



City of Scottsdale, Arizona
Single Audit Report
Year Ended June 30, 2022

**CITY OF SCOTTSDALE, ARIZONA
SINGLE AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 2022**

CONTENTS

Page

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	1
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	3
Schedule of Expenditures of Federal Awards	6
Notes to the Schedule of Expenditures of Federal Awards	9
Schedule of Findings and Questioned Costs	10
Auditee Response	
Cover Letter	13
Corrective Action Plan	14
Summary Schedule of Prior Audit Findings	15

**Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of
Financial Statements Performed in Accordance with
*Government Auditing Standards***

Independent Auditor's Report

Honorable Mayor and Members of the City Council
City of Scottsdale, Arizona

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Scottsdale, Arizona, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise City of Scottsdale, Arizona's basic financial statements, and have issued our report thereon dated October 26, 2022. Our report included an emphasis of matter paragraph as to comparability because of the implementation of Governmental Accounting Standards Board Statements No. 91, *Conduit Debt Obligations*, No. 92, *Ommibus 2020*, No. 97, *Certain Component Unit Criteria and Accounting and Financial Reporting for Internal Revenue Code*, and No. 98, *The Annual Comprehensive Financial Report*.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Scottsdale, Arizona'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 financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Scottsdale, Arizona's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Scottsdale, Arizona's internal control.

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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item FS-2022-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Scottsdale, Arizona's 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 disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of Scottsdale, Arizona's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the City of Scottsdale, Arizona's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. City of Scottsdale, Arizona's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C.
Scottsdale, Arizona
October 26, 2022

**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**

Independent Auditor's Report

Honorable Mayor and Members of the City Council
City of Scottsdale, Arizona

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited City of Scottsdale, Arizona's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of City of Scottsdale, Arizona's major federal programs for the year ended June 30, 2022. City of Scottsdale, Arizona's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, City of Scottsdale, Arizona complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and 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 (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of City of Scottsdale, Arizona 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of City of Scottsdale, Arizona's compliance with the compliance requirements referred to above.

Responsibilities of Management 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 City of Scottsdale, Arizona's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City of Scottsdale, Arizona'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 GAAS, *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 City of Scottsdale, Arizona's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *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 City of Scottsdale, Arizona'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 City of Scottsdale, Arizona'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 Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of City of Scottsdale, Arizona's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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 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. 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.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's 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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Scottsdale, Arizona as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise City of Scottsdale, Arizona's basic financial statements. We issued our report thereon dated October 26, 2022, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the 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 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 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 auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C.
Scottsdale, Arizona
October 26, 2022

CITY OF SCOTTSDALE, ARIZONA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDING JUNE 30, 2022

Federal Grantor Agency/Pass-Through Grantor/ Program Title	Federal Assistance Listing Number	Pass- Through Grantor (See Notes)	Federal Grant/ Pass-Through Number	FY 21/22 Expenditures	Payments to Subrecipients	Total FY 21/22 Expenditures
Department of Agriculture						
Forest Service Schools and Roads Cluster:						
Forest Service: Schools and Roads - Grants to States	10.665	MCDEM	N/A	\$ 17,985	\$ -	\$ 17,985
Total Forest Service Schools and Roads Cluster:				17,985	-	17,985
Forest Service: State & Private Forestry Hazardous Fuel Reduction Program	10.697	ADFFM	NFHF 21-201	148,718	-	148,718
Total Department of Agriculture				\$ 166,703	\$ -	\$ 166,703
Department of Housing and Urban Development						
CDBG - Entitlement Grants Cluster:						
Assistant Secretary for Community Planning and Development: Community Development Block Grants/Entitlement Grants	14.218	N/A	B-20-MC-04-0503	\$ 118,155	\$ 6,791	\$ 124,946
Assistant Secretary for Community Planning and Development: Community Development Block Grants/Entitlement Grants	14.218	N/A	B-21-MC-04-0503	593,048	178,685	771,733
COVID-19 - Assistant Secretary for Community Planning and Development: Community Development Block Grants/Entitlement Grants	14.218	N/A	B-20-MW-04-0503	74,519	254,821	329,340
Total CDBG - Entitlement Grants Cluster:				785,722	440,297	1,226,019
Assistant Secretary for Community Planning and Development: Home Investment Partnerships Program	14.239	MCHSD	M-19-DC-04-0227	3,700	-	3,700
Assistant Secretary for Community Planning and Development: Home Investment Partnerships Program	14.239	MCHSD	M-20-DC-04-0227	-	248,804	248,804
Assistant Secretary for Community Planning and Development: Home Investment Partnerships Program	14.239	MCHSD	M-21-DC-04-0227	-	295,869	295,869
				3,700	544,673	548,373
Housing Voucher Cluster:						
Assistant Secretary for Public and Indian Housing: Section 8 Housing Choice Vouchers	14.871	N/A	AZ032AF	449,421	31,624	481,045
Assistant Secretary for Public and Indian Housing: Section 8 Housing Choice Vouchers	14.871	N/A	AZ032VO	5,521,794	-	5,521,794
COVID-19 - Assistant Secretary for Public and Indian Housing: Section 8 Housing Choice Vouchers	14.871	N/A	AZ032AF0132	239	-	239
COVID-19 - Assistant Secretary for Public and Indian Housing: Section 8 Housing Choice Vouchers	14.871	N/A	AZ032AF0133	14,988	-	14,988
Total Housing Voucher Cluster:				5,986,442	31,624	6,018,066
Assistant Secretary for Public and Indian Housing: Family Self-Sufficiency Program	14.896	N/A	FSS21AZ4052	12,617	-	12,617
Assistant Secretary for Public and Indian Housing: Family Self-Sufficiency Program	14.896	N/A	FSS22AZ4463	33,132	-	33,132
				45,749	-	45,749
Total Department of Housing and Urban Development				\$ 6,821,613	\$ 1,016,594	\$ 7,838,207
Department of the Interior						
Bureau of Reclamation: Reclamation States Emergency Drought Relief	15.514	N/A	R21AP10362-00	128,705	-	128,705
Total Department of the Interior				\$ 128,705	\$ -	\$ 128,705
Department of Justice						
COVID-19 - OJP Bureau Of Justice Assistance: Coronavirus Emergency Supplemental Funding Program	16.034	N/A	2020-VD-BX-1666	\$ 35	\$ -	\$ 35
Office of Justice Programs: Edward Byrne Memorial Justice Assistance Grant Program	16.738	COP	155788-0	902	-	902
Office of Justice Programs: Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	2020-DJ-BX-0279	22,427	-	22,427
				23,329	-	23,329
OJP Bureau Of Justice Assistance: DNA Backlog Reduction Program	16.741	N/A	2019-DN-BX-0128	116,178	-	116,178
OJP Bureau Of Justice Assistance: DNA Backlog Reduction Program	16.741	N/A	2020-DN-BX-0136	102,258	-	102,258
				218,436	-	218,436

CITY OF SCOTTSDALE, ARIZONA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDING JUNE 30, 2022

Federal Grantor Agency/Pass-Through Grantor/ Program Title	Federal Assistance Listing Number	Pass-Through Grantor (See Notes)	Federal Grant/Pass-Through Number	FY 21/22 Expenditures	Payments to Subrecipients	Total FY 21/22 Expenditures
Department of Justice (cont'd)						
OJP Bureau Of Justice Assistance: Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	ACJC	CV 19-20-004	1,443	-	1,443
OJP Bureau Of Justice Assistance: Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	ACJC	CV 20-21-004	4,262	-	4,262
				5,705	-	5,705
Total Department of Justice				\$ 247,505	\$ -	\$ 247,505
Department of Transportation						
COVID-19 - Federal Aviation Administration: Airport Improvement Program, COVID-19 Airports Programs, and Infrastructure Investment and Jobs Act Programs	20.106	N/A	3-04-0032-040-2021	\$ 575,872	\$ -	\$ 575,872
Federal Aviation Administration: Airport Improvement Program, COVID-19 Airports Programs, and Infrastructure Investment and Jobs Act Programs	20.106	N/A	3-04-0032-040-2021	9,696,471	-	9,696,471
COVID-19 - Federal Aviation Administration: Airport Improvement Program, COVID-19 Airports Programs, and Infrastructure Investment and Jobs Act Programs	20.106	N/A	3-04-0032-041-2021	57,000	-	57,000
COVID-19 - Federal Aviation Administration: Airport Improvement Program, COVID-19 Airports Programs, and Infrastructure Investment and Jobs Act Programs	20.106	N/A	3-04-0032-043-2021	148,000	-	148,000
				10,477,343	-	10,477,343
Highway Planning and Construction Cluster: Federal Highway Administration: Highway Planning and Construction (Federal-Aid Highway Program)	20.205	ADOT	CMAQ SCT-0(229)D	3,511,060	-	3,511,060
Federal Highway Administration: Highway Planning and Construction (Federal-Aid Highway Program)	20.205	ADOT	SCT-0(233)D	824,540	-	824,540
Total Highway Planning and Construction Cluster:				4,335,600	-	4,335,600
Federal Transit Cluster: Federal Transit Administration: Federal Transit-Formula Grants (Urbanized Area Formula Program)	20.507	COP	AZ-2020-052	252,294	-	252,294
Federal Transit Administration: Federal Transit-Formula Grants (Urbanized Area Formula Program)	20.507	COP	AZ-90-X131	292,813	-	292,813
COVID-19 - Federal Transit Administration: Federal Transit-Formula Grants (Urbanized Area Formula Program)	20.507	COP	AZ-2021-028	1,700,000	-	1,700,000
Total Federal Transit Cluster:				2,245,107	-	2,245,107
Highway Safety Cluster: National Highway Traffic Safety Administration: State and Community Highway Safety	20.600	GOHS	2021-PTS-061	18,262	-	18,262
National Highway Traffic Safety Administration: State and Community Highway Safety	20.600	GOHS	2022-PTS-060	63,694	-	63,694
National Highway Traffic Safety Administration: National Priority Safety Programs	20.616	GOHS	2021-405c-014	84,999	-	84,999
National Highway Traffic Safety Administration: National Priority Safety Programs	20.616	GOHS	2021-405d-053	11,687	-	11,687
National Highway Traffic Safety Administration: National Priority Safety Programs	20.616	GOHS	2021-405h-017	4,109	-	4,109
National Highway Traffic Safety Administration: National Priority Safety Programs	20.616	GOHS	2022-405c-004	77,647	-	77,647
National Highway Traffic Safety Administration: National Priority Safety Programs	20.616	GOHS	2022-405d-043	101,100	-	101,100
National Highway Traffic Safety Administration: National Priority Safety Programs	20.616	GOHS	2022-405d-060	39,626	-	39,626
National Highway Traffic Safety Administration: National Priority Safety Programs	20.616	GOHS	2022-405h-009	36,247	-	36,247
National Highway Traffic Safety Administration: National Priority Safety Programs	20.616	GOHS	2022-CIOT-022	8,000	-	8,000
Total Highway Safety Cluster:				445,371	-	445,371
Total Department of Transportation				\$ 17,503,421	\$ -	\$ 17,503,421
Department of the Treasury						
Department of the Treasury: Equitable Sharing Program	21.016	MCACAAR	N/A	\$ 957,197	\$ -	\$ 957,197
COVID-19 Departmental Offices: Emergency Rental Assistance Program	21.023	MCHSD	C-22-16-041-3-07	326,835	-	326,835

CITY OF SCOTTSDALE, ARIZONA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDING JUNE 30, 2022

Federal Grantor Agency/Pass-Through Grantor/ Program Title	Federal Assistance Listing Number	Pass- Through Grantor (See Notes)	Federal Grant/ Pass-Through Number	FY 21/22 Expenditures	Payments to Subrecipients	Total FY 21/22 Expenditures
Department of Treasury (cont'd)						
COVID-19 Departmental Offices: Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	N/A	14,622,353	-	14,622,353
Total Department of the Treasury				<u>\$ 15,906,385</u>	<u>\$ -</u>	<u>\$ 15,906,385</u>
Institute of Museum and Library Services						
Grants to States (G2S)	45.310	ASTA	2019-0010-0-R	41	-	41
Grants to States (G2S)	45.310	ASTA	2020-0170-LAW-01	3,000	-	3,000
Grants to States (G2S)	45.310	ASTA	2020-0260-CITSCI-03	1,630	-	1,630
Grants to States (G2S)	45.310	ASTA	2021-0260-CITSCI-04	47	-	47
Grants to States (G2S)	45.310	ASTA	2021-350-StaffDev-03	4,000	-	4,000
COVID-19 Grants to States (G2S)	45.310	ASTA	2020-0720-42	1,193	-	1,193
COVID-19 Grants to States (G2S)	45.310	ASTA	2020-0730-18	2,286	-	2,286
COVID-19 Grants to States (G2S)	45.310	ASTA	2021-0810-MovFor-07	2,879	-	2,879
COVID-19 Grants to States (G2S)	45.310	ASTA	2021-ARPA-50	5,368	-	5,368
				<u>20,444</u>	<u>-</u>	<u>20,444</u>
National Leadership Grants (NLG)	45.312	ASU	LG-95-17-0158-17	502	-	502
Total Institute of Museum and Library Services				<u>\$ 20,946</u>	<u>\$ -</u>	<u>\$ 20,946</u>
Department of Health and Human Services						
Administration for Children and Families: Temporary Assistance for Needy Families (TANF)	93.558	MCHSD	C-22-16-041-3-07	\$ 8,164	\$ -	\$ 8,164
Administration for Children and Families: Low-Income Home Energy Assistance	93.568	MCHSD	C-22-16-041-3-07	187,840	-	187,840
Administration for Children and Families: Community Services Block Grant	93.569	MCHSD	C-22-16-041-3-07	6,947	-	6,947
National Institutes of Health: Medical Library Assistance	93.879	ASU	5UG4LM012341-03	1,000	-	1,000
Total Department of Health and Human Services				<u>\$ 203,951</u>	<u>\$ -</u>	<u>\$ 203,951</u>
Department of Homeland Security						
Federal Emergency Management Agency: Homeland Security Grant Program (HSGP)	97.067	AZDOHS	190216-01	33,000	-	33,000
Federal Emergency Management Agency: Homeland Security Grant Program (HSGP)	97.067	AZDOHS	190819-03	15,616	-	15,616
Federal Emergency Management Agency: Homeland Security Grant Program (HSGP)	97.067	AZDOHS	200821-01	1,977	-	1,977
Federal Emergency Management Agency: Homeland Security Grant Program (HSGP)	97.067	AZDOHS	200821-02	688	-	688
Federal Emergency Management Agency: Homeland Security Grant Program (HSGP)	97.067	AZDOHS	210818-01	9,100	-	9,100
Federal Emergency Management Agency: Homeland Security Grant Program (HSGP)	97.067	AZDOHS	210818-02	48,626	-	48,626
Federal Emergency Management Agency: Homeland Security Grant Program (HSGP)	97.067	AZDOHS	210819-01	41,340	-	41,340
Federal Emergency Management Agency: Homeland Security Grant Program (HSGP)	97.067	AZDOHS	210819-02	37,421	-	37,421
Federal Emergency Management Agency: Homeland Security Grant Program (HSGP)	97.067	AZDOHS	210819-03	39,824	-	39,824
				<u>227,592</u>	<u>-</u>	<u>227,592</u>
Federal Emergency Management Agency: Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	N/A	EMW-2017-FH-00439	53,159	-	53,159
Federal Emergency Management Agency: Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	N/A	EMW-2018-FH-00238	204,985	-	204,985
				<u>258,144</u>	<u>-</u>	<u>258,144</u>
Total Department of Homeland Security				<u>\$ 485,736</u>	<u>\$ -</u>	<u>\$ 485,736</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS				<u>\$ 41,484,965</u>	<u>\$ 1,016,594</u>	<u>\$ 42,501,559</u>

(See Notes to Schedule of Expenditures of Federal Awards)

**CITY OF SCOTTSDALE, ARIZONA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDING JUNE 30, 2022**

1. BASIS OF ACCOUNTING

The Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Scottsdale, Arizona (City) and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with requirements of Title 2 of the U.S. Code of Federal Regulations - Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Therefore some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements. Federal awards provided to sub-recipients are treated as expenditures when paid to the sub-recipient.

2. THE REPORTING ENTITY

The City, for purposes of the Schedule of Expenditures of Federal Awards, includes all the funds of the primary government as defined by Government Accounting Standards Board (GASB).

The City administers certain federal financial assistance programs through sub-recipients. Those sub-recipients are not considered part of the City reporting entity.

3. PASS-THROUGH GRANTOR'S REFERENCE

The City receives certain federal awards passed through the following non-Federal agencies:

ACJC	Arizona Criminal Justice Commission
ADFFM	Arizona Department of Forestry and Fire Management
ADOT	Arizona Department of Transportation
ASTA	Arizona Secretary of State
ASU	Arizona State University
AZDOHS	Arizona Department of Homeland Security
COP	City of Phoenix
GOHS	Governor's Office of Highway Safety
MCACAAR	Maricopa County Arizona, County Attorney's
MCDEM	Maricopa County Department of Emergency Management
MCHSD	Maricopa County Human Services Department

4. INDIRECT COST RATE

The City has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**CITY OF SCOTTSDALE, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022**

Summary of Auditor’s Results:

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

- Significant deficiency(ies) identified: Yes
- Material weakness(es) identified: No

Noncompliance material to financial statements noted: No

Federal Awards

Internal control over major programs:

- Significant deficiency(ies) identified: No
- Material weakness(es) identified: No

Type of auditor’s report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with §200.516 of Uniform Guidance: No

Identification of major programs:

<u>Assistance Listing Numbers</u>	<u>Name of Federal Program or Cluster</u>
20.106	Airport Improvement Program, COVID-19 Airports Programs, and Infrastructure Investment and Jobs Act Programs
20.205	Highway Planning and Construction Cluster
20.507	Federal Transit Cluster
21.027	Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between Type A and Type B programs: \$1,275,046

Auditee qualified as low-risk auditee: Yes

Findings Related to Financial Statements Reported in Accordance with *Government Auditing Standards*: Yes

Findings and Questioned Costs Related to Federal Awards: No

Summary Schedule of Prior Audit Findings required to be reported: Yes

**CITY OF SCOTTSDALE, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022**

**FINDINGS RELATED TO FINANCIAL STATEMENTS REPORTED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Finding Number: FS-2022-001

Repeat Finding: No

Type of Finding: Significant Deficiency

Description: Internal Controls Over Procurement Cards

CRITERIA

City of Scottsdale Administrative Regulation 220 requires procurement card expense logs to be reconciled to the procurement card statement within 10 days of receipt of the statement. Additionally, the employee's direct supervisor must approve the procurement card expense log within that same ten-day period and provide all records to the Purchasing Department.

CONDITION

The established policies and procedures for reviewing and approving procurement card purchases were not always followed.

CAUSE

The COVID-19 pandemic and remote working arrangements initially required flexibility and some leniency to ensure continuity of the City's operations. However, this leniency led to repeated non-compliance with the City's procurement card administrative regulation for a subset of procurement card users.

EFFECT

Noncompliance with adopted policies and procedures for procurement card purchases occurred throughout the year.

CONTEXT

For seven of 25 procurement card transactions reviewed, the procurement card expense log was not completed, reviewed, and sent to the Purchasing Department by the employee and direct supervisor within the required time frame. For an additional one of 25 procurement card transactions reviewed, the procurement card expense log was not reviewed and sent to the Purchasing Department within the required time frame. Finally, for two of 25 procurement card transactions reviewed, the procurement card expense log and review were not dated. As a result, it could not be determined if the procurement card expense log, review, and submission to the Purchasing Department were completed timely.

The sample was not intended to be, and was not, a statistically valid sample.

**CITY OF SCOTTSDALE, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022**

**FINDINGS RELATED TO FINANCIAL STATEMENTS REPORTED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Finding Number: FS-2022-001

RECOMMENDATION

Regular monitoring procedures should be completed to ensure the City's administrative regulations are being followed.

VIEWS OF RESPONSIBLE OFFICIALS

See Corrective Action Plan.



City Treasurer's Office

7447 E. Indian School Road, Suite 210
Scottsdale, AZ 85251

PHONE 480-312-2437
FAX 480-312-7897
WEB www.ScottsdaleAZ.gov

October 26, 2022

To Whom It May Concern:

The accompanying Corrective Action Plan has been prepared as required by U.S. Office of Management and Budget Uniform Guidance. The name of the contact person responsible for corrective action, the planned corrective action, and the anticipated completion date for each finding included in the current year's Schedule of Findings and Questioned Costs have been provided.

In addition, we have also prepared the accompanying Summary Schedule of Prior Audit Findings which includes the status of audit findings reported in the prior year's audit.

Sincerely,

Anna Henthorn
Accounting Director

**CITY OF SCOTTSDALE, ARIZONA
CORRECTIVE ACTION PLAN
YEAR ENDED JUNE 30, 2022**

Findings Related to Financial Statements Reported in Accordance with *Government Auditing Standards*

Finding Number: FS-2022-001

Contact Person: Robert Schoepe, Purchasing Director

Anticipated Completion Date: March 13, 2023

Planned Corrective Action: The Purchasing Department will develop and implement written standard operation procedures in support of the audit recommendation to enhance cardholder documentation processing and enforcement of the administrative regulations. Centralized tracking tools will be employed to assist in completing regular monitoring, track cardholder status and support the rigorous compliance monitoring functions of a quarterly inter-departmental review committee.

**CITY OF SCOTTSDALE, ARIZONA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2022**

**Status of Findings Related to Financial Statements Reported in Accordance with
*Government Auditing Standards***

Finding Number: FS-2021-001

Status: Fully corrected.