLUSTER	\$18,093,453	
COVID-19 - HEAD START	93.600	COVID 19			\$306,397	\$18,093,453	HEAD START CLUSTER	\$18,093,453	
FOSTER CARE TITLE IV-E	93.658		ARIZONA SUPREME COURT, ADMINISTRATIVE OFFICE OF THE COURTS	NONE	\$1,149,859	\$1,149,859	N/A	\$0	
SOCIAL SERVICES BLOCK GRANT	93.667		AREA AGENCY ON AGING	2022-28-MCH	\$531,141	\$870,935	N/A	\$0	
SOCIAL SERVICES BLOCK GRANT	93.667		ARIZONA DEPARTMENT OF ECONOMIC SECURITY	D120-002264	\$339,794	\$870,935	N/A	\$0	
ENDING THE HIV EPIDEMIC: A PLAN FOR AMERICA RYAN WHITE HIV/AIDS PROGRAM PARTS A AND B (B)	93.686				\$1,202,463	\$1,907,607	N/A	\$0	
PREVENTIVE HEALTH AND HEALTH SERVICES BLOCK GRANT FUNDED SOLELY WITH PREVENTION AND PUBLIC HEALTH FUNDS (PPHF)	93.758		ARIZONA DEPARTMENT OF HEALTH SERVICES	ADHS16-102232 CTR055429 IGA2020-013	\$335,142	\$335,142	N/A	\$0	
OPHOID STR	93.788		GOVERNOR'S OFFICE OF YOUTH, FAITH, AND FAMILY	ISA-SOR-21-070120-03	\$19,296	\$19,296	N/A	\$0	
MATERNAL, INFANT AND EARLY CHILDHOOD HOME VISITING GRANT	93.870		ARIZONA DEPARTMENT OF HEALTH SERVICES	ADHS17-155910 ADHS17-133194	\$393,329	\$1,559,495	N/A	\$0	
CANCER PREVENTION AND CONTROL PROGRAMS FOR STATE, TERRITORIAL AND TRIBAL ORGANIZATIONS	93.898		ARIZONA DEPARTMENT OF HEALTH SERVICES	ADHS17-147348 CTR055214	\$30,055	\$30,055	N/A	\$0	
HIV EMERGENCY RELIEF PROJECT GRANTS	93.914		ARIZONA DEPARTMENT OF HEALTH SERVICES	ADHS18-172583	\$6,127,121	\$9,565,706	N/A	\$0	
HIV CARE FORMULA GRANTS	93.917		ARIZONA DEPARTMENT OF HEALTH SERVICES	ADHS18-188819	\$24,097	\$807,481	N/A	\$0	
HEALTHY START INITIATIVE	93.926				\$1,554,013	\$1,554,013	N/A	\$0	

			ADHS17-141746					
			ADHS18-188819					
			CTR043100					
			CTR059146					
		ARIZONA DEPARTMENT OF HEALTH SERVICES	IGA2021-051					
HIV PREVENTION ACTIVITIES, HEALTH DEPARTMENT BASED	93.940		IGA-CTR043100	\$1,020,397	\$1,020,397	N/A	\$0	
PREVENTIVE HEALTH SERVICES, SEXUALLY TRANSMITTED DISEASES CONTROL GRANTS	93.977	ARIZONA DEPARTMENT OF HEALTH SERVICES	CTR040486	\$657,980	\$657,980	N/A	\$0	
			IGA2021-067					
			ADHS16-102232					
			ADHS17-147348					
			ADHS18-175153					
MATERNAL AND CHILD HEALTH SERVICES BLOCK GRANT TO THE STATES	93.994	ARIZONA DEPARTMENT OF HEALTH SERVICES	CTR046941	\$566,903	\$566,903	N/A	\$0	
			IGA2020-042					
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES				\$10,897,835	\$96,177,023			
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE								
		ADMINISTRATIVE OFFICE OF THE COURTS, ARIZONA SUPREME COURT	NONE	\$5,673	\$111,681	N/A	\$0	
AMERICORPS	94.006	ARIZONA GOVERNOR'S OFFICE FOR CHILDREN, YOUTH AND FAMILIES	AC-FOR-21-090121-06	\$106,008	\$111,681	N/A	\$0	
AMERICORPS	94.006		AC-VSG-18-0900118-10 Y3					
TOTAL CORPORATION FOR NATIONAL AND COMMUNITY SERVICE					\$111,681			
EXECUTIVE OFFICE OF THE PRESIDENT								
HIGH INTENSITY DRUG TRAFFICKING AREAS PROGRAM	95.001			\$473,427	\$473,427	N/A	\$0	
TOTAL EXECUTIVE OFFICE OF THE PRESIDENT					\$473,427			
DEPARTMENT OF HOMELAND SECURITY								
DISASTER GRANTS - PUBLIC ASSISTANCE (PRESIDENTIALLY DECLARED DISASTERS)	97.036	COVID 19		\$1,579,152	\$1,579,152	N/A	\$0	
		ARIZONA DEPARTMENT OF EMERGENCY AND MILITARY AFFAIRS	EMF-2020-EP-00009					
EMERGENCY MANAGEMENT PERFORMANCE GRANTS	97.042		EMF-2021-EP-00016	\$959,039	\$959,039	N/A	\$0	
COOPERATING TECHNICAL PARTNERS	97.045			\$19,929	\$19,929	N/A	\$0	
		ARIZONA DEPARTMENT OF EMERGENCY AND MILITARY AFFAIRS	EMF-2020-PC-0001	\$9,200	\$9,200	N/A	\$0	
PRE-DISASTER MITIGATION	97.047							
HOMELAND SECURITY GRANT PROGRAM	97.067	ARIZONA DEPARTMENT OF HOMELAND SECURITY	VARIOUS	\$588,983	\$588,983	N/A	\$0	
HOMELAND SECURITY BIOWATCH PROGRAM	97.091			\$669,409	\$669,409	N/A	\$0	
SECURING THE CITIES PROGRAM	97.106			\$270,115	\$270,115	N/A	\$0	
TOTAL DEPARTMENT OF HOMELAND SECURITY					\$4,095,827			
TOTAL EXPENDITURE OF FEDERAL AWARDS								
				\$63,544,013	\$489,992,415			

Please Note:

Italicized award lines indicate pass-through funding

The accompanying Notes to the Schedule of Expenditures of Federal Awards are an integral part of the schedule.

MARICOPA COUNTY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Fiscal Period 7/1/2021 - 6/30/2022

Significant Accounting Policies Used in Preparing the SEFA

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

10% De Minimis Cost Rate

The County did not elect to use the 10 percent de minimis indirect cost rate as covered in 2 CFR §200.414.

Basis of presentation

The accompanying schedule of expenditures of federal awards (schedule) includes Maricopa County's federal grant activity for the year ended June 30, 2022. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

Federal Assistance Listing number

The program titles and Federal Assistance Listing numbers were obtained from the federal or pass-through grantor or the 2022 Federal Assistance Listings. When no Federal Assistance Listing 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.

COUNTY RESPONSE



Office of Budget & Finance

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Maricopa.gov

March 30, 2023

Lindsey A. Perry
Arizona Auditor General
2910 North 44th Street, Suite 410
Phoenix, AZ 85018

Dear Ms. Perry:

We have prepared the accompanying corrective action plan as required by the standards applicable to financial audits contained in Government Auditing Standards and by the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Specifically, for each finding, we are providing you with our responsible officials' views, the names of the contact people responsible for corrective action, the corrective action planned, and the anticipated completion date.

Sincerely,

A handwritten signature in black ink that reads "Cynthia Goelz". The signature is written in a cursive, flowing style.

Cynthia Goelz
Chief Financial Officer



Maricopa County
Corrective Action Plan
Year ended June 30, 2022

Financial statement findings

2022-01

The County's deficiencies in its process for managing and documenting its risks may put its operations and IT systems and data at unintended and unnecessary risk of potential harm.

Name(s) of contact person(s): Kevin Westover, Acting Director of Business engagement and Innovation, Office of Enterprise Technology; and Deborah Lukens, Information Technology Manager, Maricopa County Treasurer's Office.

Anticipated completion date: December 31, 2023

Concur: Maricopa County takes all IT audit findings seriously and will make efforts to resolve any deficiencies. The County will work to implement the policies and procedures for managing and documenting risks.

2022-02

The County School Superintendent's Office paid \$227,631 for services, travel, supplies, software, food, and other items using purchasing cards without complying with County policy, risking misuse of public monies and possible violation of the Arizona Constitution.

Name(s) of contact person(s): Matt Morales, Deputy Superintendent of Schools, Maricopa County School Superintendent's Office.

Anticipated completion date: June 30, 2023

Concur: The Maricopa County School Superintendent's Office (Superintendent's Office) is reviewing internal procedures to ensure that all supporting documentation and approval is retained demonstrating that purchasing card purchases align with applicable laws, regulations, and County policies. Although the purchases in question lacked the appropriate reconciliation and evidence of approval as prescribed by County policy, each was reviewed for reliability and propriety before the purchases were made. The Superintendent's Office understands that established policies must be followed more precisely and is in the process of developing additional procedures to ensure compliance and will provide additional training and oversight over these transactions.

To address the issues noted in this finding, the Superintendent's Office will review and strengthen its training and procedures to improve fiscal oversight of purchasing card and travel purchases. For Recommendation #1, the Superintendent's Office will require its employees to follow the County's established policies and procedures when using purchasing cards. Additional processes have already been implemented and further training will be created to address any shortfalls in the system. In addition, existing travel authorization forms are being utilized and additional signatures are being added to the forms to build stronger controls. Regarding Recommendation #2, the Superintendent's Office will monitor employee purchasing card purchases and notify the Office of Procurement Services when an employee fails to follow County policy so that timely and appropriate corrective and disciplinary actions, as appropriate, can be taken. In addition, the Superintendent's Office is in the process of developing documented procedures for reviewing purchasing card reconciliations.

2022-03

The County School Superintendent's Office risks having to return juvenile detention center education program monies to the Arizona Departments of Education in excess of what it was legally entitled to receive because it did not accurately report program operations.

Name(s) of contact person(s): Cynthia Goelz, Chief Financial Officer, Office of Budget and Finance; Matt Morales, Deputy Superintendent of Schools, Maricopa County School Superintendent's Office.

Anticipated completion date: June 30, 2024

Concur: The County agrees the juvenile detention center education program should operate and be funded according to statute.

The following outlines several actions the County has already taken to remedy the situation and address the recommendations. A.R.S. §15-913 C indicates a county may operate its juvenile detention center education program through an existing accommodation school. For at least 10 years prior to July 1, 2019, if not longer, the juvenile

Maricopa County
Corrective Action Plan
Year ended June 30, 2022

detention center education program was operated by the Maricopa County Regional School District (MCRSD), which is the accommodation school in Maricopa County. The Maricopa County Board of Supervisors (County) did not choose to not operate its juvenile detention center education program through an existing accommodation school. Further, the County was not consulted, nor did it provide input into the decision made independently by the Maricopa County School Superintendent (MCSS) in July 2019 to submit a claim to the Arizona Department of Education (ADE) to fund the juvenile detention education program under a newly created entity and have it funded per the provisions of A.R.S.15-913 D/E. The monies provided by the ADE under A.R.S. §15-913 D/E for FY 2020, as well as for FY 2021 through FY 2023, were all deposited as revenue by the MCRSD, which is a separate legal entity, with a separate governing board from Maricopa County.

Upon learning of this situation, the County engaged with Maricopa County School Superintendent's Office (MCSSO) staff on several occasions to understand the rationale and impact of the change. When initially presented as part of the MCSS FY 2021 budget request, it appeared as something that was prospective, and it was only after discussions began that the County learned the MCSSO had already taken actions months prior to separate the program. During a meeting between County and MCSSO staff on March 3, 2020, County staff advised they were not prepared to make a decision at that time and that there needed to be additional research and analysis prior to any decision by the County to make a choice to change the operation of the juvenile detention center education program. Although this advice was provided in March of 2020, the MCSSO again submitted a claim for payments under A.R.S §15-913 D/E for FY 2021. These circumstances repeated themselves for FY 2022 (and FY 2023).

With the agreement of the MCSSO and the MCRSD, the County engaged an outside governmental auditing and consulting firm with expertise in school finance in April/May 2021 to conduct a management analysis of, among other things, the change to the operation and funding of juvenile detention center education at the MCRSD. Based on the information presented in that report, the County requested, but did not receive, additional information from the MCSSO on how the juvenile detention center education program revenues and expenses were funded, tracked, and accounted for at the MCRSD to determine what fund balances existed. In the spring of 2022, as part of a proposed larger review of the financial management activity of the MCSSO and the MCRSD, the County proposed engaging an outside audit firm to complete an in-depth audit of the financial activity of a MCRSD, for both the accommodation school and the juvenile detention center education program, however, the MCSS did not agree to participate. Inasmuch as the MCSS is also the sole Board member of the MCRSD, the engagement could not move forward.

To address recommendations 1 and 2, the County agrees the juvenile detention center education program should operate and be funded according to statute and will engage with all stakeholders to achieve that outcome. The County has hired a special projects administrator who has been tasked with reviewing a variety of financial management issues at both the MCSSO and the MCRSD. This includes preparing a zero-based budget for the juvenile detention center education program. That effort will include a recommendation on the County's choice on the operating of the juvenile detention center education program. The County will ask the MCSSO to communicate the County's choice to the ADE and will ask the MCSSO to apply for funds via a method that comports with statutes. The anticipated completion date for these actions is July 1, 2023.

To address recommendations 3 and 4, the County will again propose there be an in-depth audit of all financial activity at the MCRSD, for both the accommodation school and the juvenile detention center education program for the period of 7/1/2019 forward to allow for a proper accounting of revenues and expenditures in each fund and for every program operated by the MCRSD. The County will work with the ADE to determine the appropriate State program revenue amounts for the juvenile detention center education program from FY 2020 to the current FY 2023, based on enrollment/membership data. Once there is a determination of program revenues and fund balances, the County will work with the MCSSO and the MCRSD regarding communicating the results of the audit to the ADE and determine the actions required by the ADE based on the results of the audit. The anticipated completion date of these actions is June 30, 2024.

Inasmuch as the monies associated with this finding were received and expended by the MCRSD, it will be necessary for the County to engage the MCRSD and receive full cooperation from the MCRSD in order to achieve resolution to this finding.

**Maricopa County
Corrective Action Plan
Year ended June 30, 2022**

The Maricopa County School Superintendent provided the following response:

While the County Superintendent concurs with the substance of the finding, the Superintendent dissents from the response written by county management. Their response represents a misunderstanding of the underlying statutes that govern the Office of the County Superintendent. Essentially this is a mischaracterization of the events that led up to this audit finding. We look forward to resolving this issue.

Other auditors' financial statement findings

The other auditors who audited the Maricopa County Housing Authority reported the following finding.

2022-04

Maricopa County Housing Authority's financial reporting process lacked effective internal controls, and numerous adjustments were required by the authority to correct the financial statements.

Name(s) of contact person(s): Gerald Minott, Deputy Housing Director, Housing Authority of Maricopa County.

Anticipated completion date: June 30, 2023

The Housing Authority of Maricopa County (HAMC) has partially updated monthly accounting closing procedures to avoid multiple adjustments at the end of every year. Specifically, the notes receivable and payable between HAMC and Rose Terrace I/II, MRP, and all the discretely presented component units including intercompany loan principal balances and the related interest. By adding an additional accounting staff member to assist with monthly accounting processes this will improve the departments handle of the multiple component units managed by HAMC.

Ongoing monthly review of financial reporting including reconciliation for the notes receivable and interest receivable between the Authority's record and the blended component units/discretely presented component units will be improved. In addition, the Authority will refrain from using the equity accounts or the prior period adjustment accounts unless the amounts were truly prior period adjustments. In the event prior period adjustments are identified, proper explanation and supporting documentation must be provided.

Maricopa County
Corrective Action Plan
Year ended June 30, 2022

Federal award findings and questioned costs

2022-101

Assistance Listings number and program name: 14.231 COVID-19 Emergency Solutions Grant Program
Department: Maricopa County Human Services
Contact Person(s): Nicole Forbes, Finance Manager, Human Services Department.
Anticipated completion date: April 1, 2023

Concur: Maricopa County Human Services Department (HSD) concurs with the finding. HSD will develop and implement written policies and procedures to pay subrecipients for program expenditures they incur and request reimbursement for within the required 30 days of receiving their completed reimbursement requests. HSD will also develop a tracking system to ensure payments are released within 30 days upon receipt of a completed reimbursement request, which will document attempts to obtain a completed reimbursement request.

2022-102

Assistance Listings number and program name: 84.374 Teacher and School Leader Incentive Grants
Department: Maricopa County School Superintendent
Contact Person(s): Matt Morales, Deputy Superintendent of Schools, Maricopa County School Superintendent's Office.
Anticipate completion date: June 30, 2023

Concur: The Maricopa County School Superintendent's Office (Superintendent's Office) acknowledges the human error that was made with the May 2022 drawdown. Once the error was identified, the Assistant Superintendent for Economic Management, along with the grant project leader and the Human Capital Management Administrator, contacted the program officer at the US Department of Education and notified them of this error. The overdraft was resolved as there were additional program costs prior to the grant's closeout in September 2022, and all program expenditures and reimbursements were reconciled prior to closeout. The Superintendent's Office has implemented updated procedures including the addition of one more person to the reimbursement request approval process who will ensure that program expenditures are reconciled based on the fund balance report from the financial system for the correct time frame.

2022-103

Assistance Listings number and program name: 21.023 COVID-19 Emergency Rental Assistance Program
Department: Maricopa County Human Services
Contact Person(s): Nicole Forbes, Finance Manager, Human Services Department.
Anticipated completion date: June 30, 2023

Concur: The Maricopa County Human Services Department (HSD) concurs that the payments noted by the Office of the Auditor General had suspicious activity. The payments noted represent less than .06% of Emergency Rental Assistance (ERA) financial transactions that the County processed in fiscal year 2022. In FY 2022, the HSD provided nearly \$75.8 million in rental assistance, which equated to 9,940 financial transactions and 63,265 months of rental assistance for households living in Maricopa County. To help mitigate control discrepancies, the County has continued to strengthen internal controls from the inception of the ERA program. In July-September 2021, HSD implemented review of property information on the Maricopa County Assessor's website for certain rental assistance applications on a case-by-case basis. However, HSD did not document those reviews or implement the review program-wide until September 2022. In September 2022, HSD updated internal controls through a revision of the ERA policy and process manual to require property information to be reviewed and also documented. In addition, in November 2022, the County worked with our banking institution to implement additional bank verification controls to more accurately and timely verify vendor banking information to further ensure payments were being sent to the approved landlord/property/manager/vendor. The County will continue with these internal controls to ensure accurate payments are processed.

Maricopa County
Corrective Action Plan
Year ended June 30, 2022

2022-104

Assistance Listings number and program name: 14.195 Section 8 Project-Based Cluster

Department: Housing Authority of Maricopa County

Contact Person(s): Gerald Minott, Deputy Housing Director, Housing Authority of Maricopa County.

Anticipated completion date: June 30, 2023

Concur: The Housing Authority of Maricopa County (HAMC) is aware of the requirement for completing annual housing standard inspections. Shortage in staff have caused some delays in annual inspection completion. Additional internal controls are being adopted to ensure Asset Manager and Property Management monthly report on completed annual inspections for all properties. The on-going monthly reporting of completed inspections for all properties must reach a 100% completion rating for all recertifying units under a HUD, LIHTC or market property. HAMC systems do monitor the completion of annual inspections, but additional staff will have to be hired to maintain the volume of inspections that are required for each property manager's portfolio.



Office of Budget & Finance

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Maricopa.gov

March 30, 2023

Lindsey A. Perry
Arizona Auditor General
2910 North 44th Street, Ste 410
Phoenix, AZ 85018

Dear Ms. Perry:

We have prepared the accompanying summary schedule of prior audit findings as required by the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Specifically, we are reporting the status of audit findings included in the prior audit's schedule of findings and questioned costs. 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,

A handwritten signature in black ink that reads "Cynthia Goelz".

Cynthia Goelz
Chief Financial Officer



Maricopa County
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2022

Status of financial statement findings

Managing Risk

Finding Number: 2021-01. This finding initially occurred in fiscal year 2017.

Status: Partially corrected

Maricopa County takes all IT audit findings seriously and will make efforts to resolve any deficiencies. The County will continue to make improvements in the risk assessment process. The County has drafted policies and procedures and will continue to develop and implement policies. Contact persons are Kevin Westover, Business Engagement Manager, Office of Enterprise Technology (602) 506-1667 and Deborah Lukens, Information Technology Manager, Maricopa County Treasurer, (602) 372-4472.

Contrary to State law, previous County treasurers misspent approximately \$1.46 million of statutorily restricted monies on advertising costs

Finding Number: 2021-02

Status: Fully corrected

Maricopa County Housing Authority's financial reporting process lacked effective internal controls and numerous adjustments were required by the Authority to correct the financial statements.

Finding Number: 2021-03. This finding initially occurred in fiscal year 2020.

Status: Partially corrected

The Housing Authority has started implementing processes and procedures to ensure all transactions are recorded timely and properly. Additional staff must be hired to fully implement the corrective action for internal controls of the monthly and year-end closing procedures.

**Maricopa County
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2022**

Status of federal award findings and questioned costs

Assistance Listings number and program name: 84.374 Teacher and School Leader Incentive Grants (formerly the Teacher Incentive Fund)

Finding Number: 2021-101

Status: Partially corrected

The Maricopa County Superintendent of Schools reversed all indirect charges posted to the grant in fiscal year 2022. The U.S. Department of Education has contacted the County regarding the finding and the County is waiting on a management decision from the U.S. Department of Education regarding the disposition of the finding.

Assistance Listings number and program name: 93.136 Injury Prevention and Control Research and State and Community Based Programs

Finding Number: 2021-102

Status: Fully corrected

