

Navajo County

Single Audit Report

Year Ended June 30, 2021



A Report to the Arizona Legislature

Lindsey A. Perry
Auditor General





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

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Annual Comprehensive Financial Report

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*



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
Navajo County, Arizona

Report on compliance for each major federal program

We have audited Navajo 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, 2021. 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, 2021.

Other matters

The results of our auditing procedures disclosed instances of noncompliance that are required to be reported in accordance with the Uniform Guidance and that are described in the accompanying schedule of findings and questioned costs as items 2021-101 and 2021-102. Our opinion on each major federal program is not modified with respect to these matters.

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, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as items 2021-101 and 2021-102, that we consider to be material weaknesses.

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

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 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, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated April 28, 2022, 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 A. Perry

Lindsey A. Perry, CPA, CFE
Auditor General

September 29, 2022



SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Summary of auditors' results

Financial statements

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

Internal control over financial reporting

Material weaknesses identified? Yes

Significant deficiencies identified? Yes

Noncompliance material to the financial statements noted? No

Federal awards

Internal control over major programs

Material weaknesses identified? Yes

Significant deficiencies identified? 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)? Yes

Identification of major programs

Assistance Listings number	Name of federal program or cluster
17.258, 17.259, 17.278	WIOA Cluster
21.019	COVID-19 - Coronavirus Relief Fund
93.323	COVID-19 - Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)
93.354	COVID-19 - Public Health Emergency Response—Cooperative Agreement for Emergency Response—Public Health Crisis Response

Dollar threshold used to distinguish between Type A and Type B programs \$750,000

Auditee qualified as low-risk auditee? No

Financial statement findings

Financial statement findings were reported in the separately issued report on internal control over financial reporting and on compliance and other matters based on an audit of basic financial statements performed in accordance with *Government Auditing Standards*.

Federal award findings and questioned costs

2021-101

Cluster name:	WIOA Cluster
Assistance Listings numbers and names:	17.258 WIOA Adult Program 17.259 WIOA Youth Activities 17.278 WIOA Dislocated Worker Formula Grants
Award number and years:	DI19-002204, April 1, 2019 through June 30, 2021
Federal agency:	U.S. Department of Labor
Pass-through grantor:	Arizona Department of Economic Security
Compliance requirements:	Earmarking
Questioned costs:	\$41,441

Condition—The County’s Workforce Innovation and Opportunity Act (WIOA) Department failed to ensure that it spent the required 20 percent, or \$73,524, of WIOA Youth Activities monies earmarked to provide in-school and out-of-school youth with paid and unpaid work experiences from April 2019 through June 2021. Instead, the County spent only 9 percent, or \$32,083, of the required 20 percent and spent the remaining 11 percent, or \$41,441, for other youth activities, such as education and youth development.

Effect—County youth did not receive \$41,441 of paid and unpaid work experience services that the federal program intended. Also, the Department may have received \$41,441 in federal program monies 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. Further, the Department did not include in its policies and procedures a requirement for its WIOA Youth Activities program to ensure it developed an effective strategy to recruit and retain qualified in-school and out-of-school youth who would benefit from paid and unpaid work experiences, monitored its paid and unpaid work experience expenditures throughout the award period, and adjusted spending when work experience participation was lower than expected.

Criteria—Federal regulation requires the Department 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 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). Federal regulation also 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, as required by the federal earmarking regulations.
2. Include a process in its policies and procedures for its WIOA Youth Activities program to:
 - a. Develop an effective strategy to recruit and retain qualified in-school and out-of-school youth who will benefit from the paid and unpaid work experiences the program provides.
 - b. Monitor its paid and unpaid work experiences spending throughout the award period.
 - c. Adjust spending to meet the earmarking requirement if work experience participation is lower than expected.

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 findings 2020-101.

2021-102

Assistance Listing number and name:

93.354 **COVID-19 Public Health Emergency Response—Cooperative Agreement for Emergency Response—Public Health Crisis Response**

Award number and years:

CTR042784, March 5, 2020–June 30, 2021

Federal agency:

U.S. Department of Health and Human Services

Pass-through grantor:

Arizona Department of Health Services

Compliance requirements:

Cash management and reporting

Questioned costs:

None

Condition—The County's Public Health Services Department did not review for accuracy 11 of the 12 required monthly Contractor Expenditure Reports (reports) before submitting them to the pass-through grantor to ensure that they were correct, agreed to County records, and contained only allowable expenditures. The Department was reimbursed a total amount of \$262,748 for this federal program.

Effect—Although we noted no errors or noncompliance on these reports, there is an increased risk that the Department could submit inaccurate reports to the pass-through grantor, who relies on them to evaluate the program's performance and make funding and programmatic decisions. Additionally, since the County relies on the reports to request reimbursement of program-related expenditures, there is an increased risk that County could receive federal monies to which it is not entitled.

Cause—The Department was acting in a state of emergency response due to the COVID-19 pandemic and did not follow the County's existing policies and procedures requiring a detailed, independent review and approval of the reports before submitting them to the pass-through grantor.

Criteria—The County's policies and procedures require departments to independently review and approve all financial transactions, including reports the County submits to grantors to request federal reimbursement of its program expenditures (Navajo County [2019]. Fiscal Policy Manual, Section 4.9). Also, federal regulation requires establishing and maintaining effective internal control over federal awards

that provides reasonable assurance that the federal program is being managed in compliance with all applicable laws, regulations, and award terms (2 CFR §200.303).

Recommendations—The Department should follow established County policies and procedures that require a detailed, independent review and approval to be performed of the reports before submitting them to the pass-through grantor for reimbursement.

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

NAVAJO COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Fiscal Period 7/1/2020 - 6/30/2021

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	Federal Expenditures	Federal Program Total	Cluster Name	Cluster Total
DEPARTMENT OF AGRICULTURE								
SPECIAL SUPPLEMENTAL NUTRITION PROGRAM FOR WOMEN, INFANTS, AND CHILDREN	10.557		ARIZONA DEPARTMENT OF HEALTH SERVICES	ADHS19-207423 CTRO4869	\$233,512	\$233,512	N/A	\$0
STATE ADMINISTRATIVE MATCHING GRANTS FOR THE SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM	10.561		ARIZONA DEPARTMENT OF HEALTH SERVICES	ADHS16-106531	\$88,633	\$88,633	SNAP CLUSTER	\$88,633
COOPERATIVE FORESTRY ASSISTANCE	10.664		ARIZONA DEPARTMENT OF FORESTRY AND FIRE MANAGEMENT	18DG-011031600-061	\$40,474	\$40,474	N/A	\$0
SCHOOLS AND ROADS - GRANTS TO STATES	10.665				\$759,998	\$759,998	FOREST SERVICE SCHOOLS AND ROADS CLUSTER	\$759,998
TOTAL DEPARTMENT OF AGRICULTURE					<u>\$1,122,617</u>			
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT								
COMMUNITY DEVELOPMENT BLOCK GRANTS/STATE'S PROGRAM AND NON-ENTITLEMENT GRANTS IN HAWAII	14.228		ARIZONA DEPARTMENT OF HOUSING	109-20 110-20	\$492,239	\$492,239	N/A	\$0
TOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					<u>\$492,239</u>			
DEPARTMENT OF JUSTICE								
CORONAVIRUS EMERGENCY SUPPLEMENTAL FUNDING PROGRAM	16.034	COVID-19	ARIZONA CRIMINAL JUSTICE COMMISSION	ACESF-21-035	\$21,006	\$21,006	N/A	\$0
CRIME VICTIM ASSISTANCE	16.575		ARIZONA DEPARTMENT OF PUBLIC SAFETY	2020-180	\$185,203	\$185,203	N/A	\$0
VIOLENCE AGAINST WOMEN FORMULA GRANTS	16.588		ARIZONA GOVERNOR'S OFFICE OF YOUTH, FAITH & FAMILY	ST-WSG-20-010121-13	\$36,491	\$36,491	N/A	\$0
EDWARD BYRNE MEMORIAL JUSTICE ASSISTANCE GRANT PROGRAM	16.738		ARIZONA CRIMINAL JUSTICE COMMISSION	DC-21-009 DC-21-029	\$116,086	\$116,086	N/A	\$0
EQUITABLE SHARING PROGRAM	16.922				\$186,656	\$186,656	N/A	\$0
TOTAL DEPARTMENT OF JUSTICE					<u>\$545,442</u>			
DEPARTMENT OF LABOR								
WIOA ADULT PROGRAM	17.258		ARIZONA DEPARTMENT OF ECONOMIC SECURITY	D119-002204 D121-002285	\$1,051,354	\$1,051,354	WIOA CLUSTER	\$1,548,565
WIOA YOUTH ACTIVITIES	17.259		ARIZONA DEPARTMENT OF ECONOMIC SECURITY	D119-002204 D121-002285	\$373,795	\$373,795	WIOA CLUSTER	\$1,548,565
WIOA DISLOCATED WORKER FORMULA GRANTS	17.278		ARIZONA DEPARTMENT OF ECONOMIC SECURITY	D119-002204 D121-002285	\$123,416	\$123,416	WIOA CLUSTER	\$1,548,565
TOTAL DEPARTMENT OF LABOR					<u>\$1,548,565</u>			
DEPARTMENT OF TRANSPORTATION								
STATE AND COMMUNITY HIGHWAY SAFETY	20.600		ARIZONA GOVERNORS OFFICE OF HIGHWAY SAFETY	2021-PTS-038 2021-AL-022 2020-045C-13	\$38,360	\$38,360	HIGHWAY SAFETY CLUSTER	\$92,413
NATIONAL PRIORITY SAFETY PROGRAMS	20.616		ARIZONA GOVERNOR'S OFFICE OF HIGHWAY SAFETY	2020-405C-013	\$54,053	\$54,053	HIGHWAY SAFETY CLUSTER	\$92,413
TOTAL DEPARTMENT OF TRANSPORTATION					<u>\$92,413</u>			
DEPARTMENT OF TREASURY								
CORONAVIRUS RELIEF FUND	21.019	COVID-19	STATE OF ARIZONA GOVERNORS OFFICE	ERMT-20-061 ERMT-EP-21-002 ERMT-EP-21-040 ERMT-EP-21-081	\$4,350,832	\$4,350,832	N/A	\$0
CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027	COVID-19	STATE OF ARIZONA GOVERNORS OFFICE	ARPA-2021	\$35,175	\$35,175	N/A	\$0
TOTAL DEPARTMENT OF TREASURY					<u>\$4,386,007</u>			
INSTITUTE OF MUSEUM AND LIBRARY SERVICES OR NATIONAL ENDOWMENT FOR THE ARTS OR NATIONAL ENDOWMENT FOR THE HUMANITIES								
GRANTS TO STATES	45.310	COVID-19	ARIZONA STATE LIBRARY, ARCHIVES AND PUBLIC RECORDS	2020-0720-036	\$4,000	\$4,000	N/A	\$0
TOTAL INSTITUTE OF MUSEUM AND LIBRARY SERVICES OR NATIONAL ENDOWMENT FOR THE ARTS OR NATIONAL ENDOWMENT FOR THE HUMANITIES					<u>\$4,000</u>			
DELTA REGIONAL AUTHORITY or DENALI COMMISSION or ELECTION ASSISTANCE COMMISSION or JAPAN U.S. FRIENDSHIP COMMISSION								
2018 HAVA ELECTION SECURITY GRANTS	90.404		ARIZONA SECRETARY OF STATE'S OFFICE	AZ18101001	\$34,712	\$137,284	N/A	\$0
2018 HAVA ELECTION SECURITY GRANTS	90.404	COVID-19	ARIZONA SECRETARY OF STATES OFFICE	AZ 20101001	\$102,572	\$137,284	N/A	\$0
TOTAL DELTA REGIONAL AUTHORITY or DENALI COMMISSION or ELECTION ASSISTANCE COMMISSION or JAPAN U.S. FRIENDSHIP COMMISSION					<u>\$137,284</u>			
DEPARTMENT OF HEALTH AND HUMAN SERVICES								
PUBLIC HEALTH EMERGENCY PREPAREDNESS	93.069		ARIZONA DEPARTMENT OF HEALTH SERVICES	ADHS17-133196 ADHS16-110830	\$208,144	\$208,144	N/A	\$0
INJURY PREVENTION AND CONTROL RESEARCH AND STATE AND COMMUNITY BASED PROGRAMS	93.136		ARIZONA DEPARTMENT OF HEALTH SERVICES	CTRO43091 IGA2021-071	\$263,633	\$263,633	N/A	\$0
IMMUNIZATION COOPERATIVE AGREEMENT	93.268		ARIZONA DEPARTMENT OF HEALTH SERVICES	ADHS18-177684	\$76,166	\$76,166	N/A	\$0
EPIDEMIOLOGY AND LABORATORY CAPACITY FOR INFECTIOUS DISEASES (ELC)	93.323	COVID-19	ARIZONA DEPARTMENT OF HEALTH SERVICES	IGA2021-038 CTRO54323	\$828,926	\$828,926	N/A	\$0
PUBLIC HEALTH EMERGENCY RESPONSE: COOPERATIVE AGREEMENT FOR EMERGENCY RESPONSE: PUBLIC HEALTH CRISIS RESPONSE	93.354	COVID-19	ARIZONA DEPARTMENT OF HEALTH SERVICES	CTRO42784	\$262,748	\$262,748	N/A	\$0
NON-ACA/PPHF-BUILDING CAPACITY OF THE PUBLIC HEALTH SYSTEM TO IMPROVE POPULATION HEALTH THROUGH NATIONAL NONPROFIT ORGANIZATIONS	93.424				\$4,009	\$4,009	N/A	\$0

<i>CHILD SUPPORT ENFORCEMENT</i>	93.563	ARIZONA DEPARTMENT OF ECONOMIC SECURITY	D1 16-002134	\$72,283	\$72,283	N/A	\$0
<i>PREVENTIVE HEALTH AND HEALTH SERVICES BLOCK GRANT FUNDED SOLELY WITH PREVENTION AND PUBLIC HEALTH FUNDS (PPHF)</i>	93.758	ARIZONA DEPARTMENT OF HEALTH SERVICES	IGA2020-021 CTR054412	\$52,490	\$52,490	N/A	\$0
<i>OPIOID STR</i>	93.788	STEWART HEALTH CHOICE ARIZONA	YH17-0003-02	\$30,394	\$55,394	N/A	\$0
<i>OPIOID STR</i>	93.788	ARIZONA DEPARTMENT OF HEALTH SERVICES	ADHS16-110830 CTR043091	\$25,000	\$55,394	N/A	\$0
<i>HIV PREVENTION ACTIVITIES_ HEALTH DEPARTMENT BASED</i>	93.940	ARIZONA DEPARTMENT OF HEALTH SERVICES	ADHS18-188830 CTR042929	\$30,359	\$30,359	N/A	\$0
<i>PREVENTIVE HEALTH SERVICES_ SEXUALLY TRANSMITTED DISEASES CONTROL GRANTS</i>	93.977	ARIZONA DEPARTMENT OF HEALTH SERVICES	ADHS14-071223 CTR043084	\$8,011	\$8,011	N/A	\$0
<i>MATERNAL AND CHILD HEALTH SERVICES BLOCK GRANT TO THE STATES</i>	93.994	ARIZONA DEPARTMENT OF HEALTH SERVICES	IGA2020-045	\$104,193	\$104,193	N/A	\$0
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES				<u>\$1,966,356</u>			
EXECUTIVE OFFICE OF THE PRESIDENT							
<i>HIGH INTENSITY DRUG TRAFFICKING AREAS PROGRAM</i>	95.001	CITY OF TUCSON	HT-19-2924 HT-19-2906 HT-20-2993A	\$149,140	\$149,140	N/A	\$0
TOTAL EXECUTIVE OFFICE OF THE PRESIDENT				<u>\$149,140</u>			
DEPARTMENT OF HOMELAND SECURITY							
<i>HAZARD MITIGATION GRANT</i>	97.039	ARIZONA DEPARTMENT OF EMERGENCY AND MILITARY AFFAIRS	HMGP-5183-12-12R	\$19,596	\$19,596	N/A	\$0
<i>EMERGENCY MANAGEMENT PERFORMANCE GRANTS</i>	97.042	ARIZONA DEPARTMENT OF EMERGENCY AND MILITARY AFFAIRS	EMF-2020-EF-00009	\$189,679	\$189,679	N/A	\$0
<i>HOMELAND SECURITY GRANT PROGRAM</i>	97.067	ARIZONA DEPARTMENT OF HOMELAND SECURITY	19-AZDOHS-HSGP-190106-02 20-AZDOHS-HSGP-200106-01	\$7,518	\$7,518	N/A	\$0
TOTAL DEPARTMENT OF HOMELAND SECURITY				<u>\$216,793</u>			
TOTAL EXPENDITURE OF FEDERAL AWARDS				<u>\$10,660,856</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.

NAVAJO COUNTY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Fiscal Period 7/1/2020 - 6/30/2021

Significant Accounting Policies Used in Preparing the SEFA

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

10% De Minimis Cost Rate

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

Basis of presentation

The accompanying schedule of expenditures of federal awards (schedule) includes Navajo County's federal grant activity for the year ended June 30, 2021. 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* .

Federal Assistance Listings number

The program titles and Federal Assistance Listings numbers were obtained from the federal or pass-through grantor or the 2021 *Federal Assistance Listings* .

COUNTY RESPONSE



NAVAJO COUNTY

Administration

Bryan Layton
Assistant County Manager

Glenn Kephart
County Manager

Jayson Vowell
Finance Director

We are Navajo County

September 29, 2022

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,

A handwritten signature in black ink that reads "Jayson Vowell".

Jayson Vowell
Finance Director

Federal award findings and questioned costs

2021-101

CFDA no. 17.258 WIOA Adult Program;
CFDA no. 17.259 WIOA Youth Activities; and
CFDA no. 17.278 WIOA Dislocated Worker Formula Grants

Contact Person: Lisa Grannis, Workforce Board Clerk/Compliance Specialist

Anticipated completion date: 11/1/2022

To ensure the County meets the WIOA Cluster's earmarking requirement to spend no less than 20 percent of WIOA Youth Activities funds allocated to the County to provide in-school and out-of-school youth with paid and unpaid work experiences (WEX), the County will revise its process for tracking work experience expenditures. The County will utilize the revised process and the Workforce Board staff will provide support and training to the sub-recipient to implement procedures that will lead to an increase in Youth enrollments and placement into WEX to ensure at least 20 percent of the WIOA Youth Activities funds allocated to the County are used to provide in-school and out-of-school youth with paid and unpaid WEX.

2021-102

CFDA no. 93.354 COVID-19 Public Health Emergency Response – Cooperative Agreement for Emergency Response – Public Crisis Health Response.

Contact Person: Catrina Jenkins, Emergency Management Manager

Anticipated completion date: 11/1/2022

To ensure County policy and federal regulations are followed, the County will require employees to follow policy by ensuring that each monthly Contractor Expenditure Report is thoroughly reviewed before submission to the grantor for reimbursement. Additionally, both the preparer and the reviewer will sign the Contractor Expenditure Report and include the date the review was completed. Finally, any new staff will receive thorough training on Navajo County Fiscal Policies as well as the state and grantor policies to ensure compliance.



NAVAJO COUNTY

Administration

Bryan Layton
Assistant County Manager

Glenn Kephart
County Manager

Jayson Vowell
Finance Director

We are Navajo County

September 29, 2022

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,

A handwritten signature in black ink that reads "Jayson Vowell".

Jayson Vowell
Finance Director

Navajo County
Summary Schedule of Prior Audit Findings
Year ended June 30, 2021

Status of financial statement findings

The County Public Health Department Director made \$5,579 in purchasing card purchases that contradicted County policies, which the County paid for, resulting in potential misuse of public monies and possibly violating the Arizona Constitution.

Finding No.: 2020-01

Year finding initially occurred: FY 2019

Status: Fully corrected

The County paid \$41,000 for employees' County purchasing card fuel purchases but did not ensure the fuel was used in County vehicles as required, contrary to County policies, placing the County at risk of misusing public monies and violating the Arizona Constitution.

Finding No.: 2020-02

Year finding initially occurred: FY 2019

Status: Not corrected

Response: Navajo County realizes the need to implement a fuel tracking process that is affordable and reasonable to better track fuel purchased with County purchasing cards. County Administration does not believe there was any intentional abuse of County P-Card fuel purchases or any misuse of County funds. The County continues to evaluate options to ensure fuel is used in County vehicles as required.

Managing Risk

Finding No. 2020-03

Year finding initially occurred: FY 2016

Status: Not corrected

Response: Navajo County takes all IT audit findings seriously and will make efforts to resolve deficiencies. County Administration and IT have identified resources that will allow us to further mitigate potential risks to sensitive information. The County will continue the process of evaluating and managing the risks of holding sensitive information by identifying, classifying, and inventorying the information the County holds.

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

Finding No. 2020-04

Year finding initially occurred: FY 2014 (security, and configuration and change management) and FY 2007 (access).

Status: Partially corrected

Response: Navajo County takes all IT audit findings seriously and will make efforts to resolve deficiencies. The County has taken steps to mitigate IT audit findings and will continue to improve controls over its IT resources. During this fiscal year the county corrected the securing systems and data portion of this finding.

Restricting Access: Financial system access has been reviewed each year during the audit for the past few years. An annual review has been performed and issues identified by the auditors have been corrected.

Managing system configurations and changes: The County will maintain baseline configurations for systems and manage the system for unauthorized or unintended changes.

Status of federal award findings and questioned costs

WIOA Cluster

Finding No.: 2020-101

Year finding initially occurred: FY 2019

Status: Partially Corrected

Response: Internal controls are an important function in Navajo County's operations and the County is dedicated to ensuring internal controls over financial reporting are strengthened. To help ensure financial reports submitted to the pass-through grantor are complete and accurate, the County revised its policy for an independent review and approval of the financial reports. The reports that were examined during the Fiscal Year 2021 audit followed this new procedure. The County continues to work toward compliance for the earmarking requirement of spending the required 20 percent of WIOA Youth Activities monies on in-school and out-of-school paid and unpaid work experience. The County is in the process of revising its process and providing support/training to the sub-recipient to implement procedures to ensure the earmarking requirements are met.

SNAP Cluster

Finding No.: 2020-102

Year finding initially occurred: FY 2020

Status: Fully Corrected

