

Navajo County

Single Audit Report

Year Ended June 30, 2023



A Report to the Arizona Legislature

Lindsey A. Perry
Auditor General





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

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Annual Comprehensive Financial Report

Independent auditors' report on internal control over financial reporting and on compliance and other matters based on an audit of basic financial statements performed in accordance with *Government Auditing Standards*



LINDSEY A. PERRY
AUDITOR GENERAL

ARIZONA
AUDITOR GENERAL

MELANIE M. CHESNEY
DEPUTY AUDITOR GENERAL

**Independent auditors' report on compliance for each major federal program;
report on internal control over compliance; and report on schedule of
expenditures of federal awards required by the Uniform Guidance**

Members of the Arizona State Legislature

The Board of Supervisors of
Navajo County, Arizona

Report on compliance for each major federal program

Opinion on each major federal program

We have audited Navajo County's compliance with the types of compliance requirements identified as subject to audit in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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, 2023.

Basis for opinion on each major federal program

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the U.S. Comptroller General, and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the auditors' responsibilities for the audit of compliance section of our report.

We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the County's compliance with the compliance requirements referred to above.

Management's responsibilities for compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the County's federal programs.

Auditors' responsibilities for the audit of compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with U.S. generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the County's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with U.S. generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over compliance. Accordingly, we express no such opinion.

We are required to communicate with those charged with governance regarding, among other matters, the audit's planned scope and timing and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other matters

The results of our auditing procedures disclosed an instance of noncompliance that is required to be reported in accordance with the Uniform Guidance and that is described in the accompanying schedule of findings and questioned costs as item 2023-101. Our opinion on each major federal program is not modified with respect to this matter.

Report on internal control over compliance

Our consideration of internal control over compliance was for the limited purpose described in the auditors' responsibilities for the audit of compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance, and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a material weakness.

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 deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-101 to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

County response to findings

Government Auditing Standards requires the auditor to perform limited procedures on the County's responses to the noncompliance and internal control over compliance findings that are presented in its corrective action plan at the end of this report. The County is responsible for preparing a corrective action plan to address each finding. The County's responses and corrective action plan were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on them.

Report on schedule of expenditures of federal awards required by the Uniform Guidance

We have audited the financial statements of the County's governmental activities, each major fund, and aggregate remaining fund information as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated December 29, 2023, that contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of the County's management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, based on our audit and the procedures performed as described previously, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Lindsey A. Perry

Lindsey A. Perry, CPA, CFE
Auditor General

March 26, 2024



SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Summary of auditors' results

Financial statements

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

Is a going concern emphasis-of-matter paragraph included in the auditors' report? **No**

Internal control over financial reporting

Material weaknesses identified? **Yes**

Significant deficiencies identified? **Yes**

Noncompliance material to the financial statements noted? **No**

Federal awards

Internal control over major programs

Material weaknesses identified? **Yes**

Significant deficiencies identified? **None reported**

Type of auditors' report issued on compliance for major programs **Unmodified**

Any audit findings disclosed that are required to be reported in accordance with 2 CFR §200.516(a)? **Yes**

Identification of major programs

Assistance Listings number	Name of federal program or cluster
10.665	Forest Service Schools and Roads Cluster
17.258, 17.259, 17.278	WIOA Cluster
21.032	COVID-19—Local Assistance and Tribal Consistency Fund Program
93.323	COVID-19—Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)

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

Auditee qualified as low-risk auditee? **No**

Financial statement findings

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

Federal award findings and questioned costs

2023-101

Cluster name:	WIOA Cluster
Assistance Listings numbers and names:	17.258 WIOA Adult Program 17.259 WIOA Youth Activities 17.278 WIOA Dislocated Worker Formula Grants
Award number and year:	DI21-002285 A1, April 1, 2021 through June 30, 2023
Federal agency:	U.S. Department of Labor
Pass-through grantor:	Arizona Department of Economic Security
Compliance requirements:	Earmarking
Questioned costs:	\$32,344

Condition—Contrary to federal regulation, the County's Workforce Innovation and Opportunity Act (WIOA) Department failed to ensure that it spent the required 20 percent, or \$74,233, of WIOA Youth Activities monies earmarked to provide in-school and out-of-school youth with paid and unpaid work experiences from April 2021 through June 2023. Instead, the County spent only 11 percent, or \$41,889, of the required 20 percent and spent the remaining 9 percent, or \$32,344, for other youth activities, such as education and youth development.

Effect—County youth did not receive \$32,344 of paid and unpaid work experience services that the federal program intended. Also, the Department may have received \$32,344 in federal program monies that it was not entitled to.

Cause—The Department used a tracking mechanism to accurately report its paid and unpaid work experiences spending throughout the fiscal year but did not properly monitor its WIOA Youth Activities spending to ensure the 20 percent earmarking requirement was met. Although the Department had worked on developing strategies, training materials, and presentations for employers and potential participants to follow, these materials were not effectively implemented by the end of the grant award to recruit and retain qualified in-school and out-of-school youth who would benefit from paid and unpaid work experiences. Further, the Department failed to ensure it monitored its paid and unpaid work experience expenditures throughout the award period, and adjusted spending when work experience participation was lower than expected.

Criteria—Federal regulation requires the Department to earmark and spend no less than 20 percent of its WIOA Youth Activities monies to provide in-school and out-of-school youth with paid and unpaid work experiences. Additionally, federal regulation also requires the Department to monitor such expenditures and report them to the pass-through grantor monthly throughout the award period to ensure it is spending the monies in a timely manner to meet the earmarking requirement (20 Code of Federal Regulations [CFR] §681.590). Federal regulation also requires establishing and maintaining effective internal control over

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

Recommendations—The Department should:

1. Spend no less than the required 20 percent of its WIOA Youth Activities monies to provide in-school and out-of-school youth with paid and unpaid work experiences.
2. Include a process in its WIOA Youth Activities program's policies and procedures to:
 - a. Fully implement new strategies to recruit and retain qualified in-school and out-of-school youth who will benefit from the paid and unpaid work experience the program provides.
 - b. Monitor both the County and its subrecipient's paid and unpaid work experiences spending throughout the award period.
 - c. Adjust spending to meet the earmarking requirement if work experience participation is lower than expected.

The County's corrective action plan at the end of this report includes the views and planned corrective action of its responsible officials. We are not required to and have not audited these responses and planned corrective actions and therefore provide no assurances as to their accuracy.

This finding is similar to prior-year finding 2022-103 and was initially reported in fiscal year 2019.

COUNTY SECTION

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

Federal Awarding Agency/Program Title	Assistance Listings Number	Additional Award Identification (Optional)	Name of Funder Pass-Through Entity	Identifying Number Assigned By Funder Pass-Through Entity	Total Amount Provided to Sub-Recipients	Federal Expenditures	Federal Program Total	Cluster Name	Cluster Total
DEPARTMENT OF AGRICULTURE									
WIC SPECIAL SUPPLEMENTAL NUTRITION PROGRAM FOR WOMEN, INFANTS, AND CHILDREN	10.557		ARIZONA DEPARTMENT OF HEALTH SERVICES	CTR040869		\$333,837	\$333,837	N/A	50
COOPERATIVE FORESTRY ASSISTANCE	10.664		GOVERNORS OFFICE OF HIGHWAY SAFETY	HFI 21-306 WFHF 18-204		\$58,501	\$58,501	N/A	50
SCHOOLS AND ROADS - GRANTS TO STATES	10.665					\$751,659	\$751,659	FOREST SERVICE SCHOOLS AND ROADS CLUSTER	\$751,659
TOTAL DEPARTMENT OF AGRICULTURE						<u>\$1,143,997</u>			
DEPARTMENT OF JUSTICE									
CORONAVIRUS EMERGENCY SUPPLEMENTAL FUNDING PROGRAM	16.034	COVID-19	ARIZONA CRIMINAL JUSTICE COMMISSION	2020-VD-BX-0309 ACESF-21-034		\$2,519	\$2,519	N/A	50
CRIME VICTIM ASSISTANCE	16.575		ARIZONA DEPARTMENT OF PUBLIC SAFETY	2018-V2-GX-0012		\$198,898	\$198,898	N/A	50
CRIME VICTIM COMPENSATION	16.576		ARIZONA CRIMINAL JUSTICE COMMISSION	VC-23-010		\$12,100	\$12,100		
VIOLENCE AGAINST WOMEN FORMULA GRANTS	16.588		ARIZONA GOVERNOR'S OFFICE OF YOUTH, FAITH & FAMILY	ST-WSG-20-010121-13Y3		\$65,847	\$65,847	N/A	50
EDWARD BYRNE MEMORIAL JUSTICE ASSISTANCE GRANT PROGRAM	16.738		ARIZONA CRIMINAL JUSTICE COMMISSION	DC-23-009		\$133,008	\$133,008	N/A	50
COMPREHENSIVE OPIOID ABUSE SITE-BASED PROGRAM	16.838		OFFICE OF JUSTICE PROGRAMS	15PBIA-22-GG-04456-COAP		\$44,643	\$44,643		
EQUITABLE SHARING PROGRAM	16.922					\$135,245	\$135,245	N/A	50
TOTAL DEPARTMENT OF JUSTICE						<u>\$592,260</u>			
DEPARTMENT OF LABOR									
WIOA ADULT PROGRAM	17.258		ARIZONA DEPARTMENT OF ECONOMIC SECURITY	DI21-002285	\$330,456	\$534,614	\$534,614	WIOA CLUSTER	\$1,125,363
WIOA YOUTH ACTIVITIES	17.259		ARIZONA DEPARTMENT OF ECONOMIC SECURITY	DI21-002285	\$11,660	\$548,034	\$548,034	WIOA CLUSTER	\$1,125,363
WIOA DISLOCATED WORKER FORMULA GRANTS	17.278		ARIZONA DEPARTMENT OF ECONOMIC SECURITY	DI21-002285	\$333,595	\$42,715	\$42,715	WIOA CLUSTER	\$1,125,363
TOTAL DEPARTMENT OF LABOR						<u>\$675,711</u>	<u>\$1,125,363</u>		
DEPARTMENT OF TRANSPORTATION									
STATE AND COMMUNITY HIGHWAY SAFETY	20.600		GOVERNORS OFFICE OF HIGHWAY SAFETY	2023-4050-027 2022-4054-031 2022-P15-041 2023-P15-038		\$120,008	\$120,008	HIGHWAY SAFETY CLUSTER	\$120,008
TOTAL DEPARTMENT OF TRANSPORTATION						<u>\$120,008</u>			
DEPARTMENT OF TREASURY									
CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027	COVID-19				\$134,145	\$134,145	N/A	50
LOCAL ASSISTANCE AND TRIBAL CONSISTENCY FUND	21.032	COVID-19				\$2,392,658	\$2,392,658		
TOTAL DEPARTMENT OF TREASURY						<u>\$2,526,803</u>			
INSTITUTE OF MUSEUM AND LIBRARY SERVICES OR NATIONAL ENDOWMENT FOR THE ARTS OR NATIONAL ENDOWMENT FOR THE HUMANITIES									
PROMOTION OF THE HUMANITIES, PUBLIC PROGRAMS	45.164		ASSOCIATION OF TRIBAL LIBRARIES, ARCHIVES AND MUSEUMS	2133		\$12,297	\$12,297	N/A	50
TOTAL INSTITUTE OF MUSEUM AND LIBRARY SERVICES OR NATIONAL ENDOWMENT FOR THE ARTS OR NATIONAL ENDOWMENT FOR THE HUMANITIES						<u>\$12,297</u>			
DEPARTMENT OF HEALTH AND HUMAN SERVICES									
PUBLIC HEALTH EMERGENCY PREPAREDNESS	93.069		ARIZONA DEPARTMENT OF HEALTH SERVICES	CTR040477 CTR055216		\$217,770	\$217,770	N/A	50
INJURY PREVENTION AND CONTROL RESEARCH AND STATE AND COMMUNITY BASED PROGRAMS	93.136		ARIZONA DEPARTMENT OF HEALTH SERVICES	CTR063750		\$222,150	\$222,150	N/A	50
IMMUNIZATION COOPERATIVE AGREEMENTS	93.268		ARIZONA DEPARTMENT OF HEALTH SERVICES	CTR060273		\$100,768	\$100,768	N/A	50
EPIDEMIOLOGY AND LABORATORY CAPACITY FOR INFECTIOUS DISEASES (ELC)	93.323	COVID-19	ARIZONA DEPARTMENT OF HEALTH SERVICES	CTR061423 CTR057424		\$875,713	\$875,713	N/A	50
PUBLIC HEALTH EMERGENCY RESPONSE: COOPERATIVE AGREEMENT FOR EMERGENCY RESPONSE: PUBLIC HEALTH CRISIS RESPONSE	93.354	COVID-19	ARIZONA DEPARTMENT OF HEALTH SERVICES	CTR055216		\$90,774	\$90,774	N/A	50
ACTIVITIES TO SUPPORT STATE, TRIBAL, LOCAL AND TERRITORIAL (STLT) HEALTH DEPARTMENT RESPONSE TO PUBLIC HEALTH OR HEALTHCARE CRISES	93.391	COVID-19	ARIZONA DEPARTMENT OF HEALTH SERVICES	CTR055993		\$423,624	\$423,624	N/A	50
CHILD SUPPORT ENFORCEMENT	93.563		ARIZONA DEPARTMENT OF ECONOMIC SECURITY	D1 18-002166		\$94,673	\$94,673	N/A	50
PREVENTIVE HEALTH AND HEALTH SERVICES BLOCK GRANT FUNDED SOLELY WITH PREVENTION AND PUBLIC HEALTH FUNDS (PPHF)	93.758		ARIZONA DEPARTMENT OF HEALTH SERVICES	CTR055268		\$21,982	\$21,982	N/A	50
OPIOID STR	93.788		ARIZONA DEPARTMENT OF HEALTH SERVICES	ADHS16-110830 CTR043091		\$18,710	\$18,710	N/A	50
HIV PREVENTION ACTIVITIES, HEALTH DEPARTMENT BASED CENTERS FOR DISEASE CONTROL AND PREVENTION COLLABORATION WITH ACADEMIA TO STRENGTHEN PUBLIC HEALTH	93.940		ARIZONA DEPARTMENT OF HEALTH SERVICES	CTR042929		\$28,404	\$28,404	N/A	50
SEXUALLY TRANSMITTED DISEASES (STD) PREVENTION AND CONTROL GRANTS	93.967		ARIZONA DEPARTMENT OF HEALTH SERVICES	CTR064801		\$2,235	\$2,235		
MATERNAL AND CHILD HEALTH SERVICES BLOCK GRANT TO THE STATES	93.977		ARIZONA DEPARTMENT OF HEALTH SERVICES	CTR043084-3		\$13,269	\$13,269	N/A	50
93.994			ARIZONA DEPARTMENT OF HEALTH SERVICES	IGA2020-045 CTR055268		\$92,221	\$92,221	N/A	50
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES						<u>\$2,202,293</u>			
EXECUTIVE OFFICE OF THE PRESIDENT									
HIGH INTENSITY DRUG TRAFFICKING AREAS PROGRAM	95.001		CITY OF TUCSON	HT-21-2993a HT-22-2993a		\$154,548	\$154,548	N/A	50
TOTAL EXECUTIVE OFFICE OF THE PRESIDENT						<u>\$154,548</u>			
DEPARTMENT OF HOMELAND SECURITY									
EMERGENCY MANAGEMENT PERFORMANCE GRANTS	97.042		ARIZONA DEPARTMENT OF EMERGENCY AND MILITARY AFFAIRS	EMF-2022-EP-00009-501		\$245,264	\$245,264	N/A	50
HOMELAND SECURITY GRANT PROGRAM	97.067		ARIZONA DEPARTMENT OF HOMELAND SECURITY	19-AZDOHS-HSGP-190106-04		\$1,881	\$1,881	N/A	50
TOTAL DEPARTMENT OF HOMELAND SECURITY						<u>\$247,145</u>			
TOTAL EXPENDITURE OF FEDERAL AWARDS						<u>\$675,711</u>	<u>\$8,124,714</u>		

Please Note:

Italicized award lines indicate pass-through funding

The accompanying Notes to the Schedule of Expenditures of Federal Awards are an integral part of the schedule.

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

Significant Accounting Policies Used in Preparing the SEFA

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

10% De Minimis Cost Rate

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

Basis of presentation

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

Federal Assistance Listings number

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

COUNTY RESPONSE



NAVAJO COUNTY

Administration

Bryan Layton
County Manager

Melissa W. Buckley
Clerk of the Board

Jayson Vowell
Finance Director

Rochelle Lacapa
Government Relations
Director

"We are Navajo County"

March 26, 2024

Lindsey A. Perry
Arizona Auditor General
2910 N. 44th St., Ste. 410
Phoenix, AZ 85018

Dear Ms. Perry,

We have prepared the accompanying corrective action plan as required by the standards applicable to financial audits contained in *Governmental Auditing Standards* and by the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Specifically, for each finding, we are providing you with our responsible officials' views, the names of the contact people responsible for corrective action, the corrective action planned, and the anticipated completion date.

Sincerely,

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

Jayson Vowell, Finance Director

Navajo County
Corrective Action Plan
Year ended June 30, 2023

Federal award findings and questioned costs

2023-101

Assistance Listings number: 17.258 WIOA Adult Program;
Assistance Listings number: 17.259 WIOA Youth Activities; and
Assistance Listings number: 17.278 WIOA Dislocated Worker Formula Grants
Contact Person: Jeremy Flowers, WIOA Executive Director
Anticipated completion date: June 30, 2024

Concur. To help ensure the County meets the WIOA Cluster's earmarking requirement to spend no less than 20 percent of WIOA Youth Activities funds allocated to the County to provide in-school and out-of-school youth with paid and unpaid work experiences (WEX), the County has revised its process for tracking work experience expenditures. The County will utilize the revised process and provide technical assistance to the sub-recipient, Chicanos Por La Causa (CPLC) to implement procedures that will lead to an increase in Youth enrollments and placement into WEX to ensure at least 20 percent of the WIOA Youth Activities funds allocated to the County are used to provide in-school and out-of-school youth with paid and unpaid WEX. County staff are currently working with CPLC staff to implement a different approach to attaining the WEX requirements. The recommended solutions include improved tracking and monitoring of the WIOA Youth WEX activities to include both paid and unpaid work experiences, increasing all youth outreach, partnering with other local youth programs, and enrolling youth with barriers pursuant to current policy. The County will be tracking Youth progress and will be revising strategies as needed. The County's goal is to see a significant increase in Youth WEX program activities by the end of fiscal year 23-24.



NAVAJO COUNTY

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March 26, 2024

Lindsey A. Perry
Arizona Auditor General
2910 N. 44th St., Ste. 410
Phoenix, AZ 85018

Dear Ms. Perry,

We have prepared the accompanying summary schedule of prior audit findings as required by the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Specifically, we are reporting the status of audit findings included in the prior audit's schedule of findings and questioned costs. This schedule also includes the status of audit findings reported in the prior audit's summary schedule of prior audit findings that were not corrected.

Sincerely,

A handwritten signature in black ink that reads "Jayson Vowell". The signature is written in a cursive style with a horizontal line extending to the right.

Jayson Vowell, Finance Director

Navajo County
Summary Schedule of Prior Audit Findings
Year ended June 30, 2023

Status of financial statement findings

The County's initial financial statements contained misstatements, which increased the risk that those relying on the reported information could be misinformed.

Finding No.: 2022-01

Year finding initially occurred: FY 2021

Status: Fully Corrected.

Response: n/a

The County paid nearly \$35,000 for employees' County purchasing card fuel purchases but did not ensure the fuel was used in County vehicles as required, contrary to County policies, placing the County at risk of misusing public monies and violating the Arizona Constitution.

Finding No.: 2022-02

Year finding initially occurred: FY 2019

Status: Not corrected

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

Managing Risk

Finding No.: 2022-03

Year finding initially occurred: FY 2016

Status: Not corrected

Response: County Administration and IT have identified resources that will allow further mitigation of potential risks regarding sensitive information. The County will continue the process of evaluating and managing the risks of holding sensitive information by identifying, classifying, and inventorying the information the County stores. The County has added a Data Analyst position within the IT department where the duties and responsibilities include reviewing County data within the network, identifying and inventorying sensitive information. The County expects this process to take a few years.

Information Technology (IT) Controls – access, configuration and change management, and security.

Finding No.: 2022-04

Year finding initially occurred: FY 2014

Status: Partially Corrected

Response: The County has taken steps to mitigate IT audit findings and will continue to improve controls over its IT resources.

Access: Financial system access has been reviewed each year during the audit for the past few years. An annual review has been performed; issues continue to be identified corrected.

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

Security: A policy review based on NIST standards was initiated in the latter part of FY 2023. The review process is continuing and expected to result in changes to processes that will align with our policies and procedures. Multi-factor Authentication has been installed for all IT staff and Finance Department staff.

Status of federal award findings and questioned costs

Forest Service Schools and Roads Cluster

10.665 Schools and Roads-Grants to States

Finding No.: 2022-101

Year initially occurred: FY 2022

Status: Fully Corrected.

Response: n/a

WIOA Cluster

17.258 WIOA Adult Program

17.259 WIOA Youth Activities

17.278 WIOA Dislocated Worker Formula Grants

Finding No.: 2022-102

Year initially occurred: FY 2022

Status: Fully Corrected.

Response: n/a

WIOA Cluster

17.258 WIOA Adult Program

17.259 WIOA Youth Activities

17.278 WIOA Dislocated Worker Formula Grants

Finding No.: 2022-103

Year initially occurred: FY 2019

Status: Not Corrected

Response: The County continues to work toward compliance for the earmarking requirement of spending the required 20 percent of WIOA Youth Activities monies on in-school and out-of-school paid and unpaid work experience. The County is in the process of revising its procedures and providing support/training to the sub-recipient to implement procedures to ensure the earmarking requirements are met.

21.027 COVID-19 Coronavirus State and Local Fiscal Recovery Fund

Finding No.: 2022-104

Year initially occurred: FY 2022

Status: Fully Corrected.

Response: n/a

