



A REPORT
TO THE
ARIZONA LEGISLATURE

Financial Audit Division

Single Audit

Navajo County

Year Ended June 30, 2013



Debra K. Davenport
Auditor General

The **Auditor General** is appointed by the Joint Legislative Audit Committee, a bipartisan committee composed of five senators and five representatives. Her mission is to provide independent and impartial information and specific recommendations to improve the operations of state and local government entities. To this end, she provides financial audits and accounting services to the State and political subdivisions, investigates possible misuse of public monies, and conducts performance audits of school districts, state agencies, and the programs they administer.



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Navajo County
Single Audit Reporting Package
Year Ended June 30, 2013

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Reports Issued Separately

Comprehensive Annual Financial Report

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*



DEBRA K. DAVENPORT, CPA
AUDITOR GENERAL

STATE OF ARIZONA
OFFICE OF THE
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 OMB Circular A-133

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) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013. 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 the requirements of laws, regulations, contracts, and grants 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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, Navajo 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, 2013.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance that is required to be reported in accordance with OMB Circular A-133 and that is described in the accompanying Schedule of Findings and Questioned Costs as item 2013-101. Our opinion on each major federal program is not modified with respect to this matter.

Navajo County's response to the noncompliance finding identified in our audit is presented on pages 15 through 16. The County's response was not subjected to the auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on it.

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 OMB Circular A-133, 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph 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 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 2013-101, 2013-102, and 2013-103 to be material weaknesses.

Navajo County's responses to the internal control over compliance findings identified in our audit are presented on pages 15 through 16. The County's responses were not subjected to the auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on them.

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the governmental activities, each major fund, and aggregate remaining fund information of Navajo County as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated December 17, 2013, that contained an unmodified opinion 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 OMB Circular A-133 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.

Jay Zsorey, CPA
Financial Audit Director

March 28, 2014

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Navajo County
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2013

Federal agency/CFDA number	Federal program name	Cluster title	Pass-through grantor	Pass-through grantor's numbers	Program expenditures
Department of Agriculture					
10 557	Special Supplemental Nutrition Program for Women, Infants, and Children		Arizona Department of Health Services	HG050273	\$ 297,690
10 561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	SNAP Cluster	Arizona Department of Health Services	ADHS12-030681	226,884
10 664	Cooperative Forestry Assistance		Arizona State Forestry Division	SFA-11-201	182,350
10 665	Schools and Roads - Grants to States	Forest Service Schools and Roads Cluster			1,104,458
Total Department of Agriculture					<u>1,811,382</u>
Department of Housing and Urban Development					
14 228	Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	CDBG-State-Administered CDBG Cluster	Arizona Department of Housing	155-12, 156-12, 157-12, 158-12, 159-12	42,701
Department of the Interior					
15 226	Payments in Lieu of Taxes				1,417,672
15 227	Distribution of Receipts to State and Local Governments				7,076
Total Department of the Interior					<u>1,424,748</u>
Department of Justice					
16 unknown	Federal Equitable Sharing Agreement				212,163
16 575	Crime Victim Assistance		Arizona Department of Public Safety	2012-VA-GX-0022	44,945
16 582	Crime Victim Assistance/Discretionary Grants		National Association of VOCA	13-095	11,722
16 585	Drug Court Discretionary Grant Program				94,116
16 607	Bulletproof Vest Partnership Program				13,615
16 738	Edward Byrne Memorial Justice Assistance Grant Program	JAG Program Cluster	Arizona Criminal Justice Commission	DC-13-001, DC-13-023	363,599
16 803 ARRA	Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program / Grants to States and Territories	JAG Program Cluster	Arizona Criminal Justice Commission	DC-10-001	22
16 804 ARRA	Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program / Grants to Units of Local Government	JAG Program Cluster			46,981
<i>Total JAG Program Cluster</i>					<u>410,602</u>
16 810 ARRA	Recovery Act - Assistance to Rural Law Enforcement to Combat Crime and Drugs Competitive Grant Program				15,047
16 813	NICS Act Record Improvement Program		Arizona Criminal Justice Commission	NIC11-12-003	5,838
Total Department of Justice					<u>808,048</u>
Department of Labor					
17 258	WIA Adult Program	WIA Cluster	Arizona Department of Economic Security	DE111011001	165,332
17 259	WIA Youth Activities	WIA Cluster	Arizona Department of Economic Security	DE111011001	139,177

See accompanying notes to schedule.

Navajo County
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2013

Federal agency/CFDA number	Federal program name	Cluster title	Pass-through grantor	Pass-through grantor's numbers	Program expenditures
17 278	WIA Dislocated Worker Formula Grants	WIA Cluster	Arizona Department of Economic Security	DE111011001	156,595
	<i>Total WIA Cluster</i>				<u>461,104</u>
	Total Department of Labor				<u>461,104</u>
Department of Transportation					
20 unknown	Reservation Roadway Maintenance		Arizona Department of Transportation	KR06-0664TRN	97,159
20 600	State and Community Highway Safety	Highway Safety Cluster	Arizona Governor's Office of Highway Safety	2012-AL-025, 2012-PT-029, 2012-PT-059	28,960
20 601	Alcohol Impaired Driving Countermeasures Incentive Grants I	Highway Safety Cluster	Arizona Governor's Office of Highway Safety	2013-410-024	25,000
	<i>Total Highway Safety Cluster</i>				<u>53,960</u>
20 703	Interagency Hazardous Materials Public Sector Training and Planning Grants		Arizona Department of Emergency and Military Affairs	None	1,229
	Total Department of Transportation				<u>152,348</u>
Institute of Museum and Library Services					
45 310	Grants to States		Arizona State Library, Archives and Public Records	2013-33026-17	14,543
Department of Education					
84 013	Title I State Agency Program for Neglected and Delinquent Children and Youth		Arizona Supreme Court	KR12-0093, KR13-0071	52,386
84 018	Overseas Programs—Special Bilateral Projects		Arizona Department of Education	SH458979	14,292
84 027	Special Education - Grants to States	Special Education Cluster (IDEA)	Arizona Department of Education	H027A0090007, H027A050007	8,194
84 027	Special Education - Grants to States	Special Education Cluster (IDEA)	Arizona Supreme Court	KR12-0093	28,542
	<i>Total Special Education Cluster (IDEA)</i>				<u>36,736</u>
84 365	English Language Acquisition State Grants		Arizona Department of Education	T365A0003A	15,482
84 366	Mathematics and Science Partnerships		Arizona Department of Education	S366B090003, S366B040003	300,228
84 367	Improving Teacher Quality State Grants		Arizona Department of Education	S367A110049	15,251
84 367	Improving Teacher Quality State Grants		Arizona Supreme Court	KR12-0093	9,146
	<i>Total 84.367</i>				<u>24,397</u>
84 395 ARRA	State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act		Arizona Department of Education	13-04-EDSG	104,821
	Total Department of Education				<u>548,342</u>
Election Assistance Commission					
90 401	Help America Vote Act Requirements Payments		Arizona Secretary of State	None	1,477

See accompanying notes to schedule.

Navajo County
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2013

Federal agency/CFDA number	Federal program name	Cluster title	Pass-through grantor	Pass-through grantor's numbers	Program expenditures
Department of Health and Human Services					
93 008	Medical Reserve Corps Small Grant Program		National Association of County and City Health Officials	MRC 13-0945	7,112
93 069	Public Health Emergency Preparedness		Arizona Department of Health Services	ADHS12-007893	210,633
93 217	Family Planning - Services		Arizona Department of Health Services	ADHS13-034543	53,794
93 236	Grants to States to Support Oral Health Workforce Activities		Arizona Department of Health Services	HG061187	12,059
93 268	Immunization Cooperative Agreements		Arizona Department of Health Services	ADHS13-041545	75,091
93 283	Centers for Disease Control and Prevention— Investigations and Technical Assistance				2,543
93 505	Affordable Care Act, Maternal, Infant, and Early Childhood Home Visiting Program				22,033
93 563	Child Support Enforcement		Arizona Department of Economic Security	DE111167001	529,624
93 617	Voting Access for Individuals with Disabilities - Grants to States		Arizona Secretary of State	None	8,030
93 940	HIV Prevention Activities - Health Department Based		Arizona Department of Health Services	ADHS13-036900	79,462
93 977	Preventive Health Services - Sexually Transmitted Diseases Control Grants		Arizona Department of Health Services	ADHS13-036316	31,903
93 994	Maternal and Child Health Services Block Grant to the States		Arizona Department of Health Services	HG161082	56,740
Total Department of Health and Human Services					<u>1,089,024</u>
Executive Office of the President					
95 001	High Intensity Drug Trafficking Areas Program		City of Tucson	HT20-10-2719, HT21- 11-2513, HT-12- 2247, HT-12-2249, HT-11-2910, HT-12- 2221, HT-13-2321	152,524
Department of Homeland Security					
97 042	Emergency Management Performance Grants		Arizona Department of Emergency and Military Affairs	None	144,496
97 067	Homeland Security Grant Program		Arizona Department of Homeland Security	12-AZDOHS-HSGP- 999102-01, 12- AZDOHS-HSGP- 999102-02, 12- AZDOHS-HSGP- 999102-03, 12- AZDOHS-HSGP- 999103-01, 11- AZDOHS-HSGP- 888112-01	87,123
Total Department of Homeland Security					<u>231,619</u>
Total expenditures of federal awards					<u>\$ 6,737,860</u>

See accompanying notes to schedule.

Navajo County
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2013

Note 1 - Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Navajo County and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Note 2 - Catalog of Federal Domestic Assistance (CFDA) Number

The program titles and CFDA numbers were obtained from the federal or pass-through grantor or the 2013 *Catalog of Federal Domestic Assistance*. When no CFDA number had been assigned to a program and when there was no federal contract number, the two-digit federal agency identifier and the word "unknown" were used.

Note 3 - Subrecipients

Navajo County did not have any subrecipients for the year ended June 30, 2013.

Navajo County
 Schedule of Findings and Questioned Costs
 Year Ended June 30, 2013

Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Yes No

Material weaknesses identified? _____ X

Significant deficiencies identified? X _____

Noncompliance material to the financial statements noted? _____ X

Federal Awards

Internal control over major programs:

Material weaknesses identified? X _____

Significant deficiency identified? _____ X
(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 Circular A-133 (section .510[a])? X _____

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children
10.665	Forest Service Schools and Roads Cluster
15.226	Payments in Lieu of Taxes
16.738, 16.803, 16.804	JAG Program Cluster
84.366	Mathematics and Science Partnerships
93.563	Child Support Enforcement
95.001	High Intensity Drug Trafficking Areas Program

Navajo County
Schedule of Findings and Questioned Costs
Year Ended June 30, 2013

Dollar threshold used to distinguish between Type A and Type B programs:	\$300,000		
	Yes	No	
Auditee qualified as low-risk auditee?	___	___	<u>X</u>
<i>Other Matters</i>			
Auditee's Summary Schedule of Prior Audit Findings required to be reported in accordance with Circular A-133 (section .315[b])?	___	<u>X</u>	___

Navajo County
Schedule of Findings and Questioned Costs
Year Ended June 30, 2013

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

2013-101

Cluster Name:	JAG Program Cluster
CFDA No. and Name:	16.738 Edward Byrne Memorial Justice Assistance Grant (JAG) Program 16.803 ARRA—Recovery Act—Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories 16.804 ARRA—Recovery Act—Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government
Award Numbers and Years:	2009-SB-B9-3026, DC-13-001, DC-13-023, DC-10-001 March 1, 2009 through February 28, 2013 July 1, 2009 through June 30, 2011 July 1, 2012 through June 30, 2013
Federal Agency:	Department of Justice
Pass-Through Grantor:	Arizona Criminal Justice Commission
Compliance Requirements:	Cash Management and Reporting
Questioned Costs:	None

Criteria: To comply with the American Recovery and Reinvestment Act (ARRA) of 2009, P.L. 111-5, Section 1512(C), and 28 Code of Federal Regulations (CFR) §66.20(b)(3), ARRA 1512 reports should be submitted quarterly and report cumulative expenditures in addition to the expenditures for each quarter. If incorrect amounts are reported on the ARRA 1512 reports, the amounts should be corrected during the continuous edit period as outlined in Office of Management and Budget (OMB) Circular M-10-14, *Updated Guidance on the American Recovery and Reinvestment Act*. In addition, the County is required to submit monthly financial reports which are used to request funding on a reimbursement basis. To help ensure that these reporting requirements are met and that reports submitted to grantors are accurate and complete, the County should have effective internal controls that require an independent review and approval of reports prior to their submission to grantors.

Navajo County
Schedule of Findings and Questioned Costs
Year Ended June 30, 2013

Condition and context: The County did not submit two of the remaining three quarterly ARRA 1512 reports. Also, for the one quarterly ARRA 1512 report submitted, the County reported the expenditures for the current quarter rather than cumulative expenditures as required. None of the quarterly ARRA 1512 reports were reviewed and approved by an employee other than the preparer, and the County was late in submitting the final financial reports and unexpended ARRA monies to the federal grantor. In addition, auditors tested four monthly financial reports and two final financial reports and noted that half of the reports tested were not reviewed and approved by an employee other than the preparer.

Effect: The County did not comply with ARRA Section 1512 reporting requirements. In addition, cumulative expenditures reported on the ARRA 1512 reports for award 2009-SB-B9-3026 were understated by more than \$192,000. Auditors were able to verify the completeness and accuracy of the financial reports submitted to grantors and that unexpended ARRA monies were eventually remitted to the federal grantor with the final ARRA financial report. Therefore, auditors noted no questioned costs.

Cause: The employee who was responsible for preparing the ARRA 1512 reports for the program cluster quit. In addition, the program cluster was administered by two county departments that prepared the financial reports. One of the departments did not require an independent review and approval of the reports prior to their submission to the grantors.

Recommendation: To comply with the program cluster's cash management and reporting requirements and to help ensure that reports are complete and accurate and submitted in a timely manner, the County should:

- Ensure that departments administering the program cluster are aware of its cash management and reporting requirements.
- Establish internal control policies and procedures that require an employee who did not prepare the reports to review and approve them prior to their submission to grantors.

This finding is similar to a prior-year finding.

Navajo County
Schedule of Findings and Questioned Costs
Year Ended June 30, 2013

2013-102

CFDA No. and Name: 10.557 **Special Supplemental Nutrition Program for Women, Infants, and Children**

Award Numbers and Years: HG050273
October 1, 2011 through September 30, 2012
October 1, 2012 through September 30, 2013

Federal Agency: **Department of Agriculture**

Pass-Through Grantor: Arizona Department of Health Services

Compliance Requirements: Activities Allowed or Unallowed and Allowable Costs/Cost Principles

Questioned Costs: Unknown

Criteria: To help ensure that it complies with cost principles outlined in 2 CFR §225, Appendix B, the County should follow its internal control policies and procedures for reviewing and approving procurement card transactions for program purchases.

Condition and context: For 3 of 13 procurement card transactions tested, there was no review and approval by program management to ensure that the expenditure was allowable. A total of \$21,498 in procurement card transactions that may not have been reviewed and approved were processed and charged to the program during the year.

Effect: The County may be charging the program for goods and services that are not in compliance with the program's requirements for activities allowed or unallowed and allowable costs/cost principles. Auditors were able to extend auditing procedures to verify that the procurement card purchases tested that were not reviewed and approved were allowable. However, it was not practical to extend our auditing procedures sufficiently to determine questioned costs, if any, that may have resulted from this finding.

Cause: Although the County has formal policies and procedures for its departments to follow that require review and approval of all expenditures, including procurement card purchases, the department that administered the program did not follow these policies and procedures.

Recommendation: To help ensure that procurement card purchases are allowable and to help maintain an effective internal control environment over expenditures, the County should require county departments to follow the existing policies and procedures for reviewing and approving procurement card purchases. In addition, the County should review procurement card purchases periodically to make sure that departments are following these procedures.

Navajo County
Schedule of Findings and Questioned Costs
Year Ended June 30, 2013

2013-103

CFDA No. and Name: 84.366 **Mathematics and Science Partnerships**
Award Numbers: S366B090003, S366B040003
Award Periods: January 1, 2012 through August 30, 2012
July 1, 2012 through June 30, 2013
Federal Agency: **Department of Education**
Pass-Through Grantor: Arizona Department of Education
Compliance Requirements: Activities Allowed or Unallowed and Allowable Costs/Cost Principles
Questioned Costs: None

Criteria: To help ensure that expenditures charged to the program are allowed by the grant agreements and comply with 2 CFR, §225, Appendix B, and to help mitigate the risk of fraud due to theft and misappropriation, the County should separate the responsibilities of expenditure processing among employees. If this is not possible because of limited staff size, independent reviews should be implemented.

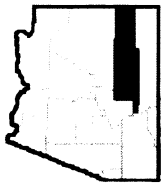
Condition and context: For 14 of 17 expenditure transactions tested, the expenditure was initiated and approved by the same employee without a supervisory review.

Effect: There is an increased risk of payments being made for goods and services not received and of unallowable charges to the federal program. Auditors were able to determine that those expenditures selected for testing were allowable. Auditors were able to review other expenditures not selected for testing to determine that the expenditures appeared allowable; therefore, auditors noted no questioned costs.

Cause: Although the County had written policies and procedures for its departments to follow that required responsibilities to be separated, the county department that administered this program did not follow these policies and procedures. Additionally, even though the payments were processed by an employee other than the one who initiated the expenditures, the employee who processed the transactions did not have the authority to approve or disapprove the expenditures for payment.

Recommendation: To help ensure that expenditures charged to the program are allowed by the grant agreements and 2 CFR, §225, Appendix B, and to help mitigate the risk of fraud due to theft and misappropriation, the County should:

- Enforce the County's existing policies and procedures that require responsibilities to be separated.
- Separate employees' responsibilities so that no one employee has the ability to initiate, process, and approve expenditures without review by a supervisor or second employee.



NAVAJO COUNTY

Finance Department

James Menlove • Finance Director

Mary Springer • Deputy Finance Director

"Proudly Serving, Continuously Improving"

March 21, 2014

Debbie Davenport
Auditor General
2910 North 44th Street, Suite 410
Phoenix, AZ 85018

Dear Ms. Davenport:

The accompanying Corrective Action Plan has been prepared as required by U.S. Office of Management and Budget Circular A-133. Specifically, we are providing you with the name of the contact person responsible for corrective action, the corrective action planned, and the anticipated completion date for each audit finding included in the current year's Schedule of Findings and Questioned Costs.

Sincerely,

W. James Menlove, CPA
Finance Director

Navajo County
Corrective Action Plan
Year Ended June 30, 2013

Federal Award Findings and Questioned Costs

2013-101

Cluster Name: JAG Program Cluster
CFDA No. and Name: 16.738 Edward Byrne Memorial Justice Assistance Grant (JAG) Program
16.803 ARRA—Recovery Act—Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories
16.804 ARRA—Recovery Act—Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government
Contact person: Lynda Young, Grants Administrator, 928-524-4421
Anticipated completion date: June 30, 2014

County Response: Concur
County Corrective Action Plan: The County will ensure the department administering the JAG program is aware of its cash management and reporting requirements and require that an employee independent of the report preparation process perform a review of the reports to ensure that they are complete and accurate before they are submitted to the grantor.

2013-102

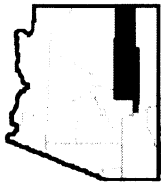
CFDA No. and Name: 10.557 Special Supplemental Nutrition Program for Women, Infants, and Children
Contact person: Mary Tyler, Navajo County Health District Deputy Director, 928-524-4750
Anticipated completion date: June 30, 2014

County Response: Concur
County Corrective Action Plan: The County will ensure that departments follow existing policies and procedures for reviewing and approving procurement card purchases.

2013-103

CFDA No. and Name: 84.366 Mathematics and Science Partnerships
Contact person: Tami Philips, Deputy Schools Superintendent, 928-524-4202
Anticipated completion date: June 30, 2014

County Response: Concur
County Corrective Action Plan: The County will ensure that departments follow existing policies and procedures that require responsibilities to be separated so that no one employee has the ability to initiate, process, and approve expenditures without review by a supervisor or second employee.



NAVAJO COUNTY

Finance Department

James Menlove • Finance Director

Mary Springer • Deputy Finance Director

"Proudly Serving, Continuously Improving"

March 21, 2014

Debbie Davenport
Auditor General
2910 North 44th Street, Suite 410
Phoenix, AZ 85018

Dear Ms. Davenport:

The accompanying Summary Schedule of Prior Audit Findings has been prepared as required by U.S. Office of Management and Budget Circular A-133. Specifically, we are reporting the status of audit findings included in the prior audit's Schedule of Findings and Question Costs related to federal awards. This schedule also includes audit findings reported in the prior audit's Summary Schedule of Prior Audit Findings that were not corrected.

Sincerely,

W. James Menlove, CPA
Finance Director

Navajo County
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2013

Status of Federal Award Findings and Questioned Costs

CFDA No.: 16.803 **ARRA—Recovery Act—Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories**

Finding No.: 10-105

Status: Not corrected

The County will establish policies and procedures that require an employee independent of the financial reports' preparation to review the reports for accuracy prior to submitting them to the pass-through grantor.

CFDA No.: 16.738 **Edward Byrne Memorial Justice Assistance Grant Program**

16.803 **ARRA—Recovery Act—Edward Byrne Memorial Justice Assistance Grant Program/Grants to States and Territories**

16.804 **ARRA—Recovery Act—Edward Byrne Memorial Justice Assistance Grant Program/Grants to Units of Local Government**

Finding No.: 11-103

Status: Not corrected

The County will assign an employee independent of the report preparation process to review the ARRA 1512 and financial reports to ensure that they are complete and accurate before they are submitted to the federal agency or pass-through grantor. In addition, if any errors in the ARRA 1512 report are subsequently noted, the County will correct them during the continuous edit period.

CFDA No.: 16.738 **Edward Byrne Memorial Justice Assistance Grant Program**

16.803 **ARRA—Recovery Act—Edward Byrne Memorial Justice Assistance Grant Program/Grants to States and Territories**

16.804 **ARRA—Recovery Act—Edward Byrne Memorial Justice Assistance Grant Program/Grants to Units of Local Government**

Finding No.: 12-101

Status: Not corrected

The County will require that an employee independent of the report preparation process perform a review of the reports to ensure that they are complete and accurate before they are submitted to the grantor.