

Coconino County

Single Audit Report

Year Ended June 30, 2023



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.

The Joint Legislative Audit Committee

Representative **Matt Gress**, Chair

Representative **Tim Dunn**

Representative **Alma Hernandez**

Representative **Beverly Pingerelli**

Representative **Marcelino Quiñonez**

Representative **Ben Toma** (ex officio)

Senator **Sonny Borrelli**, Vice Chair

Senator **David C. Farnsworth**

Senator **Anthony Kern**

Senator **Juan Mendez**

Senator **Catherine Miranda**

Senator **Warren Petersen** (ex officio)

Audit Staff

Melanie M. Chesney, Deputy Auditor General and Acting Director, Financial Audit Division

Taryn Stangle, Manager

Contact Information

Arizona Auditor General
2910 N. 44th St., Ste. 410
Phoenix, AZ 85018-7271

(602) 553-0333

contact@azauditor.gov

www.azauditor.gov



TABLE OF CONTENTS

Auditors section

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* 1

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 3

Schedule of findings and questioned costs 7

Summary of auditors' results 7

Financial statement findings 8

Federal award findings and questioned costs 9

County section

Schedule of expenditures of federal awards 14

Notes to schedule of expenditures of federal awards 16

County response

Corrective action plan

Summary schedule of prior audit findings

Report issued separately

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
Coconino 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, each major fund, and aggregate remaining fund information of Coconino County as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 29, 2024.

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.

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. 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. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-01, that we consider to be a material weakness.

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 disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

March 29, 2024



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
Coconino County, Arizona

Report on compliance for each major federal program

Qualified and unmodified opinions

We have audited Coconino 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, 2023. 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 Good Neighbor Authority and WIOA Cluster

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 Good Neighbor Authority program (Assistance Listings number 10.691) and the WIOA Cluster (Assistance Listings numbers 17.258, 17.259, and 17.278) for the year ended June 30, 2023.

Unmodified opinion on each of the other major federal programs

In our opinion, 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, 2023.

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 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 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 Good Neighbor Authority and WIOA Cluster

As described in the accompanying schedule of findings and questioned costs, the County did not comply with requirements regarding the Good Neighbor Authority program for reporting and procurement as described in items 2023-101 and 2023-102, respectively, and the WIOA Cluster for reporting as described in item 2023-104. Compliance with such requirements is necessary, in our opinion, for the County to comply with the requirements applicable to these programs.

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 disclosed an other instance of noncompliance that is required to be reported in accordance with the Uniform Guidance and that is described in the accompanying schedule of findings and questioned costs as item 2023-103. Our opinion on each major federal program is not modified with respect to this matter.

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 identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

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 2023-101, 2023-102, 2023-103, and 2023-104 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 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 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, each major fund, and aggregate remaining fund information as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated March 29, 2024, that contained unmodified opinions on those financial

statements. 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. 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 A. Perry

Lindsey A. Perry, CPA, CFE
Auditor General

March 29, 2024



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
Is a going concern emphasis-of-matter paragraph included in the auditors' report?	No
Internal control over financial reporting	
Material weaknesses identified?	Yes
Significant deficiencies identified?	None reported
Noncompliance material to the financial statements noted?	No

Federal awards

Internal control over major programs

Material weaknesses identified?	Yes
Significant deficiencies identified?	None reported

Type of auditors' report issued on compliance for major programs

Unmodified for all major programs except the Good Neighbor Authority (Assistance Listings number 10.691) and WIOA Cluster (Assistance Listings numbers 17.258, 17.259, and 17.278), for which the opinions 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
10.691	Good Neighbor Authority
17.258/17.259/17.278	WIOA Cluster
21.027	COVID-19 Coronavirus State and Local Fiscal Recovery Funds
21.032	COVID-19 Local Assistance and Tribal Consistency Fund
84.425	COVID-19 Education Stabilization Fund

Dollar threshold used to distinguish between Type A and Type B programs	\$1,300,764
Auditee qualified as low-risk auditee?	No

Financial statement findings

2023-01

The County's control procedures over IT systems and data were not sufficient, which increases the risk that the County may not adequately protect those systems and data

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

- **Restricting access**—Procedures did not consistently help prevent or detect unauthorized or inappropriate access to its IT systems and data.
- **Managing system changes**—Procedures did not ensure all IT system changes were adequately managed.

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 updated a significant portion of its IT policies and procedures in prior years, but County management reported that, due to staffing shortages and the decentralized nature of the County, it was unable to update and implement IT policies and procedures as well as document some existing processes already in place for the remaining areas.

Criteria—Implementing effective internal controls that follow a credible industry source, such as the National Institute of Standards and Technology, helps the County to protect its IT systems and ensure the integrity and accuracy of the data it maintains, as it seeks to achieve its financial reporting, compliance, and operational objectives. Effective internal controls include the following:

- **Restrict access through 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.
- **Manage system changes through a well-defined, documented configuration management process**—Ensures the County's changes to the systems are documented and tested prior to implementation. This helps limit the possibility of an adverse impact on the system's security or operation.

Recommendations—The County should:

1. Make it a priority to continue to develop, document, and finalize comprehensive IT policies and procedures and develop a process to ensure the procedures are being consistently followed.
2. Monitor County employees' adherence to the IT policies and procedures on a periodic basis to ensure they are consistently followed and inform employees of updates to the policies and procedures throughout the year.

Restrict access—To restrict access to its IT systems and data, develop, document, and implement processes to:

3. Assign and periodically review employee user logical and physical access ensuring appropriateness and compatibility with job responsibilities.
4. Enhance authentication requirements for IT systems.
5. Remove terminated employees' access to IT systems and data.

Manage system changes—To manage system changes, develop, document, and implement processes to:

6. Document testing procedures and results.
7. Document a plan to roll back changes in the event of a negative impact to IT systems.
8. Test changes prior to implementation.

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 2022-02 and was initially reported in fiscal year 2016.

Federal award findings and questioned costs

2023-101

Assistance Listings number and name:	10.691 Good Neighbor Authority
Award numbers and year:	22-GN-11030400-027, January 14, 2022 through January 14, 2027
Federal agency:	U.S. Department of Agriculture
Compliance requirements:	Reporting
Questioned costs:	None

Condition—Contrary to federal regulations and the County's federal award terms, the Flood Control Department (Department) failed to submit the required annual financial and performance reports for calendar year 2022 that were due on January 30, 2023.

Effect—The Department not submitting the required financial and performance reports could potentially affect future federal funding and put the federal grantor at risk of not being able to carry out its oversight responsibilities and effectively evaluate the program's success, and prevent and detect fraud.

Cause—County management reported that the Department was aware of the program's reporting requirements but had forgotten to complete them because the Department was focused on handling several natural disasters that were governor-declared emergencies. Further, the Department did not track its submission of reports so it was unaware that it had not submitted the missing reports.

Criteria—Federal regulations and the County's federal award terms require it to submit annual federal financial and performance reports to the U.S. Department of Agriculture no later than 30 days after calendar year-end that contain accurate, current, and complete information (2 CFR §§200.301 and 200.302). Also, federal regulation requires establishing and maintaining effective internal control over federal awards that provides reasonable assurance that federal programs are being managed in compliance with all applicable laws, regulations, and award terms (2 CFR §200.303).

Recommendations—The County should:

1. Require the Department to complete and submit all missing financial and performance reports to the federal agency as soon as possible.
2. Develop and implement revisions to its federal grant policies and procedures that require its departments to monitor and track when required reports are due and submitted to ensure they are completed and submitted on time.

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.

2023-102

Assistance Listings number and name:	10.691 Good Neighbor Authority
Award numbers and year:	22-GN-11030400-027, January 14, 2022 through January 14, 2027
Federal agency:	U.S. Department of Agriculture
Compliance requirements:	Procurement
Questioned costs:	Unknown

Condition—Contrary to federal regulations and the County's policies and procedures, the Flood Control Department (Department) failed to consider price as a selection factor when awarding a single vendor a construction services contract for which the County paid \$5,896,715 during the period July 1, 2022 through June 30, 2023, which was 79.8 percent of the federal program's expenditures. The Department evaluated the 2 bids it received but awarded the contract to the successful vendor based on its professional qualifications without considering price. Instead, the County negotiated the price of the services after the contract was awarded.

Effect—There is an increased risk that the County may have overpaid for construction services, limiting the amount of federal program monies available to carry out other program objectives. Further, the Department was unable to demonstrate whether the County could have acquired these services at a lower cost. This finding could potentially affect other federal programs that the Department administers.

Cause—County management reported that the Department's program personnel misunderstood the County's procurement policies and procedures for procuring services with federal monies, which require them to follow federal Uniform Guidance regulations and consider cost as a factor. They further explained that instead the Department followed Arizona Revised Statutes, which may be used for procuring construction contracts with State and local monies and does not use cost as a factor when selecting a vendor. Finally, the County did not have a designated person assigned to review all County procurements to verify compliance with federal regulations and the County's policies.

Criteria—Federal Uniform Guidance regulations require the County to establish and follow competitive purchasing policies and procedures that align with federal Uniform Guidance procurement standards when acquiring goods and services using federal awards (2 CFR §§200.318 through 200.327). Specifically, these regulations require that the County use a written, fixed-price contract award to the lowest responsive and responsible bidder after considering factors such as discounts, transportation costs, and life cycle costs, and only architectural/engineering services can be procured without considering price as a selection factor (2 CFR §200.320). Further, the County's policies and procedures

require that the County follow Federal Uniform Guidance procurement procedures outlined in 2 CFR §§200 when making purchases with federal monies. Finally, federal regulation requires establishing and maintaining effective internal control over federal awards that provides reasonable assurance that federal programs are being managed in compliance with all applicable laws, regulations, and award terms (2 CFR §200.303).

Recommendations—The County should:

1. Monitor departments' adherence to the County's policies and procedures for purchasing goods and services using federal awards, including the departments' following Uniform Guidance 2 CFR §§200 requirements to use cost as a selection factor for awarding a construction services contract.
2. Train County departments on federal Uniform Guidance requirements and the County's procurement policies and procedures ensuring that they understand the policies and procedures to follow when acquiring goods and services using federal awards.
3. Designate an independent person who is knowledgeable about federal requirements and the County's procurement policies and procedures to review and approve procurements involving federal awards.

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.

2023-103

Cluster name:

WIOA Cluster

Assistance Listings numbers and names:

17.258 **WIOA Adult Program**

17.259 **WIOA Youth Program**

17.278 **WIOA Dislocated Worker Formula Grants**

Award number and year:

DI21-002282, July 1, 2020 through June 30, 2025

Federal agency:

U.S. Department of Labor

Pass-through grantor:

Arizona Department of Economic Security

Compliance requirement:

Earmarking

Questioned costs:

Unknown

Condition—Contrary to federal regulation, the County Administration Department (Department) failed to ensure that it spent no less than the required 20 percent, or \$93,701, of WIOA Youth Activities monies earmarked to provide in-school and out-of-school youth with paid and unpaid work experiences for the grants award year, April 2021 through June 2023. Instead, the County spent only 15 percent, or \$72,045, of the required 20 percent, and the remaining 5 percent, or \$21,656, of its allocation remained unspent.

Effect—County youth did not receive \$21,656 of paid and unpaid work experience services that the federal program intended. Also, the Department may have received additional monies for the federal program that it was not entitled to.

Cause—The Department used a tracking mechanism to accurately report its paid and unpaid work experiences spending throughout the fiscal year but did not properly monitor its WIOA Youth Activities spending to ensure the 20 percent earmarking requirement was met. In addition, the Department did not have policies and procedures to ensure it monitored its paid and unpaid work experience expenditures throughout the award period.

Criteria—Federal regulation requires the County to earmark and spend no less than 20 percent of its WIOA Youth Activities monies to provide in-school and out-of-school youth with paid and unpaid work experiences. Additionally, federal regulation also requires the Department to monitor such expenditures and report them to the pass-through grantor, the Arizona Department of Economic Security, monthly throughout the award period to ensure it is spending the monies in a timely manner to meet the earmarking requirement (20 Code of Federal Regulations [CFR] §681.590). Also, federal regulation requires establishing and maintaining effective internal control over federal awards that provides reasonable assurance that federal programs are being managed in compliance with all applicable laws, regulations, and award terms (2 CFR §200.303).

Recommendations—The Department should:

1. Spend no less than the required 20 percent of its WIOA Youth Activities monies to provide in-school and out-of-school youth with paid and unpaid work experiences.
2. Include a process in its WIOA Youth Activities program’s policies and procedures to:
 - a. Fully implement new strategies to recruit and retain qualified in-school and out-of-school youth who will benefit from the paid and unpaid work experience the program provides.
 - b. Monitor its paid and unpaid work experiences spending throughout the award period.
 - c. Timely communicate to the Arizona Department of Economic Security if the Department cannot meet the earmarking requirement.

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.

2023-104

Cluster name:	WIOA Cluster
Assistance Listings numbers and names:	17.258 WIOA Adult Program 17.259 WIOA Youth Program 17.278 WIOA Dislocated Worker Formula Grants
Award number and year:	DI21-002282, July 1, 2020 through June 30, 2025
Federal agency:	U.S. Department of Labor
Pass-through grantor:	Arizona Department of Economic Security
Compliance requirement:	Reporting
Questioned costs:	N/A

Condition—Contrary to the County’s federal award terms, the County Administrative Department (Department) failed to submit 10 of 12 monthly financial reports during the year for each of the County’s WIOA awards, for which the County reported federal award expenditures totaling \$1,303,600 during the period July 1, 2022, through June 30, 2023.

Effect—The Department not submitting the required financial reports puts them at risk of not being reimbursed for allowable expenditures for the federal program and could affect whether the County receives future federal funding. In addition, the Department could put the pass-through grantor, Arizona Department of Economic Security, at risk of not being able to carry out its oversight responsibilities and effectively evaluate the program’s success and prevent and detect fraud.

Cause—County management reported that it was aware of the program’s reporting requirements, but the Department failed to complete the reports because staff lacked accounting knowledge required to complete the reports. Further, the Department did not track its federal report submissions to the Arizona Department of Economic Security, and as a result, the program supervisors were unaware that the reports were not submitted.

Criteria—The County’s federal award terms require it to submit financial reports to its pass-through grantor for each award for which services were provided. These reports include program financial information and are used by the pass-through grantor to monitor the County’s performance and compliance for the program and reimburse the County for program expenditures it incurs. Further, the federal award terms state that the County’s failure to submit accurate and complete reports by the 30th day following the end of a month could result in the County’s federal program expenditures not being reimbursed. Also, federal regulation requires establishing and maintaining effective internal control over federal awards that provides reasonable assurance that federal programs are being managed in compliance with all applicable laws, regulations, and award terms (2 CFR §200.303).

Recommendations—The County should:

1. Follow the program’s federal award terms by:
 - a. Requiring the Department to immediately complete and submit all missing federal financial reports to the Arizona Department of Economic Security.
 - b. Requiring County departments to monitor and track when required reports are due and submitted to ensure they are completed accurately and submitted on time.
2. Provide training to Department staff responsible for administering the federal program on how to complete its required financial reports.

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.

COUNTY SECTION

COCONINO COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Fiscal Period 7/1/2022 - 6/30/2023

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	Total Amount Provided to Sub-Recipients	Federal Expenditures	Federal Program Total	Cluster Name	Cluster Total
DEPARTMENT OF AGRICULTURE									
TRANSPORTATION SERVICES	10.167		BUREAU OF INDIAN AFFAIRS, NAVAJO REGIONAL OFFICE	A19AC00022	\$167,420	\$167,420		N/A	\$0
RURAL BUSINESS DEVELOPMENT GRANT	10.351				\$68,417	\$68,417		N/A	\$0
SCHOOL BREAKFAST PROGRAM	10.533		ARIZONA DEPARTMENT OF EDUCATION	ADE ED09-0001	\$1,957	\$1,957	\$1,957	CHILD NUTRITION CLUSTER	\$5,634
NATIONAL SCHOOL LUNCH PROGRAM	10.555		ARIZONA DEPARTMENT OF EDUCATION	ADE ED09-0001	\$3,677	\$3,677	\$3,677	CHILD NUTRITION CLUSTER	\$5,634
WIC SPECIAL SUPPLEMENTAL NUTRITION PROGRAM FOR WOMEN, INFANTS, AND CHILDREN	10.557		ARIZONA DEPARTMENT OF HEALTH SERVICES	CTRO43231	\$467,421	\$467,421	\$467,421	N/A	\$0
STATE ADMINISTRATIVE MATCHING GRANTS FOR THE SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM	10.561		ARIZONA DEPARTMENT OF HEALTH SERVICES	RFGA2020-001-002	\$2,621	\$340,685	\$340,685	SNAP CLUSTER	\$340,685
SCHOOLS AND ROADS - GRANTS TO STATES	10.665				\$2,569,934	\$2,569,934	\$2,569,934	FOREST SERVICE SCHOOLS AND ROADS CLUSTER	\$2,569,934
CONSERVATION PROGRAM (CFP)	10.689				\$280,500	\$280,500	\$280,500	N/A	\$0
GOOD NEIGHBOR AUTHORITY	10.691				\$7,393,870	\$7,393,870	\$7,393,870	N/A	\$0
LAW ENFORCEMENT AGREEMENTS	10.704				\$65,000	\$65,000	\$65,000	N/A	\$0
EMERGENCY WATERSHED PROTECTION PROGRAM	10.923				\$8,268,651	\$8,268,651	\$8,268,651	N/A	\$0
URBAN AGRICULTURE AND INNOVATIVE PRODUCTION	10.935				\$42,940	\$45,581	\$45,581	N/A	\$0
TOTAL DEPARTMENT OF AGRICULTURE						\$45,561	\$19,673,113		
DEPARTMENT OF DEFENSE									
COMMUNITY ECONOMIC ADJUSTMENT ASSISTANCE FOR COMPATIBLE USE AND JOINT LAND USE STUDIES	12.610					\$370,103	\$370,103	N/A	\$0
TOTAL DEPARTMENT OF DEFENSE							\$370,103		
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT									
COMMUNITY DEVELOPMENT BLOCK GRANTS/ENTITLEMENT GRANTS	14.218		CITY OF FLAGSTAFF	88C-19	\$131,059	\$156,861	\$156,861	CDBG - ENTITLEMENT GRANTS CLUSTER	\$156,861
COMMUNITY DEVELOPMENT BLOCK GRANTS/ENTITLEMENT GRANTS	14.218		ARIZONA DEPARTMENT OF HOUSING	108-20	\$25,802	\$156,861	\$156,861	CDBG - ENTITLEMENT GRANTS CLUSTER	\$156,861
TOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT							\$156,861		
DEPARTMENT OF JUSTICE									
COVID-19 - CORONAVIRUS EMERGENCY SUPPLEMENTAL FUNDING PROGRAM	16.034	COVID-19	ARIZONA CRIMINAL JUSTICE COMMISSION	ACESF-22-002	\$13,293	\$13,293	\$13,293	N/A	\$0
NATIONAL CRIMINAL HISTORY IMPROVEMENT PROGRAM (NCHIP)	16.554		ARIZONA CRIMINAL JUSTICE COMMISSION	NCHIP-20-22-007, NCHIP-21-23-003	\$55,755	\$55,755	\$55,755	N/A	\$0
CRIME VICTIM ASSISTANCE	16.575		ARIZONA DEPARTMENT OF PUBLIC SAFETY	2020-144, 2020-143, 2020-142	\$205,975	\$205,975	\$205,975	N/A	\$0
EDWARD BYRNE MEMORIAL JUSTICE ASSISTANCE GRANT PROGRAM	16.738		CITY OF FLAGSTAFF	2022-JAG	\$11,061	\$61,658	\$61,658	N/A	\$0
EDWARD BYRNE MEMORIAL JUSTICE ASSISTANCE GRANT PROGRAM	16.738		ARIZONA CRIMINAL JUSTICE COMMISSION	DC-23-002, DC-23-022	\$50,597	\$61,658	\$61,658	N/A	\$0
COMPREHENSIVE OPIOID, STIMULANT, AND OTHER SUBSTANCES USE PROGRAM	16.838					\$22,978	\$22,978	N/A	\$0
TOTAL DEPARTMENT OF JUSTICE							\$359,659		
DEPARTMENT OF LABOR									
WIOA ADULT PROGRAM	17.258		ARIZONA DEPARTMENT OF ECONOMIC SECURITY	DI21-002282	\$32,646	\$404,434	\$404,434	WIOA CLUSTER	\$1,303,600
WIOA YOUTH ACTIVITIES	17.259		ARIZONA DEPARTMENT OF ECONOMIC SECURITY	DI21-002282	\$17,368	\$580,719	\$580,719	WIOA CLUSTER	\$1,303,600
WIOA DISLOCATED WORKER FORMULA GRANTS	17.278		ARIZONA DEPARTMENT OF ECONOMIC SECURITY	DI21-002282	\$10,466	\$318,447	\$318,447	WIOA CLUSTER	\$1,303,600
TOTAL DEPARTMENT OF LABOR					\$60,480	\$1,303,600			
DEPARTMENT OF TRANSPORTATION									
STATE AND COMMUNITY HIGHWAY SAFETY	20.600		ARIZONA GOVERNOR'S OFFICE OF HIGHWAY SAFETY	2023-PTS-016, 2023-OP-004, 2022-OP-004, 2023-PS-001, 2022-PS-001	\$22,038	\$22,038	\$22,038	HIGHWAY AND SAFETY CLUSTER	\$49,373
NATIONAL PRIORITY SAFETY PROGRAMS	20.616		ARIZONA GOVERNOR'S OFFICE OF HIGHWAY SAFETY	2022-405d-013, 2023-405d-010	\$27,335	\$27,335	\$27,335	HIGHWAY AND SAFETY CLUSTER	\$49,373
TOTAL DEPARTMENT OF TRANSPORTATION							\$49,373		
DEPARTMENT OF TREASURY									
EMERGENCY RENTAL ASSISTANCE PROGRAM	21.023	COVID-19	ARIZONA SUPREME COURT'S ADMINISTRATIVE OFFICE OF THE COURTS	F23-AOC-ECN	\$44,300	\$57,645	\$57,645	N/A	\$0
EMERGENCY RENTAL ASSISTANCE PROGRAM	21.023	COVID-19	ARIZONA DEPARTMENT OF ECONOMIC SECURITY	DI20-002262	\$13,345	\$57,645	\$57,645	N/A	\$0
COVID-19 - CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027	COVID-19	ADMINISTRATIVE OFFICE OF THE COURTS	220300BC02, 220300BC01	\$648,951	\$6,188,929	\$7,160,135	N/A	\$0
COVID-19 - CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027	COVID-19	ARIZONA CRIMINAL JUSTICE COMMISSION	VC-23-003	\$36,000	\$7,160,135	\$7,160,135	N/A	\$0
COVID-19 - CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027	COVID-19	ARIZONA CRIMINAL JUSTICE COMMISSION	VC-23-003	\$81,000	\$81,000	\$7,160,135	N/A	\$0
COVID-19 - CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027	COVID-19	ARIZONA STATE PARKS	672201	\$854,206	\$7,160,135	\$7,160,135	N/A	\$0
LOCAL ASSISTANCE AND TRIBAL CONSISTENCY FUND	21.032	COVID-19			\$6,000,000	\$6,000,000	\$6,000,000	N/A	\$0
TOTAL DEPARTMENT OF TREASURY					\$729,951	\$13,217,780			
INSTITUTE OF MUSEUM AND LIBRARY SERVICES OR NATIONAL ENDOWMENT FOR THE ARTS OR NATIONAL ENDOWMENT FOR THE HUMANITIES									
GRANTS TO STATES	45.310		ARIZONA STATE LIBRARY DEPARTMENT	2021-0010-InfoAcc-03		\$3,749	\$3,749	N/A	\$0
TOTAL INSTITUTE OF MUSEUM AND LIBRARY SERVICES OR NATIONAL ENDOWMENT FOR THE ARTS OR NATIONAL ENDOWMENT FOR THE HUMANITIES							\$3,749		
NATIONAL SCIENCE FOUNDATION									
COMPUTER AND INFORMATION SCIENCE AND ENGINEERING	47.070		Navajo Technical University	42711-21	\$72,407	\$72,407	\$72,407	N/A	\$0
STEM EDUCATION (FORMERLY EDUCATION AND HUMAN RESOURCES)	47.076				\$71,133	\$124,403	\$124,403	N/A	\$0
TOTAL NATIONAL SCIENCE FOUNDATION					\$71,133	\$196,810			
DEPARTMENT OF EDUCATION									
SPECIAL EDUCATION GRANTS TO STATES	84.027		ARIZONA DEPARTMENT OF EDUCATION	H027A210007, H027X210007	\$13,496	\$13,496	\$13,496	SPECIAL EDUCATION CLUSTER (IDEA)	\$13,496
IMPACT AID	84.041				\$227,414	\$227,414	\$227,414	N/A	\$0
JAVITS GIFTED AND TALENTED STUDENTS EDUCATION	84.206		NORTHERN ARIZONA UNIVERSITY	1003623	\$10,626	\$10,626	\$10,626	N/A	\$0
RURAL EDUCATION	84.358				\$33,035	\$33,035	\$33,035	N/A	\$0
ENGLISH LANGUAGE ACQUISITION STATE GRANTS	84.365		ARIZONA DEPARTMENT OF EDUCATION	S365A210003	\$16,474	\$16,615	\$16,615	N/A	\$0
EDUCATION STABILIZATION FUND	84.425D	COVID-19, 84.425D	ARIZONA DEPARTMENT OF EDUCATION	21FEINT-111187-01A		\$22,702	\$1,047,273	N/A	\$0

EDUCATION STABILIZATION FUND	84.425U	COVID-19, 84.425U	ARIZONA DEPARTMENT OF EDUCATION	CTR059907	\$1,024,671	\$1,047,273	N/A	\$0
TOTAL DEPARTMENT OF EDUCATION					\$16,474	\$1,348,559		
DEPARTMENT OF HEALTH AND HUMAN SERVICES								
SPECIAL PROGRAMS FOR THE AGING, TITLE III, PART B, GRANTS FOR SUPPORTIVE SERVICES AND SENIOR CENTERS	93.044		NACOG AREA AGENCY ON AGING	202212347NTR	\$7,422	\$7,422	AGING CLUSTER	\$149,538
SPECIAL PROGRAMS FOR THE AGING, TITLE III, PART C, NUTRITION SERVICES	93.045		NACOG AREA AGENCY ON AGING	202212347NTR	\$125,402	\$125,402	AGING CLUSTER	\$149,538
NATIONAL FAMILY CAREGIVER SUPPORT, TITLE III, PART E	93.052		NACOG AREA AGENCY ON AGING	202212347NTR	\$4,881	\$4,881	N/A	\$0
NUTRITION SERVICES INCENTIVE PROGRAM	93.053		NACOG AREA AGENCY ON AGING	202212347NTR	\$16,714	\$16,714	AGING CLUSTER	\$149,538
PUBLIC HEALTH EMERGENCY PREPAREDNESS	93.069	COVID-19	ARIZONA DEPARTMENT OF HEALTH SERVICES	CTR055208	\$443,020	\$443,020	N/A	\$0
FOOD AND DRUG ADMINISTRATIVE RESEARCH	93.103		NATIONAL ENVIRONMENTAL HEALTH ASSOCIATION	G-BDEV-202209-02674	\$4,198	\$4,198	N/A	\$0
INJURY PREVENTION AND CONTROL RESEARCH AND STATE AND COMMUNITY BASED PROGRAMS	93.136		ARIZONA DEPARTMENT OF HEALTH SERVICES	CTR053849, CTR043159-5, CTR043159-4, ADH518-180470	\$260,064	\$260,064	N/A	\$0
IMMUNIZATION COOPERATIVE AGREEMENTS	93.268		ARIZONA DEPARTMENT OF HEALTH SERVICES	CTR060268, CTR060580	\$70,273	\$357,452	N/A	\$0
COVID-19 - IMMUNIZATION COOPERATIVE AGREEMENTS	93.268	COVID-19	ARIZONA DEPARTMENT OF HEALTH SERVICES	CTR060268	\$287,179	\$357,452	N/A	\$0
EPIDEMIOLOGY AND LABORATORY CAPACITY FOR INFECTIOUS DISEASES (ELC)	93.323	COVID-19	ARIZONA DEPARTMENT OF HEALTH SERVICES	CTR058659, CTR057313, CTR056163, CTR059132	\$354,324	\$1,857,142	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	CTR043131-11, CTR043131-10, ADH517-133181		\$29,729	N/A	\$0
COVID-19 - ACTIVITIES TO SUPPORT STATE, TRIBAL, LOCAL AND TERRITORIAL (STLT) HEALTH DEPARTMENT RESPONSE TO PUBLIC HEALTH OR HEALTHCARE CRISES	93.391	COVID-19	ARIZONA DEPARTMENT OF HEALTH SERVICES	CTR055991	\$1,081,079	\$1,512,978	N/A	\$0
TEMPORARY ASSISTANCE FOR NEEDY FAMILIES	93.558		ARIZONA DEPARTMENT OF ECONOMIC SECURITY	D120-002262	\$148,361	\$148,361	477 Cluster	\$475,532
CHILD SUPPORT ENFORCEMENT	93.563		ARIZONA DEPARTMENT OF ECONOMIC SECURITY	D18-002172	\$15,582	\$15,582	N/A	\$0
LOW-INCOME HOME ENERGY ASSISTANCE	93.568		ARIZONA DEPARTMENT OF ECONOMIC SECURITY	D120-002262	\$290,589	\$311,452	N/A	\$0
LOW-INCOME HOME ENERGY ASSISTANCE	93.568	COVID-19	ARIZONA DEPARTMENT OF ECONOMIC SECURITY	D120-002262	\$20,863	\$311,452	N/A	\$0
COMMUNITY SERVICES BLOCK GRANT	93.569		ARIZONA DEPARTMENT OF ECONOMIC SECURITY	D120-002262	\$77,547	\$327,171	477 Cluster	\$475,532
CHILDCARE AND DEVELOPMENT BLOCK GRANT	93.575		EARLY CHILDHOOD DEVELOPMENT AND HEALTH BOARD (FIRST THINGS FIRST)	GRA-STATE-19-0969-01-Y5	\$43,116	\$43,116	CCDF CLUSTER	\$43,116
STATE COURT IMPROVEMENT PROGRAM	93.586	COVID-19	ADMINISTRATIVE OFFICE OF THE COURTS	F22-AOC-CIP	\$6,530	\$6,530	N/A	\$0
GRANTS TO STATES FOR ACCESS AND VISITATION PROGRAMS	93.597		ARIZONA DEPARTMENT OF ECONOMIC SECURITY	D116-002155	\$2,152	\$2,152	N/A	\$0
SOCIAL SERVICES RESEARCH AND DEMONSTRATION	93.647		ARIZONA COMMUNITY ACTION ASSOCIATION	23-0	\$176	\$176	N/A	\$0
FOSTER CARE TITLE IV-E	93.658		ARIZONA DEPARTMENT OF CHILD SAFETY	2101AZFOST	\$111,968	\$111,968	N/A	\$0
SOCIAL SERVICES BLOCK GRANT	93.667		ARIZONA DEPARTMENT OF ECONOMIC SECURITY	D120-002262	\$40,119	\$40,119	N/A	\$0
OPIOID STR	93.788		HEALTH CHOICE ARIZONA, INC.	1H797083320-01	\$9,049	\$9,049	N/A	\$0
HIV CARE FORMULA GRANTS	93.917		ARIZONA DEPARTMENT OF HEALTH SERVICES	CTR043151-2, ADH518-193951	\$277,253	\$277,253	N/A	\$0
HIV PREVENTION ACTIVITIES HEALTH DEPARTMENT BASED BLOCK GRANTS FOR PREVENTION AND TREATMENT OF SUBSTANCE ABUSE	93.940		ARIZONA DEPARTMENT OF HEALTH SERVICES	ADH518-188829, CTR043154	\$19,210	\$19,210	N/A	\$0
ABUSE	93.959		ARIZONA GOVERNOR'S OFFICE OF YOUTH, FAITH AND FAMILY	SABG-DSG-20-100120-04	\$89,967	\$89,967	N/A	\$0
SEXUALLY TRANSMITTED DISEASES (STD) PREVENTION AND CONTROL GRANTS	93.977		ARIZONA DEPARTMENT OF HEALTH SERVICES	CTR040474	\$92,391	\$92,391	N/A	\$0
PREVENTIVE HEALTH AND HEALTH SERVICES BLOCK GRANT	93.991		ARIZONA DEPARTMENT OF HEALTH SERVICES	CTR055271	\$54,629	\$54,629	N/A	\$0
MATERNAL AND CHILD HEALTH SERVICES BLOCK GRANT TO THE STATES	93.994		ARIZONA DEPARTMENT OF HEALTH SERVICES	CTR055271, IGA2020-047, CTR043264	\$114,843	\$114,843	N/A	\$0
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES					\$1,512,950	\$6,282,971		
DEPARTMENT OF HOMELAND SECURITY								
EMERGENCY MANAGEMENT PERFORMANCE GRANTS	97.042		ARIZONA DEPARTMENT OF EMERGENCY AND MILITARY AFFAIRS (DEMA)	EMF-2022-EP-00009-S01	\$370,117	\$370,117	N/A	\$0
HOMELAND SECURITY GRANT PROGRAM	97.067		ARIZONA DEPARTMENT OF HOMELAND SECURITY	21-AZDOHS-HSGP-210100-02, 21-AZDOHS-HSGP-210100-01, 22-AZDOHS-HSGP-220100-01, 220102-03	\$26,108	\$26,108	N/A	\$0
TOTAL DEPARTMENT OF HOMELAND SECURITY						\$396,225		
TOTAL EXPENDITURE OF FEDERAL AWARDS					\$2,436,549	\$43,358,803		

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.

COCONINO COUNTY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Fiscal Period 7/1/2022 - 6/30/2023

Significant Accounting Policies Used in Preparing the SEFA

Expenditures reporting 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 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 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 Coconino County's federal grant activity for the year ended June 30, 2023. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulation (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

Federal Assistance Listings number

The program titles and Federal Assistance Listings numbers were obtained from the federal or pass-through grantor or the 2023 *Federal Assistance listings*.

COUNTY RESPONSE



March 29, 2024

Lindsey A. Perry
Arizona 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,

A handwritten signature in black ink that reads "Siri Mullaney".

Siri Mullaney
Chief Financial Officer

Financial statement findings

2023-01

The County's control procedures over IT systems and data were not sufficient, which increases the risk that the County may not adequately protect those systems and data

Contact person: Matt Fowler, Chief Information Officer

Anticipated completion date: June 30, 2024

Concur. Coconino County has successfully implemented NIST 800-53 rev5 best practices to identify risks and safeguard County assets. Comprehensive IT policies and procedures are implemented with a high emphasis on access control, least privilege, disaster recovery, internal audits, change management, and incident response; further promoting governance, risk, and compliance. To address these findings, additional meetings and documentation were provided to key County stakeholders during FY24. Staff positions have been filled, and internal access reviews are now a priority in identified areas. We are also working with Elected Officials and key stakeholders to fully resolve the findings in the upcoming FY24 audit.

Federal award findings and questioned costs

2023-101

Assistance Listings number and program name: 10.691 Good Neighbor Authority

Contact person: Lucinda Andreani, Deputy County Manager and Flood Control District Administrator

Anticipated completion date: June 30, 2024

Concur. The Coconino County Flood Control District (FCD) acknowledges the annual financial and performance reports were not filed in accordance with the contract. The cash draw reports were completed for the award according to the contractual requirements. Therefore, the federal agency was aware of all expenditures made under the award.

The FCD will submit all missing annual financial and performance reports. With assistance from the Finance Department, the FCD will develop procedures to ensure all reporting requirements are met. These procedures will include internal timelines, designated roles and responsibilities, and a tracking mechanism. Additionally, fiscal capacity will be created through the training of an additional staff member in reporting to serve as backup so contractual reporting requirements can be fulfilled when unforeseen challenges arise such as declared emergencies and flood events.

2023-102

Assistance Listings number and program name: 10.691 Good Neighbor Authority

Contact persons: Lucinda Andreani, Deputy County Manager and Flood Control District Administrator

Anticipated completion date: June 30, 2025

Concur. The Coconino County Flood Control District (FCD) acknowledges price was not considered as a factor for contractor selection in the procurement of construction services for the Good Neighbor Authority program in accordance with 2 CFR 200 Subpart D Procurement Standards. A procurement was

completed for construction-manager at-risk (CMAR) services, authorized by A.R.S. 28-7366, because the FCD believed at that time that the method would also satisfy the federal standards. The CMAR method bases selection on qualification and competence, does not allow for pricing to be requested or considered before making the selection, and transfers the risk of budget overages to the contractor by agreement to a Guaranteed Maximum Price (GMP). After selecting the contractor for Good Neighbor Authority construction projects, the FCD worked closely with the County's contracted engineering firm to ensure that the GMP was reasonable and cost efficiencies were identified and implemented throughout all stages of the project. The County believes the prices paid as a result of the procurement are reasonable and no excess federal expenditures were made due to the non-federal procurement method that was used in error.

FCD fiscal and management staff will receive formal training on 2 CFR 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, also known as the Uniform Guidance, to ensure its requirements are understood.

Additionally, the FCD will implement written internal procurement procedures to be used for future procurements so that they are made in accordance with all applicable laws, regulations and policies. The County Finance Department has a designated grant accounting team specializing in compliance with Federal award requirements. The FCD will request technical assistance from this team prior to initiating any procurement with Federal funds to help make sure Federal regulations are considered and met.

The Finance Department will provide training to all departments on Uniform Guidance requirements. Training will also be provided on the County's procurement policies and procedures to help departments gain a complete understanding of the requirements for acquiring goods and services with federal funds. In line with the County's decentralized finance model in which financial management staff are located within the departments, the responsibility to meet requirements specific to certain federal awards rests with the department that manages the award.

The Finance Department will identify the source of funding for procurements requested by departments. Staff who are knowledgeable about Federal procurement requirements and the County's procurement policies and procedures will review and approve the procurements involving federal awards.

2023-103

Cluster name: WIOA Cluster

Assistance Listings number and program names: 17.258 WIOA Adult Program
17.259 WIOA Youth Program
17.278 WIOA Dislocated Worker Formula Grants

Contact person: Billy Francis, Executive Director, Coconino Workforce Development Board, County Administration

Anticipated completion date: June 30, 2024

Concur. The County Administration Department acknowledges the work experience (WEX) requirement was not met for the Workforce Innovation and Opportunity Act (WIOA) Youth Program Year 2021 allocation. The Department has a tracking mechanism in the financial system and other records to account for the percentage of youth expenditures made on WEX activities. Due to an oversight, the percentage of WEX expenditures in relation to the total allocation was not monitored by staff. Additionally,

the amount of WEX funding allocated to the Youth program service provider was insufficient to meet the requirement.

The Department will write procedures for the monitoring of earmarking requirements, including WEX, to ensure the roles and responsibilities of staff and key stakeholders are clearly defined. The calculation of funds allocated to the service provider will factor in the level of WEX expenditures needed for the County to meet the requirement. The Department will work with the WIOA Youth program service provider to employ best practices and strategies to recruit eligible in-school and out-of-school youth in need of WEX activities to further their skills and job readiness. The Department will monitor WEX expenditures made by the service provider and provide technical assistance as needed. If the Department projects the County will not meet the threshold for a certain program year allocation, it will seek technical assistance from the Arizona Department of Economic Security.

2023-104

Cluster name: WIOA Cluster

Assistance Listings number and program name: 17.258 WIOA Adult Program
17.259 WIOA Youth Program
17.278 WIOA Dislocated Worker Formula Grants

Contact person: Billy Francis, Executive Director, Coconino Workforce Development Board, County Administration

Anticipated completion date: June 30, 2024

Concur. The County Administration department acknowledges the required financial reports were not all submitted during FY23. The Department did not have a tracking mechanism in place to ensure that all staff were aware of the status of report submission. Additionally, due to recent turnover, the Department did not have staff trained to complete the reports.

The Department will complete and submit missing federal financial reports according to the direction provided by the Arizona Department of Economic Security. The County will ensure that the staff responsible for grant reporting have the knowledge and skills necessary to do so in compliance with federal requirements and grant accounting practices. The County has implemented a mechanism to monitor and track reporting due dates and oversee reports to ensure accuracy.



March 29, 2024

Lindsey A. Perry
Arizona 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,

A handwritten signature in black ink that reads "Siri Mullaney".

Siri Mullaney
Chief Financial Officer

Coconino County

Summary schedule of prior audit findings

Year ended June 30, 2023

Status of financial statement findings

2022-01

The County failed to provide key financial information to auditors timely and issued its Annual Comprehensive Financial Report late, resulting in untimely financial information for decision makers

Year finding initially occurred: Fiscal Year 2020

Status: Fully corrected

2022-02

The County's control procedures over IT systems and data were not sufficient, which increases the risk that the County may not adequately protect those systems and data

Year finding initially occurred: Fiscal Year 2016

Status: Partially corrected

Explanation: The County recently addressed issues with routine internal access reviews and policy deficiencies. There were turnovers in key department roles, leading to incomplete access reviews and reconciliation of applications. Some department staff lacked clarity on previous FY22 findings. To address this, additional meetings and documentation were provided to key County stakeholders during FY24. Staff positions have been filled, and internal access reviews are now a priority in identified areas. All County stakeholders are informed about findings within their areas of responsibility.

Status of federal award findings and questioned costs

2022-101

Assistance Listing number and program name: 10.691 Good Neighbor Authority

Year finding initially occurred: Fiscal Year 2022

Status: Fully corrected

2022-102

Assistance Listings number and program name: N/A

Year finding initially occurred: Fiscal Year 2020

Status: Fully corrected

