



A REPORT
TO THE
ARIZONA LEGISLATURE

Financial Audit Division

Single Audit

Yavapai County

Year Ended June 30, 2011



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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Yavapai County
Single Audit Reporting Package
Year Ended June 30, 2011

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DEBRA K. DAVENPORT, CPA
AUDITOR GENERAL

STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL

MELANIE M. CHESNEY
DEPUTY AUDITOR GENERAL

**Independent Auditors' Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Basic Financial
Statements Performed in Accordance with *Government Auditing Standards***

Members of the Arizona State Legislature

The Board of Supervisors of
Yavapai County, Arizona

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and aggregate remaining fund information of Yavapai County as of and for the year ended June 30, 2011, which collectively comprise the County's basic financial statements, and have issued our report thereon dated December 15, 2011. 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. 54. 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 includes our consideration of the results of the other auditors' testing of internal control over financial reporting and compliance and other matters that are reported on separately by those other auditors. However, this report, insofar as it relates to the results of the other auditors, is based solely on the report of the other auditors.

Internal Control over Financial Reporting

The County's management is responsible for establishing and maintaining effective 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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County's basic financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of 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 and the other auditors did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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

This report is intended solely for the information and use of the members of the Arizona State Legislature, 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.

Jay Zsorey, CPA
Financial Audit Director

December 15, 2011



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 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**

Members of the Arizona State Legislature

The Board of Supervisors of
Yavapai County, Arizona

Compliance

We have audited Yavapai's 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, 2011. 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.

As described in item 11-101 in the accompanying Schedule of Findings and Questioned Costs, the County did not comply with requirements regarding suspension and debarment that are applicable to its State Fiscal Stabilization Fund Cluster and ARRA—Grants to Health Center Programs. Compliance with such requirements is necessary, in our opinion, based on our audit, for the County to comply with the requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, Yavapai 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, 2011.

Internal Control over Compliance

The County's management is responsible for establishing and maintaining effective internal control over compliance with the 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 the 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.

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 significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been 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 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 11-101 and 11-102 to be material weaknesses.

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 Yavapai County as of and for the year ended June 30, 2011, and have issued our report thereon dated December 15, 2011. 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. 54. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for the 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.

Yavapai County's responses to the findings identified in our audit are presented on pages 21 through 23. 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 members of the Arizona State Legislature, 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.

Jay Zsorey, CPA
Financial Audit Director

February 6, 2012, except for the
Schedule of Expenditures of Federal
Awards, for which the date is December 15, 2011

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Yavapai County
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2011

Federal Grantor/Program Title/ Pass-Through Grantor	CFDA Number	Pass-Through Grantor's Number	Expenditures
U.S. Department of Agriculture			
Child Nutrition Cluster:			
School Breakfast Program, passed through the Arizona Department of Education	10.553	ED09-0001	\$ 22,157
National School Lunch Program, passed through the Arizona Department of Education	10.555	ED09-0001	60,942
Total Child Nutrition Cluster			<u>83,099</u>
Schools and Roads Cluster:			
Schools and Roads—Grants to States, passed through the Arizona State Treasurer	10.665	None	3,054,521
Schools and Roads—Grants to Counties	10.666		45,520
Total Schools and Roads Cluster			<u>3,100,041</u>
Special Supplemental Nutrition Program for Women, Infants, and Children, passed through the Arizona Department of Health Services	10.557	HG861088, HG050279	789,729
Commodity Supplemental Food Program, passed through the Arizona Department of Health Services	10.565	HG861139	25,699
Cooperative Forestry Assistance, passed through the Arizona State Land Department	10.664	SFA 08-002, SFA 7003 WFHF 09-027	211,855
Total U.S. Department of Agriculture			<u>4,210,423</u>
U.S. Department of Housing And Urban Development			
CDBG—State-Administered CDBG Cluster:			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii, passed through the Arizona Department of Housing (State-Administered Small Cities Program)	14.228	100-10, 101-10, 102-10, 103-10, 104-10, 105-10, 137-10, 151-10	536,996
Total CDBG—State-Administered CDBG Cluster			<u>536,996</u>
Total U.S. Department of Housing And Urban Development			<u>536,996</u>
U.S. Department of the Interior			
Distribution of Receipts to State and Local Governments, passed through the Arizona State Treasurer	15.227	None	50,000
National Fire Plan—Wildland Urban Interface Community Fire Assistance	15.228		19,200
Total U.S. Department of the Interior			<u>69,200</u>

(Continued)

See accompanying notes to schedule.

Yavapai County
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2011
(Continued)

Federal Grantor/Program Title/ Pass-Through Grantor	CFDA Number	Pass-Through Grantor's Number	Expenditures
U.S. Department of Justice			
JAG Program Cluster:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738		\$ 50,259
ARRA—Recovery Act—Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories, passed through the Arizona Criminal Justice Commission	16.803	DC-10-035	145,113
ARRA—Recovery Act—Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government	16.804		50,165
Total JAG Program Cluster			<u>245,537</u>
Domestic Cannabis Eradication/Suppression Program	16.2010-11		8,655
Juvenile Accountability Block Grants, passed through the Arizona Governor's Office for Children, Youth and Families	16.523	JB-CSG-09-0273-11, JB-CSG-10-1273-13, JB-CSG-11-1273-11	43,623
Crime Victim Assistance, passed through the Arizona Department of Public Safety	16.575	2010-113	206,214
Crime Victim Compensation, passed through the Arizona Criminal Justice Commission	16.576	VC-10-062, VC-11-062	28,109
State Criminal Alien Assistance Program	16.606		82,824
Bulletproof Vest Partnership Program	16.607		8,246
ARRA—Recovery Act—State Victim Assistance Formula Grant Program, passed through the Arizona Department of Public Safety	16.801	2009-381, 2009-480	34,746
Total U.S. Department of Justice			<u>657,954</u>
U.S. Department of Labor			
WIA Cluster:			
WIA Adult Program, passed through the Arizona Department of Economic Security	17.258	DE101052001, DE111014001	321,378
WIA Youth Activities, passed through the Arizona Department of Economic Security	17.259	DE101052001, DE111014001	289,059
ARRA—WIA Youth Activities, passed through the Arizona Department of Economic Security	17.259	DE091203001	10,948
WIA Dislocated Workers, passed through the Arizona Department of Economic Security	17.260	DE081299001, DE101052001, DE111014001	205,460
ARRA—WIA Dislocated Workers, passed through the Arizona Department of Economic Security	17.260	DE091203001	160,406

(Continued)

See accompanying notes to schedule.

Yavapai County
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2011
(Continued)

Federal Grantor/Program Title/ Pass-Through Grantor	CFDA Number	Pass-Through Grantor's Number	Expenditures
WIA Dislocated Worker Formula Grants, passed through the Arizona Department of Economic Security	17.278	DE111014001	\$ 475,132
Total WIA Cluster			<u>1,462,383</u>
ARRA—Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors, passed through the Arizona Department of Economic Security	17.275	DE101182001	106,058
Total U.S. Department of Labor			<u>1,568,441</u>
U.S. Department of Transportation			
Highway Safety Cluster:			
State and Community Highway Safety, passed through the Arizona Governor's Office of Highway Safety	20.600	2010-PT-019, 2011-AI-005, 2011-AL-031, 2011-AL-032, 2011-OP-048, 2011-PT-042	85,080
Alcohol Impaired Driving Countermeasures Incentive Grants I, passed through the Arizona Governor's Office of Highway Safety	20.601	2010-410-011	12,913
Total Highway Safety Cluster			<u>97,993</u>
Highway Planning and Construction Cluster:			
Highway Planning and Construction, passed through Arizona Department of Transportation	20.205	JPA 10-009T	30,477
Total Highway Planning and Construction Cluster			<u>30,477</u>
Airport Improvement Program	20.106		<u>53,324</u>
Total U.S. Department of Transportation			<u>181,794</u>
U.S. Institute of Museum and Library Services			
Grants to States, passed through the Arizona State Library, Archives and Public Records	45.310	2010-30122-07 2010-39046-14	16,023
U.S. Department of Energy			
ARRA—State Energy Program, passed through the Arizona School Facilities Board	81.041	130-199-000- 9999-001SOL	122,621
ARRA—Energy Efficiency and Conservation Block Grant Program (EECBG)	81.128		548,200
Total U.S. Department of Energy			<u>670,821</u>

(Continued)

See accompanying notes to schedule.

Yavapai County
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2011
(Continued)

Federal Grantor/Program Title/ Pass-Through Grantor	CFDA Number	Pass-Through Grantor's Number	Expenditures
U.S. Department of Education			
Special Education Cluster (IDEA):			
Special Education—Grants to States (IDEA, Part B), passed through the Arizona Department of Education	84.027	10FESSCG-070744-07A, 11FESCBG-170744-03A, 11FESSCG-170744-04A	\$ 340,014
Special Education—Grants to States (IDEA, Part B), passed through the Arizona Supreme Court	84.027	None	47,591
Special Education—Preschool Grants (IDEA, Preschool), passed through the Arizona Department of Education	84.173	11FECCBP-170744-02A	15,835
ARRA—Special Education Grants to States (IDEA, Part B), passed through the Arizona Supreme Court	84.391	None	21,170
Total Special Education Cluster (IDEA)			<u>424,610</u>
Education Technology State Grants Cluster:			
Education Technology State Grants, passed through Pima County, Arizona	84.318	11FETSTP-160950-02A	<u>80,512</u>
Total Education Technology State Grants Cluster			<u>80,512</u>
State Fiscal Stabilization Fund Cluster:			
ARRA—State Fiscal Stabilization Fund (SFSF)—Education State Grants Recovery Act, passed through the Department of Education	84.394	ISA GOER-FY2010-506-E	7,303
ARRA—State Fiscal Stabilization Fund (SFSF)—Government Services Recovery Act, passed through the Arizona Department of Health Services	84.397	HP554189-020	57,161
ARRA—State Fiscal Stabilization Fund (SFSF)—Government Services, Recovery Act, passed through Arizona Governor's Office of Economic Recovery	84.397	OER-11-IGA-GS-38 OER-11-IGA-GS-138	<u>565,469</u>
Total State Fiscal Stabilization Fund Cluster			<u>629,933</u>
Title I State Agency Program for Neglected and Delinquent Children and Youth, passed through the Arizona Supreme Court	84.013	None	42,034
Fund for the Improvement of Education	84.215		260,316
Advanced Placement Program (Advanced Placement Test Fee; Advanced Placement Incentive Program Grants)	84.330		35,636
English Language Acquisition Grants, passed through the Arizona Department of Education	84.365	11FACENG-170744-05A	28,905
Mathematics and Science Partnerships, passed through the Arizona Department of Education	84.366	10FSDMSP-070671-01A, 10FSDMSS-070744-09A, 10FSDPPR-070744-04A, 11FSDMSS-170744-06A	275,481

(Continued)

See accompanying notes to schedule.

Yavapai County
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2011
(Continued)

Federal Grantor/Program Title/ Pass-Through Grantor	CFDA Number	Pass-Through Grantor's Number	Expenditures
Improving Teacher Quality State Grants, passed through the Arizona Department of Education	84.367	10FAAAZE-070744-01A, 11FAAAZE-170744-01A	\$ 94,546
Improving Teacher Quality State Grants, passed through the Arizona Supreme Court	84.367	None	8,751
Total Improving Teach Quality State Grants			103,297
Total U.S. Department of Education			1,880,724
U.S. Election Assistance Commission			
Help America Vote Act Requirements Payments, passed through the Arizona Secretary of State	90.401	None	152,243
U.S. Department of Health and Human Services			
Immunization Cluster:			
Immunization Grants, passed through the Arizona Department of Health Services	93.268	HG854293	76,528
ARRA—Immunization, passed through the Arizona Department of Health Services	93.712	HG854293	1,718
Total Immunization Cluster			78,246
Public Health Emergency Preparedness, passed through the Arizona Department of Health Services	93.069	HG754205	269,910
Family Planning—Services, passed through the Arizona Family Planning Council	93.217	None	230,990
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		682,979
Affordable Care Act (ACA) Abstinence Education Program, passed through the Arizona Department of Health Services	93.235	HP061205-012	5,400
Substance Abuse and Mental Health Services—Access to Recovery, passed through the Arizona Governor's Office for Children, Youth and Families	93.275	AR-GSA-09-9273-00	193,402
Centers for Disease Control and Prevention—Investigations and Technical Assistance, passed through the Arizona Department of Health Services	93.283	HG761269	112,891
Affordable Care Act (ACA) Grants for New and Expanded Services under the Health Center Program	93.527		42,201
Child Support Enforcement, passed through the Arizona Department of Economic Security	93.563	G1204AZ4004	154,141
Grants to States for Access and Visitation Programs, passed through the Arizona Department of Economic Security	93.597	G1101AZSAVP	990

(Continued)

See accompanying notes to schedule.

Yavapai County
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2011
(Concluded)

Federal Grantor/Program Title/ Pass-Through Grantor	CFDA Number	Pass-Through Grantor's Number	Expenditures
Voting Access for Individuals with Disabilities—Grants to States, passed through the Arizona Secretary of State	93.617	None	\$ 12,859
ARRA—Grants to Health Center Programs	93.703		576,787
ARRA—Communities Putting Prevention to Work: Chronic Disease Self-Management Program, passed through the Arizona Department of Health Services	93.725	HG861066	74,642
HIV Prevention Activities—Health Department Based, passed through the Arizona Department of Health Services	93.940	HG852270	13,035
HIV Prevention Activities—Health Department Based, passed through the Southern Arizona AIDS Foundation	93.940	S 1210-371-102	46,009
Total HIV Prevention Activities—Health Department Based			<u>59,044</u>
Preventive Health Services—Sexually Transmitted Diseases Control Grants, passed through the Arizona Department of Health Services	93.977	HG854500	5,649
Preventive Health and Health Services Block Grant, passed through the Arizona Department of Health Services	93.991	HG854376	70,012
Maternal and Child Health Services Block Grant to the States, passed through the Arizona Department of Health Services	93.994	HG050279, HG161083 HG754060, HG854241 HG961131, HP661311 HP961245	499,545
Total U.S. Department of Health and Human Services			<u>3,069,688</u>
U.S. Department of Homeland Security			
Emergency Food and Shelter National Board Program Cluster:			
Emergency Food and Shelter National Board Program, passed through the United Way	97.024	028000-020	181
Total Emergency Food and Shelter National Board Program Cluster			<u>181</u>
Homeland Security Grant Program Cluster:			
Homeland Security Grant Program, passed through the Arizona Department of Homeland Security	97.067	555501-01, 555501-02 777512-01	17,341
Total Homeland Security Grant Program Cluster			<u>17,341</u>
Emergency Management Performance Grants, passed through the Arizona Department of Emergency and Military Affairs	97.042	2010-EP-EX-0034	78,305
Total U.S. Department of Homeland Security			<u>95,827</u>
Total Expenditures of Federal Awards			<u>\$ 13,110,134</u>

See accompanying notes to schedule.

Yavapai County
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2011

Note 1 - Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Yavapai 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.

The amount reported on the schedule for \$27,705 of the National School Lunch Program (10.555) is the value of noncash assistance expended for the federal program.

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 2011 *Catalog of Federal Domestic Assistance*. When no CFDA number had been assigned to a program, the two-digit federal agency identifier, a period, and the federal contract number were used.

Note 3 - Subrecipients

From the federal expenditures presented in the schedule, the County awarded the following to subrecipients:

Program or Cluster Title	CFDA Number	Amount
WIA Cluster:		
WIA Adult Program	17.258	\$321,378
WIA Youth Activities	17.259	289,059
ARRA—WIA Youth Activities	17.259	10,948
WIA Dislocated Workers	17.260	205,460
ARRA—WIA Dislocated Workers	17.260	160,406
WIA Dislocated Worker Formula Grants	17.278	475,132
ARRA—Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors	17.275	106,058

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Yavapai County
Schedule of Findings and Questioned Costs
Year Ended June 30, 2011

Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unqualified	
	Yes	No
Internal control over financial reporting:		
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 deficiencies identified?	___	_X_
Type of auditors' report issued on compliance for major programs:		
Unqualified for all major programs except for the following programs, which were qualified:		
State Fiscal Stabilization Fund Cluster and ARRA—Grants to Health Center Programs.		
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>
14.228	CDBG—State-Administered CDBG Cluster
16.738, 16.803, 16.804	JAG Program Cluster
17.258, 17.259, 17.260, 17.278	WIA Cluster
17.275	ARRA—Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors
81.128	ARRA—Energy Efficiency and Conservation Block Grant Program (EECBG)
84.394, 84.397	State Fiscal Stabilization Fund Cluster
93.703	ARRA—Grants to Health Center Programs

Yavapai County
Schedule of Findings and Questioned Costs
Year Ended June 30, 2011

Dollar threshold used to distinguish between Type A and Type B programs:

\$393,304

Yes No

Auditee qualified as 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

Yavapai County
Schedule of Findings and Questioned Costs
Year Ended June 30, 2011

Financial Statement Findings

None Reported

Federal Award Findings and Questioned Costs

11-101

JAG Program Cluster:

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

U.S. Department of Justice

Passed through Arizona Criminal Justice Commission

Award Period: March 1, 2009 through February 28, 2013

Award Number: 2009-SB-B9-2941

CFDA No.: 81.128 **ARRA—Energy Efficiency and Conservation Block Grant Program (EECBG)**

U.S. Department of Energy

Award Year: December 9, 2010 through December 8, 2012

Award Number: DE-SC0003300

State Fiscal Stabilization Fund Cluster:

CFDA No.: 84.394 **ARRA—State Fiscal Stabilization Fund (SFSF)—Education State Grants, Recovery Act**

84.397 **ARRA—State Fiscal Stabilization Fund (SFSF)—Government Services, Recovery Act**

U.S. Department of Education

Passed through the Arizona Governor's Office of Economic Recovery

Award Year: July 1, 2010 through September 30, 2011

Award Number: OER-11-IGA-GS-138

CFDA No.: 93.703 **ARRA—Grants to Health Center Programs (HCP)**

U.S. Department of Health and Human Services

Award Year: March 27, 2010 through March 26, 2011

June 29, 2010 through June 29, 2011

Award Numbers: H8BCS11763 and C31CS13648

Suspension and Debarment

Questioned Costs: None

Criteria: In accordance with 10 Code of Federal Regulations (CFR) §600.235, 28 CFR §66.35, 34 CFR §80.35, and 45 CFR §92.35, when a nonfederal entity enters into a procurement transaction that is expected to equal or exceed \$25,000, the nonfederal entity must verify that vendors are not suspended or debarred or otherwise excluded.

Yavapai County
Schedule of Findings and Questioned Costs
Year Ended June 30, 2011

Condition and context: While gaining our understanding of internal controls over compliance for procurement and suspension and debarment requirements in the County's Health Services Department, Fleet Management Department, and the Sheriff's Office auditors determined that the County did not have policies and procedures requiring the verification of vendors providing goods and services paid with federal monies had not been suspended or debarred, or otherwise excluded, from federal contracts. For the EECBG program and JAG Cluster the County used state contracts that included a clause where the vendors certified that they were not suspended or debarred. However, for the HCP program and SFSF Cluster the County did not check whether or not the vendors used were suspended or debarred. Auditors performed additional procedures and did not note any questioned costs as a result of this finding since no payments were made to suspended or debarred vendors.

Effect: Payments could be made to suspended or debarred vendors. This finding is a material weakness in internal control over compliance with the clusters' and programs' suspension and debarment requirement and material noncompliance with the SFSF Cluster's and HCP program's suspension and debarment requirements. This finding has the potential to affect other federal programs the County administers.

Cause: The county departments were unaware of the suspension and debarment compliance requirement.

Recommendation: The County should establish procedures to document its determinations that vendors being paid over \$25,000 in federal monies have not been suspended or debarred from doing business with governmental entities. This verification may be accomplished by checking the Excluded Parties List System maintained by the U.S. General Services Administration, obtaining vendor certifications, or adding clauses or conditions to the contracts.

11-102

JAG Program Cluster:

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

U.S. Department of Justice

Passed through Arizona Criminal Justice Commission

Award Period: October 1, 2006 through September 30, 2010

March 1, 2009 through February 28, 2013

October 1, 2009 through September 30, 2013

Award Number: 2007-DJ-BX-0354, 2009-SB-B9-2941, 2010-DJ-BX-1024

CFDA No.: 81.128 **ARRA—Energy Efficiency and Conservation Block Grant Program (EECBG)**

U.S. Department of Energy

Award Year: December 9, 2010 through December 8, 2012

Award Number: DE-SC0003300

Yavapai County
Schedule of Findings and Questioned Costs
Year Ended June 30, 2011

State Fiscal Stabilization Fund Cluster:

CFDA No.: 84.394 **ARRA—State Fiscal Stabilization Fund (SFSF)—Education State Grants, Recovery Act**

84.397 **ARRA—State Fiscal Stabilization Fund (SFSF)—Government Services, Recovery Act**

U.S. Department of Education

Passed through the Arizona Governor's Office of Economic Recovery

Award Year: July 1, 2010 through September 30, 2011

Award Number: OER-11-IGA-GS-138

CFDA No.: 93.703 **ARRA—Grants to Health Center Programs (HCP)**

U.S. Department of Health and Human Services

Award Year: March 27, 2010 through March 26, 2011

June 29, 2010 through June 29, 2011

Award Numbers: H8BCS11763 and C31CS13648

Cash Management and Reporting

Questioned Costs: None

Criteria: In accordance with 10 CFR §600.121(b)(3), 28 CFR §66.20(b)(3), 34 CFR §80.20(b)(3), 45 CFR §92.20(b)(3), and OMB Circular A-133 §.300(b), the County is required to maintain effective internal control over federal awards programs to provide reasonable assurance that it is managing its federal awards in compliance with laws, regulations, and the provisions of contracts and grant agreements. Therefore, responsibilities should be separated so no one employee is responsible for preparing, approving, and submitting reimbursement requests and federal reports.

Condition and context: While gaining our understanding of internal controls over compliance for cash management and reporting requirements in the County's Health Services Department, Fleet Management Department, and the Sheriff's Office, auditors determined that one employee was responsible for preparing, approving, and submitting reimbursement requests and federal reports without an independent review. Auditors did not note any reporting errors on the reimbursement requests or federal reports tested. Further, this finding did not affect the ARRA 1512 financial reports since these were reviewed by the Finance Department prior to submittal.

Effect: The County departments could request reimbursement for incorrect or unsupported amounts and receive federal monies that they are not entitled to or submit inaccurate and incomplete federal financial reports. It was not practical to extend our auditing procedures sufficiently to determine the amount of questioned costs, if any, that may have resulted from this finding. This finding is a material weakness in internal control over compliance with SFSF Cluster's and HCP program's cash management requirements and a material weakness in internal control over compliance with the JAG Cluster's, EECBG program's, and HCP program's reporting requirements.

Cause: The County departments were unaware that they needed to separate responsibilities for preparing, approving, and submitting reimbursement requests and federal financial reports.

Yavapai County
Schedule of Findings and Questioned Costs
Year Ended June 30, 2011

Recommendation: The County should develop and implement policies and procedures to ensure that reimbursement requests and federal financial reports are reviewed by an independent employee for accuracy prior to submission to grantor agencies.



Yavapai County Finance Department

JOHN ZANDER, CPA

FINANCE DIRECTOR

February 6, 2012

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 names of the contact persons responsible for the corrective action, the corrective action planned, and the anticipated completion date for each federal award finding included in the current year's Schedule of Findings and Questioned Costs.

Sincerely,

John Zander
Finance Director

Yavapai County
Corrective Action Plan
Year Ended June 30, 2011

Federal Award Findings and Questioned Costs

11-101

JAG Program Cluster:

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

CFDA No. : 81.128 **ARRA-Energy Efficiency and Conservation Block Grant Program (EECBG)**

State Fiscal Stabilization Fund Cluster:

CFDA No. : 84.394 **ARRA-State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act**

84.397 **ARRA-State Fiscal Stabilization Fund (SFSF) – Government Services, Recovery Act**

CFDA No. : 93.703 **ARRA-Grants to Health Center Programs (HCP)**

Name of contact person: John Zander, Finance Director

Anticipated completion date: February 29, 2012

A memorandum will be sent to all departments administering federal grant programs instructing them to document that vendors being paid over \$25,000 in federal monies have not been suspended or debarred from doing business with governmental entities by checking the Excluded Parties List System maintained by the General Services Administration.

Yavapai County
Corrective Action Plan
Year Ended June 30, 2011

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JAG Program Cluster:

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

16.803 **ARRA-Recovery Act – Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories**

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