

# Yavapai County

Single Audit Report

Year Ended June 30, 2019



A Report to the Arizona Legislature

Lindsey A. Perry  
Auditor General





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Comprehensive Annual 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  
Yavapai 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 Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and aggregate remaining fund information of Yavapai County as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated September 30, 2020.

**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) to determine the 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 have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control over financial reporting 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 deficiencies described in the accompanying schedule of findings and questioned costs as items 2019-01 and 2019-03 to be material weaknesses.

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 deficiencies described in the schedule of findings and questioned costs as item 2019-02 to be a significant deficiency.

### **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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **County response to findings**

The County's responses to the findings identified in our audit 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 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 Perry, CPA, CFE  
Auditor General

September 30, 2020



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  
Yavapai County, Arizona

**Report on compliance for each major federal program**

We have audited Yavapai County's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditors' responsibility***

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

### ***Opinion on each major federal program***

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

### **Report on internal control over compliance**

The County's management is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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. 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 County's governmental activities, each major fund, and aggregate remaining fund information as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated September 30, 2020, that contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming our opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by 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. In our opinion, 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 Perry, CPA, CFE  
Auditor General

September 30, 2020





# 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 weakness identified? Yes

Significant deficiencies identified? Yes

Noncompliance material to the financial statements noted? No

### Federal awards

#### Internal control over major programs

Material weaknesses identified? No

Significant deficiencies identified? None reported

Type of auditors' report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR §200.516(a)? No

#### Identification of major programs

CFDA number	Name of federal program or cluster
10.665	Forest Service Schools and Roads Cluster
14.228	Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii
17.258, 17.259, 17.278	WIOA Cluster
93.224, 93.527	Health Center Program Cluster

Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
Auditee qualified as low-risk auditee?	No
<b>Other matters</b>	
Auditee's summary schedule of prior audit findings required to be reported in accordance with 2 CFR §200.511 (b)?	Yes

# Financial statement findings

## 2019-01

The County Treasurer's Office put the County's and other County governmental entities' monies at risk by not properly managing them, which also delayed the County's financial statement issuance

**Condition and context**—The County Treasurer's Office did not properly manage the County's and other County governmental entities' monies it has responsibility over, which put approximately \$188 million in cash and investments at risk of loss and misuse. Specifically, during fiscal year 2019, the County Treasurer's Office did not conduct monthly bank reconciliations with its accounting records and did not begin conducting them until after the end of fiscal year 2019. It did not complete them until July 2020, over a year after the end of the fiscal year, and has been unable to resolve \$261,888 of unaccounted-for reconciling differences. In addition, the County Treasurer's Office did not allocate interest earned to the County's and other County governmental entities' balances during a 5-month period in fiscal year 2019. Further, by fiscal year-end, the County Treasurer's Office did not record transactions totaling \$624,013 in its accounting records, including:

- \$450,788 in bank deposits, and it did not record \$171,146 of this amount until over a year after the bank deposit.
- \$337,668 of interest earned in March 2019 and \$108,390 of interest payments paid in May 2019 for lines of credit, and it did not allocate these interest amounts until June and July 2020, about 14 months after it received and paid the interest.
- \$55,963 of miscellaneous errors caused by coding amounts incorrectly, posting transactions twice, and recording checks paid by the bank as voided.

As a result of these deficiencies, the County issued its Comprehensive Annual Financial Report (CAFR) over a year after fiscal year-end, nearly 6 months later than required by State law. Also, it has not yet issued its Annual Expenditure Limitation Report (AELR) that relies on information from the CAFR and was due by March 31, 2020, or 9 months after fiscal year-end.

**Criteria**—State law requires the County Treasurer to safeguard all monies deposited with the County Treasurer's Office, reconcile its accounting records to bank account records, and allocate interest earned on a quarterly basis. (Arizona Revised Statutes (A.R.S.) §§11-493 and 15-996) Further, State law requires the County to issue its audited CAFR and AELR within 9 months after fiscal year-end. (A.R.S. §41-1279.07(C))

**Effect**—The County Treasurer is the custodian of public monies maintained for the County and other County governmental entities, including municipalities, school districts, community colleges, and special districts, and at June 30, 2019, it held and managed approximately \$188 million for these entities. As such, without adequate procedures to manage bank cash and investment balances, these monies held by the County Treasurer's Office are at an elevated risk of loss and misuse and the County's and other governmental entities' balances may not be accurately reflected in accounting records. Also, the County did not provide timely financial information to its Board of Supervisors and other financial statement users who rely on it to make important decisions about the County's operations.

**Cause**—The County Treasurer's Office implemented a new accounting system at the beginning of the fiscal year without training staff on how to record and reconcile transactions within the new system. In

addition, there were limited staff available during the year to perform the key responsibilities, duties, and management oversight within the County Treasurer's Office. Therefore, the County needed additional time and resources to reconcile its accounting records with bank records and resolve unaccounted-for reconciling differences to finalize its financial statements published in its CAFR.

**Recommendations**—To ensure the County's and other County governmental entities' monies held by the County Treasurer's Office are protected from loss and misuse and accurately reflected in accounting records, the County Treasurer's Office should:

- Develop and implement written comprehensive procedures that incorporate county treasurer required duties of A.R.S. §11-493, dedicate appropriate resources, and train staff on all procedures.
- Reconcile accounting records with bank account records at least monthly to ensure all transactions are properly recorded and accounted for and investigate and correct any differences noted immediately.
- Compare deposit slips to the bank statement and investigate any deposits that were not properly recorded in the bank statement. Also, investigate deposits recorded on the bank statement, such as electronic funds transfers, that are not listed on a deposit slip.
- Properly record and account for transactions within its new accounting system.
- Allocate interest earned and interest payments to the County and other County governmental entities' balances on at least a quarterly basis as required by A.R.S. §15-996.

The County's responsible officials' views and planned corrective action are in its corrective action plan included at the end of this report.

## 2019-02

### Managing risk

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

**Criteria**—Effectively managing risk at the County should address the risk of unauthorized access and use, modification, or loss of sensitive information.

**Effect**—Without correcting this deficiency, the County's administration and information technology (IT) management may put the County's operations and IT systems and data at unintended and unnecessary risk.

**Cause**—The County lacked documented policies and procedures and detailed instructions for employees to follow for identifying, classifying, and inventorying its data resources.

**Recommendations**—The County should identify, analyze, and reduce risks to help prevent undesirable incidents and outcomes that could impact business functions and IT systems and data. It also should plan for where to allocate resources and where to implement critical controls. To help ensure it has effective entity-wide policies and procedures to achieve these objectives, the County should follow guidance from a credible industry source, such as the National Institute of Standards and Technology. Responsible administrative officials and management over finance, IT, and other entity functions should be asked for input in the County's process for managing risk. Also, the County should 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 responsible officials' views and planned corrective action are in its corrective action plan included at the end of this report.

This finding is similar to prior year finding 2018-01.

## 2019-03

### Information technology (IT) controls—access, configuration and change management, and security

**Condition and context**—The County's control procedures were not sufficiently designed, documented, and implemented to respond to risks associated with its IT systems and data. The County lacked adequate procedures over the following:

- **Restricting access to its IT systems and data**—Procedures did not consistently help prevent or detect unauthorized or inappropriate access.
- **Configuring systems securely and managing system changes**—Procedures did not ensure all IT system changes were adequately managed and configuration settings maintained.
- **Securing systems and data**—IT security policies and procedures lacked controls to prevent unauthorized or inappropriate access or use, manipulation, damage, or loss.

**Criteria**—The County should have effective internal controls to protect its IT systems and help ensure the integrity and accuracy of the data it maintains.

- **Logical and physical access controls**—Help to ensure systems and data are accessed by users who have a need, systems and data access granted is appropriate, key systems and data access is monitored and reviewed, and physical access to its system infrastructure is protected.
- **Well-defined documented configuration management process**—Ensures the County's IT system configurations are documented and that changes to the systems are identified, documented, evaluated for security implications, tested, and approved prior to implementation. This helps limit the possibility of an adverse impact on the system's security or operation. Separating responsibilities is an important control for system changes; the same person who has authority to make system changes should not put the change into production. If those responsibilities cannot be separated, a post-implementation review should be performed to ensure the change was implemented as designed and approved.
- **IT security internal control policies and procedures**—Help prevent, detect, and respond to instances of unauthorized or inappropriate access or use, manipulation, damage, or loss to its IT systems and data.

**Effect**—There is an increased risk that the County may not adequately protect its IT systems and data, which could result in unauthorized or inappropriate access and/or the loss of confidentiality or integrity of systems and data.

**Cause**—The County focused its efforts on the day-to-day operations, and although it drafted some policies and procedures during the fiscal year, these were not finalized and approved. Consequently, procedures were not fully implemented, and there were no detailed instructions for employees to follow.

**Recommendations**—To help ensure the County has effective policies and procedures over its IT systems and data, the County should follow guidance from a credible industry source such as the National Institute of Standards and Technology. To help achieve these control objectives, the County should develop, document, and implement control procedures in each IT control area described below:

**Access**

- Assign and periodically review employee user access ensuring appropriateness and compatibility with job responsibilities.
- Remove terminated employees' access to IT systems and data.
- Review all other account access to ensure it remains appropriate and necessary.
- Evaluate the use and appropriateness of accounts shared by 2 or more users and manage the credentials for such accounts.
- Enhance authentication requirements for IT systems.
- Review data center physical access periodically to determine appropriateness.

**Configuration and change management**

- Establish and follow a documented change management process.
- Review proposed changes for appropriateness, justification, and security impact.
- Document changes, testing procedures and results, change approvals, and post-change review.
- Develop and document a plan to roll back changes in the event of a negative impact to IT systems.
- Test changes prior to implementation.
- Separate responsibilities for the change management process or, if impractical, perform a post-implementation review to ensure the change was implemented as approved.
- Maintain configurations for all system services, assets, and infrastructure; manage configuration changes; and monitor the system for unauthorized or unintended configuration changes.

**Security**

- Perform proactive key user and system activity logging and log monitoring, particularly for users with administrative access privileges.

The County's responsible officials' views and planned corrective action are in its corrective action plan included at the end of this report.

This finding is similar to prior year finding 2018-02.

## **Federal award findings and questioned costs**

None reported.

# COUNTY SECTION

**YAVAPAI COUNTY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Fiscal Period 7/1/2018 - 6/30/2019**

Federal Awarding Agency/Program Title	Federal CFDA Number	Additional Award Identification (Optional)	Name of Funder Pass-Through Entity	Identifying Number Assigned By Funder Pass-Through Entity	Amount Provided to Sub-Recipients	Federal Expenditures	Federal Program Total	Cluster Name	Cluster Total
<b>DEPARTMENT OF AGRICULTURE</b>									
SCHOOL BREAKFAST PROGRAM	10.553		ARIZONA DEPARTMENT OF EDUCATION	ED09-0001		\$20,626	\$20,626	CHILD NUTRITION CLUSTER	\$73,461
NATIONAL SCHOOL LUNCH PROGRAM	10.555		ARIZONA DEPARTMENT OF EDUCATION	ED09-0001		\$32,746	\$52,835	CHILD NUTRITION CLUSTER	\$73,461
NATIONAL SCHOOL LUNCH PROGRAM (NONCASH)	10.555		ARIZONA DEPARTMENT OF EDUCATION	ED09-0001		\$20,089	\$52,835	CHILD NUTRITION CLUSTER	\$73,461
WIC SPECIAL SUPPLEMENTAL NUTRITION PROGRAM FOR WOMEN, INFANTS, AND CHILDREN	10.557		ARIZONA DEPARTMENT OF HEALTH SERVICES	ADHS14-053058 ADHS19-207420		\$626,818	\$626,818	N/A	\$0
STATE ADMINISTRATIVE MATCHING GRANTS FOR THE SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM	10.561		ARIZONA DEPARTMENT OF HEALTH SERVICES	ADHS16-106460		\$174,465	\$174,465	SNAP CLUSTER	\$174,465
SCHOOLS AND ROADS - GRANTS TO STATES	10.665					\$1,712,203	\$1,712,203	FOREST SERVICE SCHOOLS AND ROADS CLUSTER	\$1,712,203
FOREST SERVICE	10.U00	18-CS-11030900-010/011				\$29,784	\$29,784	N/A	\$0
<b>TOTAL DEPARTMENT OF AGRICULTURE</b>						<u>\$2,616,731</u>			
<b>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>									
COMMUNITY DEVELOPMENT BLOCK GRANTS/STATE'S PROGRAM AND NON-ENTITLEMENT GRANTS IN HAWAII	14.228		ARIZONA DEPARTMENT OF HOUSING	107-18 108-18		\$392,000	\$392,000	N/A	\$0
HOME INVESTMENT PARTNERSHIPS PROGRAM	14.239		ARIZONA DEPARTMENT OF HOUSING	307-17		\$184,049	\$184,049	N/A	\$0
<b>TOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>						<u>\$576,049</u>			
<b>DEPARTMENT OF JUSTICE</b>									
CRIME VICTIM ASSISTANCE	16.575		ARIZONA DEPARTMENT OF PUBLIC SAFETY	2018-342 2018-357		\$271,610	\$271,610	N/A	\$0
RESIDENTIAL SUBSTANCE ABUSE TREATMENT FOR STATE PRISONERS	16.593		ARIZONA CRIMINAL JUSTICE COMMISSION	RSAT-18-006 RSAT-19-006		\$40,587	\$40,587	N/A	\$0
STATE CRIMINAL ALIEN ASSISTANCE PROGRAM	16.606					\$6,428	\$6,428	N/A	\$0
EDWARD BYRNE MEMORIAL JUSTICE ASSISTANCE GRANT PROGRAM	16.738					\$34,781	\$194,498	N/A	\$0
EDWARD BYRNE MEMORIAL JUSTICE ASSISTANCE GRANT PROGRAM	16.738		ARIZONA CRIMINAL JUSTICE COMMISSION	DC-19-011 DC-19-034		\$159,717	\$194,498	N/A	\$0
CRIMINAL AND JUVENILE JUSTICE AND MENTAL HEALTH COLLABORATION PROGRAM	16.745					\$64,747	\$64,747	N/A	\$0
DOMESTIC CANNABIS ERADICATION/SUPPRESSION PROGRAM	16.U01	2018-03				\$10,214	\$10,214	N/A	\$0
DOMESTIC CANNABIS ERADICATION/SUPPRESSION PROGRAM	16.U02	2019-04				\$7,389	\$7,389	N/A	\$0
<b>TOTAL DEPARTMENT OF JUSTICE</b>						<u>\$595,473</u>			
<b>DEPARTMENT OF LABOR</b>									
WIOA ADULT PROGRAM	17.258		ARIZONA DEPARTMENT OF ECONOMIC SECURITY	DI16-002118		\$462,606	\$462,606	WIOA CLUSTER	\$1,835,054
WIOA YOUTH ACTIVITIES	17.259		ARIZONA DEPARTMENT OF ECONOMIC SECURITY	DI16-002118		\$422,453	\$422,453	WIOA CLUSTER	\$1,835,054
WIOA DISLOCATED WORKER FORMULA GRANTS	17.278		ARIZONA DEPARTMENT OF ECONOMIC SECURITY	DI16-002118		\$949,995	\$949,995	WIOA CLUSTER	\$1,835,054
<b>TOTAL DEPARTMENT OF LABOR</b>						<u>\$1,835,054</u>	<u>\$1,835,054</u>		
<b>DEPARTMENT OF TRANSPORTATION</b>									
AIRPORT IMPROVEMENT PROGRAM	20.106					\$51,571	\$51,571	N/A	\$0
HIGHWAY PLANNING AND CONSTRUCTION	20.205		ARIZONA DEPARTMENT OF TRANSPORTATION	GRT-17-0006566-T		\$317,378	\$317,378	HIGHWAY PLANNING AND CONSTRUCTION CLUSTER	\$317,378
METROPOLITAN TRANSPORTATION PLANNING AND STATE AND NON-METROPOLITAN PLANNING AND RESEARCH	20.505		ARIZONA DEPARTMENT OF TRANSPORTATION	GRT-17-0006566-T		\$98,230	\$98,230	N/A	\$0
ENHANCED MOBILITY OF SENIORS AND INDIVIDUALS WITH DISABILITIES	20.513		ARIZONA DEPARTMENT OF TRANSPORTATION	GRT-18-0007119-T		\$41,121	\$41,121	TRANSIT SERVICES PROGRAMS CLUSTER	\$41,121
STATE AND COMMUNITY HIGHWAY SAFETY	20.600		ARIZONA GOVERNOR'S OFFICE OF HIGHWAY SAFETY	2018-AL-033 2018-PTS-076 2019-AL-034 2019-PTS-062		\$28,959	\$28,959	HIGHWAY SAFETY CLUSTER	\$37,959
NATIONAL PRIORITY SAFETY PROGRAMS	20.616		ARIZONA GOVERNOR'S OFFICE OF HIGHWAY SAFETY	2018-405D-061 2019-405H-022 2019-CIOT-027		\$9,000	\$9,000	HIGHWAY SAFETY CLUSTER	\$37,959
<b>TOTAL DEPARTMENT OF TRANSPORTATION</b>						<u>\$546,259</u>			
<b>INSTITUTE OF MUSEUM AND LIBRARY SERVICES OR NATIONAL ENDOWMENT FOR THE ARTS OR NATIONAL ENDOWMENT FOR THE HUMANITIES</b>									
GRANTS TO STATES	45.310		ARIZONA STATE LIBRARY, ARCHIVES AND PUBLIC RECORDS	2018-0010-0-1 2018-0260-16		\$10,261	\$10,261	N/A	\$0
<b>TOTAL INSTITUTE OF MUSEUM AND LIBRARY SERVICES OR NATIONAL ENDOWMENT FOR THE ARTS OR NATIONAL ENDOWMENT FOR THE HUMANITIES</b>						<u>\$10,261</u>			
<b>ENVIRONMENTAL PROTECTION AGENCY</b>									
WATER QUALITY MANAGEMENT PLANNING	66.454		ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY	N/A		\$59,400	\$59,400	N/A	\$0
<b>TOTAL ENVIRONMENTAL PROTECTION AGENCY</b>						<u>\$59,400</u>			
<b>DEPARTMENT OF EDUCATION</b>									
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	84.010		ARIZONA DEPARTMENT OF EDUCATION	19FT17TI-911555-01A		\$2,433	\$2,433	N/A	\$0
TITLE I STATE AGENCY PROGRAM FOR NEGLECTED AND DELINQUENT CHILDREN AND YOUTH	84.013		ARIZONA DEPARTMENT OF EDUCATION	19FLCCL-913357-02A 19FESCBG-910683-09A		\$40,958	\$40,958	N/A	\$0
SPECIAL EDUCATION GRANTS TO STATES	84.027		ARIZONA DEPARTMENT OF EDUCATION	19FESCBG-911555-09A		\$21,341	\$21,341	SPECIAL EDUCATION CLUSTER (IDEA)	\$21,341
ENGLISH LANGUAGE ACQUISITION STATE GRANTS	84.365		ARIZONA DEPARTMENT OF EDUCATION	19FELENG-913357-66A		\$36,252	\$36,252	N/A	\$0
SUPPORTING EFFECTIVE INSTRUCTION STATE GRANTS (FORMERLY IMPROVING TEACHER QUALITY STATE GRANTS)	84.367		ARIZONA DEPARTMENT OF EDUCATION	19FT17TI-913357-03A		\$3,068	\$3,068	N/A	\$0
<b>TOTAL DEPARTMENT OF EDUCATION</b>						<u>\$104,052</u>			
<b>DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>									
PUBLIC HEALTH EMERGENCY PREPAREDNESS	93.069		ARIZONA DEPARTMENT OF HEALTH SERVICES	ADHS17-132201		\$270,424	\$270,424	N/A	\$0
FOOD AND DRUG ADMINISTRATION RESEARCH	93.103					\$70,000	\$73,776	N/A	\$0
FOOD AND DRUG ADMINISTRATION RESEARCH	93.103		ASSOCIATION OF FOOD AND DRUG OFFICIALS	G-SP-1809-06178 G-T-1810-06251		\$3,776	\$73,776	N/A	\$0
INJURY PREVENTION AND CONTROL RESEARCH AND STATE AND COMMUNITY BASED PROGRAMS	93.136		ARIZONA DEPARTMENT OF HEALTH SERVICES	ADHS16-110838		\$100,183	\$100,183	N/A	\$0
FAMILY PLANNING SERVICES	93.217		ARIZONA FAMILY HEALTH PARTNERSHIP	N/A		\$323,728	\$323,728	N/A	\$0



HEALTH CENTER PROGRAM (COMMUNITY HEALTH CENTERS, MIGRANT HEALTH CENTERS, HEALTH CARE FOR THE HOMELESS, AND PUBLIC HOUSING PRIMARY CARE)	93.224			\$670,862	\$670,862	HEALTH CENTER PROGRAM CLUSTER	\$2,121,905
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES PROJECTS OF REGIONAL AND NATIONAL SIGNIFICANCE	93.243			\$78,004	\$78,004	N/A	\$0
<i>IMMUNIZATION COOPERATIVE AGREEMENTS</i>	93.268	ARIZONA DEPARTMENT OF HEALTH SERVICES	ADHS18-177692	\$8,350	\$8,350	N/A	\$0
<i>PUBLIC HEALTH EMERGENCY RESPONSE: COOPERATIVE AGREEMENT FOR EMERGENCY RESPONSE: PUBLIC HEALTH CRISIS RESPONSE</i>	93.354	ARIZONA DEPARTMENT OF HEALTH SERVICES	ADHS 17-133201	\$27,750	\$27,750	N/A	\$0
<i>IMPROVING THE HEALTH OF AMERICANS THROUGH PREVENTION AND MANAGEMENT OF DIABETES AND HEART DISEASE AND STROKE</i>	93.426	ARIZONA DEPARTMENT OF HEALTH SERVICES	CTR041516	\$20,063	\$20,063	N/A	\$0
GRANTS FOR NEW AND EXPANDED SERVICES UNDER THE HEALTH CENTER PROGRAM	93.527			\$1,451,043	\$1,451,043	HEALTH CENTER PROGRAM CLUSTER	\$2,121,905
<i>PPHF CAPACITY BUILDING ASSISTANCE TO STRENGTHEN PUBLIC HEALTH IMMUNIZATION INFRASTRUCTURE AND PERFORMANCE FINANCED IN PART BY PREVENTION AND PUBLIC HEALTH FUNDS</i>	93.539	ARIZONA DEPARTMENT OF HEALTH SERVICES	ADHS18-177692	\$116,754	\$116,754	N/A	\$0
<i>CHILD SUPPORT ENFORCEMENT</i>	93.563	ARIZONA DEPARTMENT OF ECONOMIC SECURITY	G1804AZ4004	\$215,203	\$215,203	N/A	\$0
<i>GRANTS TO STATES FOR ACCESS AND VISITATION PROGRAMS STATE AND LOCAL PUBLIC HEALTH ACTIONS TO PREVENT OBESITY, DIABETES, HEART DISEASE AND STROKE (PPHF)</i>	93.597	ARIZONA DEPARTMENT OF ECONOMIC SECURITY	1601AZSAVP	\$6,801	\$6,801	N/A	\$0
<i>OPIOID STR</i>	93.788	HEALTH CHOICE INTEGRATED CARE	YCSO 2018	\$38,690	\$63,690	N/A	\$0
<i>OPIOID STR</i>	93.788	ARIZONA DEPARTMENT OF HEALTH SERVICES	ADHS16-110838	\$25,000	\$63,690	N/A	\$0
<i>CANCER PREVENTION AND CONTROL PROGRAMS FOR STATE, TERRITORIAL AND TRIBAL ORGANIZATIONS</i>	93.898	ARIZONA DEPARTMENT OF HEALTH SERVICES	ADHS14-064589	\$277,095	\$277,095	N/A	\$0
<i>HIV CARE FORMULA GRANTS</i>	93.917	ARIZONA DEPARTMENT OF HEALTH SERVICES	ADHS18-193922	\$88,041	\$88,041	N/A	\$0
<i>HIV PREVENTION ACTIVITIES HEALTH DEPARTMENT BASED ASSISTANCE PROGRAMS FOR CHRONIC DISEASE PREVENTION AND CONTROL</i>	93.945	ARIZONA DEPARTMENT OF HEALTH SERVICES	ADHS18-174953	\$17,836	\$17,836	N/A	\$0
<i>SEXUALLY TRANSMITTED DISEASES (STD) PREVENTION AND CONTROL GRANTS</i>	93.977	ARIZONA DEPARTMENT OF HEALTH SERVICES	ADHS14-071220 CTR042499	\$21,171	\$21,171	N/A	\$0
<i>PREVENTIVE HEALTH AND HEALTH SERVICES BLOCK GRANT MATERNAL AND CHILD HEALTH SERVICES BLOCK GRANT TO THE STATES</i>	93.991	ARIZONA DEPARTMENT OF HEALTH SERVICES	ADHS16-098338	\$65,242	\$65,242	N/A	\$0
	93.994	ARIZONA DEPARTMENT OF HEALTH SERVICES	ADHS16-074956 ADHS16-098338	\$167,552	\$167,552	N/A	\$0
<b>TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>				<u>\$4,097,176</u>			
<b>CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</b>							
<i>AMERICORPS</i>	94.006	ARIZONA SUPREME COURT	N/A	\$3,913	\$3,913	N/A	\$0
<b>TOTAL CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</b>				<u>\$3,913</u>			
<b>DEPARTMENT OF HOMELAND SECURITY</b>							
<i>EMERGENCY MANAGEMENT PERFORMANCE GRANTS</i>	97.042	ARIZONA DEPARTMENT OF EMERGENCY AND MILITARY AFFAIRS	EMF-2018-EP-00012-S01	\$163,664	\$163,664	N/A	\$0
<i>COOPERATING TECHNICAL PARTNERS</i>	97.045			\$26,178	\$26,178	N/A	\$0
<i>HOMELAND SECURITY GRANT PROGRAM</i>	97.067	ARIZONA DEPARTMENT OF HOMELAND SECURITY	180510-01 180511-01	\$33,886	\$33,886	N/A	\$0
<b>TOTAL DEPARTMENT OF HOMELAND SECURITY</b>				<u>\$223,728</u>			
<b>TOTAL EXPENDITURE OF FEDERAL AWARDS</b>				<u>\$1,835,054</u>	<u>\$10,668,096</u>		

**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.

**YAVAPAI COUNTY**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Fiscal Period 7/1/2018 - 6/30/2019**

**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 auditee did not use the de minimis cost rate.

**Basis of presentation**

The accompanying schedule of expenditures of federal awards (schedule) includes Yavapai County's federal grant activity for the year ended June 30, 2019. 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.

**Catalog of Federal Domestic Assistance (CFDA) number**

The program titles and CFDA numbers were obtained from the federal or pass-through grantor or the 2019 Catalog of Federal Domestic Assistance. When no CFDA number had been assigned to a program, the two-digit federal agency identifier and the federal contract number were used.

# COUNTY RESPONSE



## Yavapai County Finance Department

September 30, 2020

Lindsey Perry  
Auditor General  
2910 N. 44th St., Ste. 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,

Lars Johnson  
Finance Director

Yavapai County  
Corrective action plan  
Year ended June 30, 2019

## Financial statement findings

### 2019-01

The County Treasurer's Office put the County's and other County governmental entities' monies at risk by not properly managing them, which also delayed the County's financial statement issuance.

Name of Contact Person: Chip Davis, Treasurer (Appointed March 2020)

Anticipated completion date: December 31, 2020

The deficiencies noted in the audit finding are being resolved. Particularly:

- Since July 2020, daily bank reconciliations are being completed with any differences noted and corrected immediately. Unaccounted for reconciling differences still exist and staff is working on refining processes to identify and correct the issue.
- We are currently comparing bank deposit slips with bank statements and also investigating electronic transfers on a daily basis.
- We are developing written procedures for the Treasurer's Office.
- We are currently recording and accounting for all transactions into our accounting system on a daily basis.
- Allocating and distributing interest has been changed to a systematic process that ensures a quarterly distribution and resolves the past allocations.

### 2019-02

Managing risk

Name of contact person: Pat Galassi, ITS Director (Appointed June 2020)

Anticipated completion date: December 31, 2020

In accordance with the finding, ITS is in the process of revising existing policies, developing new policies as appropriate and improving current procedures to assist in mitigating risk as part of an ongoing effort to secure and protect the County's sensitive data from undesirable incidents and outcomes.

We anticipate that the policies directly related to this finding will be Board of Supervisors approved and in place by December 31, 2020.

Yavapai County  
Corrective action plan  
Year ended June 30, 2019

2019-03

Information technology (IT) controls—access, configuration and change management, and security

Name of contact person: Pat Galassi, ITS Director (Appointed June 2020)

Anticipated completion date: December 31, 2020

In accordance with the finding, ITS is in the process of revising existing policies, developing new policies as appropriate and evaluating current procedures to improve how it goes about managing changes and limiting access to its significant systems. Our new policies and procedures will be National Institute of Standards and Technology (NIST) based and IT security best-practices.

- Security reviews will be scheduled on an annual basis for those users that have direct access to the County's significant systems and the findings will be documented.
- Active Directory (AD) account reviews will also be conducted annually to ensure that the defined account management procedure is sufficient and being observed appropriately.
- ITS is in the process of implementing a new password policy for all users and accounts with both regular and elevated privileges.
- Discussions with our Facilities department will be scheduled to convey our concerns of the physical access to ITS locations.
- Data and system recovery concerns are being addressed with a comprehensive Continuity of Operations Plan (COOP).



## Yavapai County Finance Department

September 30, 2020

Lindsey Perry  
Auditor General  
2910 N. 44th St., 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,

Lars Johnson  
Finance Director

# Yavapai County

## Summary schedule of prior audit findings

Year ended June 30, 2019

### Status of financial statement findings

Managing risk

Finding number: **2018-01**

Status: Not corrected

Efforts continue to implement the prior year's corrective action plan. As anticipated, resource constraints and the requirements of operations and maintenance for existing technologies along with upcoming significant software updates have not allowed for adequate budget or time to implement the corrective action plan entirely. Work is progressing and should be completed by December 2020.

Information technology (IT) controls—access, configuration and change management, security, and contingency planning

Finding number: **2018-02**

Status: Not corrected

Efforts continue to implement the prior year's corrective action plan. As anticipated, resource constraints and the requirements of operations and maintenance for existing technologies along with upcoming significant software updates have not allowed for adequate budget or time to implement the corrective action plan entirely. Work is progressing and should be completed by December 2020.



