

Yavapai County, Arizona
Single Audit Reporting Package

Year ended June 30, 2010

**Yavapai County, Arizona
Single Audit Reporting Package
Year ended June 30, 2010**

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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*

The Auditor General of the State of Arizona

The Board of Supervisors of
Yavapai County, Arizona

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Yavapai County, Arizona (the County) as of and for the year ended June 30, 2010, which collectively comprise the County's basic financial statements and have issued our report thereon dated December 15, 2010. Our report was modified to include a reference to our reliance on other auditors and as to consistency because of the implementation of Governmental Accounting Standards Board Statement No. 51. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the long-term care fund, as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be *material weaknesses*, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs as items 10-001 through 10-002 that we consider to be significant deficiencies in internal control over financial reporting. 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County’s basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The County’s responses to the findings identified in our audit are described in the schedule of findings and questions costs. We did not audit the County’s responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Arizona State Legislature, the Auditor General of the State of Arizona, the Board of Supervisors, management, others within the County, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.



Phoenix, Arizona
December 15, 2010

**Independent Auditors' Report on Compliance with Requirements
That Could Have a Direct and Material Effect on Each Major Program and on
Internal Control over Compliance in Accordance with OMB Circular A-133**

The Auditor General of the State of Arizona

The Board of Supervisors of
Yavapai County, Arizona

Compliance

We have audited Yavapai County, Arizona's (the County) 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, 2010. The County's major federal programs are identified in the Summary of Auditors' Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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. Our audit does not provide a legal determination of the County's compliance with those requirements.

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 major federal programs for the year ended June 30, 2010.

Internal Control over Compliance

The County's management is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance 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.

A *deficiency* in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness* in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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 that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be *material weaknesses*, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and aggregate remaining fund information of the County as of and for the year ended June 30, 2010, and have issued our report thereon dated December 15, 2010. Our report was modified to include a reference to our reliance on other auditors and as to consistency because of the implementation of Governmental Accounting Standards Board Statement No. 51. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the County's basic financial statement. 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 has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the members of the Arizona State Legislature, the Auditor General of the State of Arizona, the Board of Supervisors, management, other within the County, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.

Walker & Armstrong LLP

Phoenix, Arizona

February 18, 2011, except for the Schedule of
Expenditures of Federal Awards, for which the date
is December 15, 2010

Yavapai County, Arizona
Schedule of Expenditures of Federal Awards
Year ended June 30, 2010

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass-Through Grantor's Number	Expenditures
<u>U.S. Department of Agriculture</u>			
<i>Passed through Arizona Department of Education</i>			
Child Nutrition Cluster:			
School Breakfast Program	10.553	ED09-0001	\$ 22,139
National School Lunch Program	10.555	ED09-0001	66,034
<i>Total Child Nutrition Cluster</i>			88,173
<i>Passed through Arizona Department of Health Services</i>			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	HG861088, HP661311-004	953,488
Commodity Supplemental Food Program	10.565	HG861139	24,372
<i>Passed through Arizona State Land Department</i>			
Cooperative Forestry Assistance	10.664	SFA 7001, SFA 7003, SFA 08-002, SFA 08-011, WFHF 09-027	189,001
<i>Passed through Arizona State Treasurer</i>			
Schools and Roads—Grants to States	10.665	None	367,883
<i>Total U.S. Department of Agriculture</i>			1,622,917
<u>U.S. Department of Housing and Urban Development</u>			
<i>Passed through Arizona Department of Housing</i>			
Community Development Block Grants/State's Program and Non- Entitlement Grants in Hawaii	14.228	100-10, 101-10, 102-10, 103-10, 104-10, 105-10, 137-10, 151-10	217,501
<i>Total U.S. Department of Housing and Urban Development</i>			217,501
<u>U.S. Department of the Interior</u>			
Payments in Lieu of Taxes	15.226		3,067,958
National Fire Plan - Wildlife Urban Interface Community Fire Assistance	15.228		25,000
<i>Total U.S. Department of the Interior</i>			3,092,958
<u>U.S. Department of Justice</u>			
Domestic Cannabis Eradication/Suppression Program	16.2009-11		10,014
State Criminal Alien Assistance Program	16.606		306,271
Bullet Proof Vest Partnership Program	16.607		4,965
<i>Passed through Arizona Governor's Office for Children, Youth and Families</i>			
Juvenile Accountability Incentive Block Grants	16.523	JB-CSG-08-9273-12 JB-CSG-09-0273-11, JB-CSG-10-1273-13	44,255
<i>Passed through Arizona Department of Public Safety</i>			
Crime Victim Assistance	16.575	2006-450, 2009-197	194,021
<i>Passed through Arizona Criminal Justice Commission</i>			
Crime Victim Compensation	16.576	VC-09-062, VC-10-062	32,304
Edward Byrne Memorial Justice Assistance Grant Program	16.738		44,777
<i>Passed through Arizona Criminal Justice Commission</i>			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	DC-10-008	26,871
<i>Total for CFDA No. 16.738</i>			71,648

The accompanying notes are an integral
part of this schedule.

(continued)

Yavapai County, Arizona
Schedule of Expenditures of Federal Awards - Continued
Year ended June 30, 2010

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass-Through Grantor's Number	Expenditures
<u>U.S. Department of Justice - Continued</u>			
<i>Passed through Arizona Department of Public Safety</i>			
ARRA - Recovery Act - State Victim Assistance Formula Grant Program	16.801	2009-381	\$ 23,650
<i>Passed through Arizona Criminal Justice Commission</i>			
ARRA - Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories	16.803	DC-10-035	88,172
ARRA - Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government	16.804		95,282
<i>Total U.S. Department of Justice</i>			870,582
<u>U.S. Department of Labor</u>			
<i>Passed through the Arizona Department of Economic Security</i>			
WIA Cluster:			
WIA Adult Program	17.258	DE081299001, DE091203001, DE101052001	507,255
ARRA - WIA Adult Program	17.258	DE081299001, DE091203001, DE101052001	108,542
WIA Youth Activities	17.259	DE081299001, DE091203001, DE101052001	296,629
ARRA - WIA Youth Activities	17.259	DE081299001, DE091203001, DE101052001	187,249
WIA Dislocated Workers	17.260	DE081299001, DE091203001, DE101052001	465,362
ARRA - WIA Dislocated Workers	17.260	DE081299001, DE091203001, DE101052001	390,485
<i>Total WIA Cluster</i>			1,955,522
<i>Total U.S. Department of Labor</i>			1,955,522
<u>U.S. Department of Transportation</u>			
Airport Improvement Program	20.106		5,790
<i>Passed through the Arizona Department of Transportation</i>			
Highway Planning and Construction	20.205	ER-YYV-0, JPA 10-009T	577,375
<i>Passed through Arizona Governor's Office of Highway Safety</i>			
State and Community Highway Safety	20.600	2009-PT-034, 2010-PT-007, 2010-PT-008, 2010-PT-019, 2010-PT-026	61,263
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	2010-410-011	25,487
<i>Total U.S. Department of Transportation</i>			669,915
<u>U.S. Institute of Museum and Library Services</u>			
<i>Passed through Arizona State Library, Archives and Public Records</i>			
Grants to States	45.310	381-21-01-(10)	8,828
<i>Total of U.S. Institute of Museum and Library Services</i>			8,828
<u>U.S. Environmental Protection Agency</u>			
<i>Passed through Arizona Department of Environmental Quality</i>			
Nonpoint Source Implementation Grants	66.460	EV 08-0025 (10-001)	2,960
<i>Total U.S. Environmental Protection Agency</i>			2,960

(continued)

The accompanying notes are an integral
part of this schedule.

Yavapai County, Arizona
Schedule of Expenditures of Federal Awards - Continued
Year ended June 30, 2010

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass-Through Grantor's Number	Expenditures
<u>U.S. Department of Education</u>			
<i>Passed through Arizona Supreme Court</i>			
Title I Program for Neglected and Delinquent Children	84.013	None	\$ 46,019
Special Education Cluster (IDEA):			
<i>Passed through Arizona Department of Education</i>			
Special Education--Grants to States	84.027	10FESCBG-070744-05A, 10FESSCG-070744-07A	352,319
<i>Passed through Arizona Supreme Court</i>			
Special Education--Grants to States	84.027	None	48,421
Special Education--Preschool Grants	84.173	10FECCBP-070744-06A	16,494
ARRA - Special Education Grants to States, Recovery Act	84.391	None	20,983
<i>Total Special Education Cluster (IDEA)</i>			438,217
<i>Passed through Arizona Department of Education</i>			
Safe and Drug-Free Schools and Communities--State Grants	84.186	10FSDIVB-070744-02A	1,829
<i>Passed through Arizona Supreme Court</i>			
Safe and Drug-Free Schools and Communities--State Grants	84.186	None	111
<i>Total for CFDA No. 84.186</i>			1,940
Fund for the Improvement of Education	84.215		400,336
<i>Passed through Pima County, Arizona</i>			
Education Technology State Grants	84.318	10FETSTP-060950-04A	77,351
Advanced Placement Program (Advanced Placement Test Fee; Advanced Placement Incentive Program Grants)	84.330		219,009
<i>Passed through Arizona Department of Education</i>			
English Language Acquisition Grants	84.365	10FACENG-070744-08A	41,577
Mathematics and Science Partnerships	84.366	09FSDMSS-970744-08A, 10FSDMSP-070671-01A, 10FSDMSS-070744-09A, 10FSDPPR-070744-04A	396,971
Improving Teacher Quality State Grants	84.367	10FAAAZE-070744-01A	81,597
<i>Passed through Arizona Supreme Court</i>			
Improving Teacher Quality State Grants	84.367	None	9,640
<i>Total for CFDA No. 84.367</i>			91,237
<i>Passed through Arizona Department of Health Services</i>			
ARRA - State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act	84.397	HP554189-020	548,223
<i>Total U.S. Department of Education</i>			2,260,880
<u>U.S. Election Assistance Committee</u>			
<i>Passed through Arizona Secretary of State</i>			
Help America Vote Act Requirements Payments	90.401	None	131,149
<i>Total U.S. Election Assistance Committee</i>			131,149

(continued)

The accompanying notes are an integral
part of this schedule.

Yavapai County, Arizona
Schedule of Expenditures of Federal Awards
Year ended June 30, 2010

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass-Through Grantor's Number	Expenditures
U.S. Department of Health and Human Services			
<i>Passed through Arizona Department of Health Services</i>			
Special Programs for the Aging–Title IV– and Title II–Discretionary Projects	93.048	HG861066	\$ 60,889
ARRA - Special Programs for the Aging-Title IV- and Title II-Discretionary Projects	93.048	HG861066	8,600
Public Health Emergency Preparedness	93.069	HG754205	609,909
<i>Passed through Arizona Family Planning Council</i>			
Family Planning–Services	93.217	None	253,924
Consolidated Health Centers (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, Public Housing Primary Care, and School Based Health Centers)	93.224		718,809
<i>Passed through Arizona Department of Health Services</i>			
Immunization Grants	93.268	HG854293	71,579
<i>Arizona Governor's Office for Children, Youth and Families</i>			
Substance Abuse and Mental Health Services-Access to Recovery	93.275	AR-GSA-09-9273-00, AR-GSA-09-9273-00Y2	637,926
<i>Passed through Arizona Department of Economic Security</i>			
Child Support Enforcement	93.563	DES060681-1, DE070250-001	156,363
<i>Passed through Arizona Secretary of State</i>			
Voting Access for Individuals with Disabilities–Grants to States	93.617	None	1,032
ARRA - Health Center Integrated Services Development Initiative	93.703		213,772
<i>Passed through Arizona Department of Health Services</i>			
ARRA - Immunization	93.712	HG854293	440
National Bioterrorism Hospital Preparedness Program	93.889		3,600
<i>Passed through Arizona Department of Health Services</i>			
Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs	93.919	HG761269	107,781
HIV Prevention Activities–Health Department Based	93.940	HG852270	9,590
<i>Passed through the Southern Arizona AIDS Foundation</i>			
HIV Prevention Activities–Health Department Based	93.940	S 1209-371-102, S 1210-371-102	42,735
<i>Total for CFDA No. 93.940</i>			52,325
<i>Passed through Arizona Family Planning Council</i>			
Preventive Health Services– Sexually Transmitted Diseases Control Grants	93.977	None	1,826
<i>Passed through Arizona Department of Health Services</i>			
Preventive Health Services– Sexually Transmitted Diseases Control Grants	93.977	HG854500	4,237
<i>Total for CFDA No. 93.977</i>			6,063

(continued)

The accompanying notes are an integral
part of this schedule.

Yavapai County, Arizona
Schedule of Expenditures of Federal Awards - Concluded
Year ended June 30, 2010

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass-Through Grantor's Number	Expenditures
<u>U.S. Department of Health and Human Services - Continued</u>			
<i>Passed through Arizona Department of Health Services</i>			
Preventive Health and Health Services Block Grant	93.991	HG854376	\$ 76,534
Maternal and Child Health Services Block Grant to the States	93.994	HG754060-003, HG854241, HP961245	531,260
<i>Total U.S. Department of Health and Human Services</i>			3,510,806
<u>U.S. Department of Homeland Security</u>			
<i>Passed through Arizona Department of Homeland Security</i>			
State Domestic Preparedness Equipment Support Program	97.004	333500-03	7,923
<i>Passed through the United Way</i>			
Emergency Food and Shelter National Board Program	97.024	028000-020	480
<i>Passed through Arizona Department of Emergency and Military Affairs</i>			
Emergency Management Performance Grants	97.042	None	150,180
<i>Passed through Arizona Department of Homeland Security</i>			
Homeland Security Grant Program	97.067	333500-01, 333500-02, 444502- 01, 444510-01, 444510-02, 555501- 01	282,306
<i>Total U.S. Department of Homeland Security</i>			440,889
Total expenditures of federal awards			\$ 14,784,907

The accompanying notes are an integral
part of this schedule.

Yavapai County, Arizona
Notes to Schedule of Expenditures of Federal Awards
Year ended June 30, 2010

Note 1 - Basis of Accounting

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Yavapai County, Arizona and is presented on the modified accrual basis of accounting, except for Payments In Lieu of Taxes (CFDA 15.226). For this program, revenues received during the fiscal year are considered earned and are reported as expenditures. In addition, during 2010, a correction was made to properly report the June 2009 and 2010 Payments in Lieu of Taxes distribution. To properly report the effect of this correction in the schedule of expenditures of federal awards, both the 2009 distribution totaling \$2,214,680 and the 2010 distribution totaling \$853,278 are reported.

The amount reported on the schedule for \$32,825 of the National School Lunch Program (10.555) is the value of noncash assistance expended for the federal program.

The information on 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) Numbers

The program titles and CFDA numbers were obtained from the federal or pass-through grantor or the 2010 *Catalog of Federal Domestic Assistance*.

Note 3 - Subrecipient

During 2010, the County passed \$1,955,522 in U.S. Department of Labor, Workforce Investment Act, funding to a subrecipient.

**Yavapai County, Arizona
Schedule of Findings and Questioned Costs
Year ended June 30, 2010**

Summary of Auditors' Results

Financial Statements

Type of auditor's report issued:	Unqualified	
	Yes	No
Material weaknesses identified in internal control over financial reporting?		X
Significant deficiencies identified not considered to be material weaknesses?	X	
Noncompliance material to the financial statements noted?		X

Federal Awards

Material weaknesses identified in internal control over major programs?		X
Significant deficiencies identified not considered to be material weaknesses?		(None Reported)
Type of auditors' report issued on compliance for major programs:	Unqualified	
Any audit findings disclosed that are required to be reported in accordance with Circular A-133 (section .510[a])?		X

Identification of major programs:

CFDA No.	Name of Federal Program
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children
15.226	Payments in Lieu of Taxes
17.258, 17.259 and 17.260	Workforce Investment Act Cluster
20.205	Highway Planning and Construction
84.027, 81.173 and 84.391	Special Education Cluster (IDEA)
84.397	ARRA - State Fiscal Stabilization Fund (SFSF)-Government Services, Recovery Act
93.069	Public Health Emergency Preparedness
93.217	Family Planning-Services
93.224	Consolidated Health Centers (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, Public Housing Primary Care, and School Based Health Centers)
93.275	Substance Abuse and Mental Health Services-Access to Recovery
93.703	ARRA-Health Center Integrated Services Development Initiative
93.994	Maternal and Child Health Services Block Grant to the States

Dollar threshold used to distinguish between Type A and Type B programs:	\$443,547
Auditee qualified as a low risk auditee?	X

Other Matters

Auditee's Summary Schedule of Prior Audit Findings required to be reported in accordance with Circular A-133 (section .315[b])?	X
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Schedule of Findings and Questioned Costs - Continued

Financial Statement Findings

10-001 - Improve Internal Controls over Monitoring

As noted in the previous years, the County does not have sufficient resources in place to regularly monitor the internal controls of its decentralized operations. For example, the County has several decentralized departments and locations that receive large quantities of cash receipts as part of their operations. However, the County currently does not regularly monitor these operations to determine whether the appropriate internal controls over cash receipts are in place and operating effectively. As a result of the lack of monitoring procedures, the County has an increased risk of misappropriation and errors in financial reporting.

We recommend that the County devote additional resources to monitoring the internal controls of its decentralized operations. Organizations of similar size often have an internal audit function to assist with the monitoring process. Strengthening the process for monitoring internal controls may reduce the risk of misappropriation, noncompliance with laws, regulations and the terms of grants and contracts and errors in financial reporting. Also, increased monitoring may also identify opportunities for increased operating efficiency and effectiveness.

Management's response: The County acknowledges the need and benefits of monitoring internal controls. However, the County does not have an internal auditor and resources are restricted due to the current economic environment.

10-002 - Improve Internal Controls over Cash Disbursements

Based on our testing of internal controls over cash disbursements in the Treasurer's Office, we noted that checks are printed by those that have access to the accounting system and are being signed through the use of a signature stamp. As a result, there is an increased risk that checks are made payable to a fictitious payee and that erroneous payments are not detected within a reasonable time.

We recommend that segregation of duties over cash disbursements at the Treasurer's Office be improved so that an individual other than the preparer reviews and signs printed checks by hand. This will reduce the risk of errors and misappropriation related to such disbursements.

Management's response: The Treasurer's Office has given control of the signature stamp to an employee that can verify cash disbursements but does not have the ability to prepare or print checks. In the event the employee is absent, checks must be signed by the Treasurer.

Federal Award Finding: None reported.

**Yavapai County, Arizona
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2010**

09-101 - Improve Internal Controls over Eligibility Verification

U.S. Department of Health and Human Services

Passed through Arizona Governor's Office for Children, Youth, and Families

CFDA Number: 93.275
Program Title: Substance Abuse and Mental Health Services-Access to
Recovery
Grant or Contract Number: AR-GSA-09-9273-00
Questioned Costs: None

Condition: The auditors noted that the program is not documenting the verification of whether participants are receiving assistance from the Arizona Health Care Cost Containment System (AHCCCS).

Status: This finding has been corrected.