

Greenlee County
Single Audit Reports

Year Ended June 30, 2009

Greenlee County, Arizona
Single Audit Reports
Year Ended June 30, 2009
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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
Greenlee County

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Greenlee County, Arizona, as of and for the year ended June 30, 2009, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 12, 2012. 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.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the County's basic financial statements that is more than inconsequential will not be prevented or detected by the County's internal control. We consider items 09-01 through 09-04 described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the County's internal control.

Page Two

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider items 09-01 through 09-04 to be material weaknesses.

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 instances of noncompliance or other matters that are required to be reported under Government Auditing Standards, and which are described in the schedule of findings and questioned costs as items 09-05 through 09-08.

Greenlee County's responses to the findings identified in our audit are presented on pages 14 through 17. 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, 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.

A handwritten signature in black ink that reads "Peter F. Chapman P.C." The signature is written in a cursive style with a large initial "P" and "C".

March 12, 2012

**Independent Auditors' Report on Compliance with Requirements
Applicable to 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
Greenlee County

Compliance

We have audited the compliance of Greenlee County, Arizona (the County) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2009. 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, Greenlee County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

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 in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A control deficiency in the County's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the County's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the County's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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, each major fund, and aggregate remaining fund information of Greenlee County as of and for the year ended June 30, 2009, and have issued our report thereon dated March 12, 2012. 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 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 Board of Supervisors, management, 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.

Handwritten signature in cursive script that reads "Fester & Chapman P.C.".

March 12, 2012

Greenlee County
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2009

Federal Grantor/ Pass-Through Grantor/ and Program Title	CFDA Number	Pass-Through Grantor's Number	Expenditures
U.S. Department of Agriculture			
Passed through the Arizona Department of Health Services:			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	HG361081	\$ 307
Passed through the Arizona State Treasurer:			
Schools and Roads- Grants to States	10.665	None	<u>1,036,339</u>
Total U.S. Department of Agriculture			<u>1,036,646</u>
U.S. Department of the Interior			
Direct Program:			
Payments in Lieu of Taxes	15.226	N/A	<u>875,327</u>
Total U.S. Department of the Interior			<u>875,327</u>
U.S. Department of Justice			
Passed through the Governor's Office for Children, Youth and Families:			
2009 COPS Methamphetamine Initiative	16.710	PC-IGA-06-6364-07-Y3	14,733
Passed through the Arizona Criminal Justice Commission:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	DC-10-030	<u>32,560</u>
Total U.S. Department of Justice			<u>47,293</u>
U.S. Department of Labor			
Passed through the Arizona Department of Economic Security:			
Workforce Investment Act Cluster:			
WIA Adult Program	17.258	E5706006	17,149
WIA Adult Program	17.258	DE081300001	472
WIA Adult Program	17.258	DE070297001	3,157
WIA Youth Activities	17.259	DE081300001	27,556
WIA Youth Activities	17.259	E5706006	3,321
WIA Youth Activities	17.259	DE070297001	<u>3,524</u>
Total Workforce Investment Act Cluster			<u>55,179</u>
Incentive Grants-WIA Section 503	17.267	DE081029001	<u>4,510</u>
Total U.S. Department of Labor			<u>59,689</u>
U.S. Department of Transportation			
Direct Program:			
Airport Improvement Program	20.106	N/A	<u>809,001</u>
Total U.S. Department of Transportation			<u>809,001</u>

(Continued)

See accompanying notes to schedule.

Greenlee County
Schedule of Expenditures of Federal Awards
Year ended June 30, 2009
(Concluded)

Federal Grantor/ Pass-through Grantor/ and Program Title	CFDA Number	Pass-Through Grantor's Number	Expenditures
U.S. Elections Assistance Commission			
Passed through the Arizona Secretary of State:			
Help America Vote Act Requirements Payments	90.401	None	\$ 24,395
Help America Vote Act Requirements Payments-Poll Worker	90.401	None	<u>8,411</u>
Total U.S. Elections Assistance Commission			<u>32,806</u>
U.S. Department of Health and Human Services			
Passed through the Arizona Department of Health Services:			
Immunization Grants	93.268	HG352211	41,215
Centers for Disease Control and Prevention-Investigations and Technical Assistance	93.283	HG754197	250,192
Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs	93.919	HG3161203	44,307
HIV Prevention Activities- Health Department Based	93.940	HG352241	12,281
Maternal and Child Health Services Block Grant to the States	93.994	HG854249	20,474
Passed through the Arizona Secretary of State:			
Voting Access for Individuals with Disabilities-Grants to States	93.617	None	12,754
Passed through the Community Foundation for Southern Arizona:			
HIV Care Formula Grants	93.917	HR754080	<u>13,652</u>
Total U. S. Department of Health and Human Services			<u>394,875</u>
U.S. Department of Homeland Security			
Passed through the United Way:			
Emergency Food and Shelter National Board Program	97.024	025200	2,896
Passed through the Arizona Department of Emergency and Military Affairs:			
Disaster Grants-Public Assistance (Presidentially Declared Disasters)	97.036	1586-DR-AZ-11-99011	283,289
Passed through the Arizona Department of Homeland Security:			
Homeland Security Grant Program	97.067	333310-01	6,067
Homeland Security Grant Program	97.067	444302-01	2,447
Homeland Security Grant Program	97.067	444302-02	37,396
Homeland Security Grant Program	97.067	2006-GE-T6-0007	44,672
Homeland Security Grant Program	97.067	444315-01	40,465
Homeland Security Grant Program	97.067	444315-02	<u>27,553</u>
Total Homeland Security Grant Program			<u>158,600</u>
Total U.S. Department of Homeland Security			<u>444,785</u>
Total Expenditures of Federal Awards			<u>\$ 3,700,422</u>

See accompanying notes to schedule.

Greenlee County
Notes to Schedule of Expenditure of Federal Awards
Year Ended June 30, 2009

NOTE 1 - BASIS OF ACCOUNTING

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

NOTE 2 - CATALOG OF FEDERAL DOMESTIC ASSISTANCE (CFDA) NUMBER

The program titles and CFDA numbers were obtained from the federal or pass-through grantor or the 2009 Catalog of Federal Domestic Assistance.

NOTE 3 - SUBRECIPIENTS

Greenlee County did not have any subrecipients for the year ended June 30, 2009.

Greenlee County
 Schedule of Findings and Questioned Costs
 Year Ended June 30, 2009

SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of Auditors' Report issued:	Unqualified	
	Yes	No
Internal control over financial reporting:	_____	_____
Material weaknesses identified in internal control over financial reporting?	X	_____
Significant deficiencies identified that are not considered to be material weaknesses?	_____	X
Noncompliance material to the financial statements noted?	X	_____

Federal Awards

Material weakness identified?	_____	X
Significant deficiencies identified that are not considered to be material weaknesses?	_____	X
Type of auditors' report issued on compliance for major programs:	Unqualified	
Any findings disclosed that are required to be reported in accordance with Circular A-133 (section .510[a])?	_____	X

Major programs:

CFDA Number	Name of Federal Program or Cluster
10.665	Schools and Roads-Grants to States
15.226	Payments in Lieu of Taxes
20.106	Airport Improvement Program

Dollar threshold used to distinguish between Type A and Type B programs: \$ 300,000

Auditee qualified as low-risk auditee _____ X _____

Other matters:

Auditee's summary schedule of prior findings required to be reported in accordance with Circular A-133 (section .315[b])? X _____

Greenlee County
Schedule of Findings and Questioned Costs
Year Ended June 30, 2009

FINANCIAL STATEMENT FINDINGS

09-01 INTERNAL CONTROL - SEGREGATION OF DUTIES (REPEAT FINDING: SEE 08-01)

- Criteria: The County should have an adequate segregation of duties and responsibilities in the handling and recording of payroll transactions.
- Condition: An individual who is responsible for processing payroll transactions also can create and/or modify employee computer payroll records.
- Cause: Limited number of personnel.
- Effect: The lack of segregation of duties increases risks of errors, and/or misappropriation of assets which would not be prevented or detected.
- Recommendation: The County should implement adequate segregation of duties over the payroll process to help ensure no unauthorized or undocumented transactions occur.

09-02 INTERNAL CONTROL - JOURNAL ENTRIES (REPEAT FINDING: SEE 08-03 AND 08-06)

- Criteria: A journal entry should be supported by a journal entry form with supporting documentation and authorization by a county official, and all adjusting and closing entries should be recorded in the County's general ledger according to Uniform Accounting Manual for Arizona Counties (UAMAC) VI-B-2 and VI-B-6.
- Condition: Signature or initials of the county official authorized to approve the journal entries is not documented, and year-end closing entries from the prior fiscal years were not properly recorded in the prior fiscal years' records.
- Cause: The County has not included these procedures as part of their processing of journal entries and year-end closing entries.
- Effect: The lack of documentation regarding the authorization of journal entries increases the likelihood that improper and unauthorized journal entries will be posted to the general ledger. In addition, the risk of financial statement misstatement is increased when adjusting and closing entries are not recorded in the general ledger.
- Recommendation: The County should develop procedures concerning the authorization and recording of journal entries consistent with UAMAC VI-B-2 and VI-B-6.

Greenlee County
Schedule of Findings and Questioned Costs
Year Ended June 30, 2009

09-03 INTERNAL CONTROL-TRAVEL CLAIMS (REPEAT FINDING: SEE 08-09)

- Criteria: A department supervisor or other designated individual should review claims for mathematical accuracy, review expenditures for propriety, sign and date travel claims to document approval, and submit them to the finance department. (UAMAC VI-H-3.)
- Condition: Department heads have the authority to approve payments to themselves for travel related expenditures.
- Cause: There is no independent review or authorization of payments made to department heads for travel-related expenditures.
- Effect: Increased risk of unauthorized and/or fraudulent payments to employees including payments to one employee for questionable hotel receipts totaling approximately \$30,000 over the course of four years.
- Recommendation: All travel advance and/or reimbursement requests should be reviewed and approved by someone other than the payee.

09-04 INTERNAL CONTROL - TIMELINESS OF FINANCIAL REPORTING
(REPEAT FINDING: SEE 08-11)

- Criteria: The County should provide timely and accurate record keeping.
- Condition: The County did not prepare its financial records for audit in a timely manner.
- Cause: Unknown.
- Effect: The financial statements were not completed until over two years after the end of the fiscal year. According to OMB Circular A-133 sections .300(d) and (e), a recipient of federal awards is required to prepare appropriate financial statements and to ensure that audits required are performed and submitted when due. Failure to prepare the financial statements and complete the audit in accordance with OMB Circular A-133 could result in the suspension of federal funding. Additionally, untimely financial information has the result of preventing those charged with governance from making informed financial decisions.
- Recommendation: The County should prepare its financial records for audit in a timely manner.

09-05 COMPLIANCE - TRANSFER (REPEAT FINDING: SEE 08-08)

- Criteria: A.R.S. §42-17106.B.4 requires that transfers of monies between budget items must be approved by a majority of the Board of Supervisors at a public meeting.

Greenlee County
Schedule of Findings and Questioned Costs
Year Ended June 30, 2009

Condition: Board of Supervisors' approval on transfers from the PDMI Fund to General Fund, totaling approximately \$276,00, was not documented in the Board's meeting minutes.

Cause: The County does not have policies and procedures in place to ensure that the County is in statutory compliance.

Effect: The County is not in compliance with A.R.S. §42-17106.B.4.

Recommendation: The County should establish policies and procedures to ensure that any changes in the approved budget be authorized by the Board of Supervisors, and that the authorization be documented in the Board's meeting minutes.

09-06 COMPLIANCE - PROPERTY TAX LEVY AND COLLECTION

Criteria: A.R.S. §42-17051 requires that the County shall not levy primary property taxes in any year in excess of the maximum allowable primary property tax levy.

Condition: The County billed and received taxes from primary property taxation in excess of the allowable levy.

Cause: The County does not have policies and procedures in place to ensure that the County is in statutory compliance.

Effect: The County is not in compliance with A.R.S. §42-17051.

Recommendation: The County should establish policies and procedures to ensure that the County's property tax levy is in compliance with the Arizona Revised Statutes.

09-07 COMPLIANCE - LANDFILL FINANCIAL ASSURANCE

Criteria: 40 CFR Part 258, Subpart F, Part 1 requires entities operating landfills to meet local government financial test requirements or ensure that monies necessary to meet costs associated with landfills will be available when needed.

Condition: The County did not meet the financial assurance requirement.

Cause: The County does not have policies and procedures in place to ensure that the County is in statutory compliance.

Effect: The County is not in compliance with 40 CFR part 258, Subpart F, Part 1.

Recommendation: The County should establish policies and procedures to review the financial assurance requirements and to demonstrate financial assurance for closure and post-closure costs.

Greenlee County
Schedule of Findings and Questioned Costs
Year Ended June 30, 2009

09-08 PUBLIC FIDUCIARY (REPEAT FINDING: SEE 08-02)

- Criteria: 1. Fiduciary shall perform all duties and discharge all obligations according to Arizona Code of Judicial Administration (ACJA) §7-201 and 7-202.
 2. Fiduciary shall keep suitable records of their administration, and prepare and file with the court an inventory of estates according to Arizona Revised Statutes (A.R.S) §14-5315 and §14-5418.
- Condition: 1. Breach of fiduciary duties: Improper allocation and accounting of client benefits and improper deposits and transfers of the funds in the general fiduciary account.
 2. Commingling: Funds were transferred to "general" fiduciary account and held with other funds.
 3. Court filings: No inventory was filed and accountings were not filed for all protected persons.
 4. Documentation: Documentation does not exist to determine if taxes needed to be filed or not, no invoices were retained to document payments made, no interest was posted on annual accountings, several checks have been made out for cash, documentation does not exist to support bank transfers, documentation does not exist to support additional requests for personal money, documentation does not exist to support incoming funds, check registers do not exist for all accounts.
 5. Accuracy: the beginning balance of accountings do not agree with the ending balance of the prior accounting, dates of accounting do not accurately reflect dates of appointment, payee mentioned on accounting was not the accurate payee, payee name and date vary between bank statement and accounting.
 6. Conflict of interest: Ward was placed in property, and rent was being paid to the boyfriend of fiduciary.
 7. Diligence: Bank accounts are not titled in the name of the conservatee and conservatorship.
 8. One employee was responsible for all public fiduciary responsibilities with no oversight.
 9. Endorsed checks are stored in an unsecured location for several days.
 10. Greenlee County, Arizona does not have a Public Fiduciary Policies and Procedures manual.
- Cause: Policies and procedures have not been developed and implemented which segregate the authorization of transactions, recordkeeping, and custody of assets. Policies and procedures have also not been documented in a formal written policies and procedures manual, and controls have not been developed and implemented to ensure proper action and oversight.
- Effect: The lack of segregation of incompatible duties in combination with improper procedures increases the possibility that errors and unacceptable activities would not be detected by employees during their normal course of responsibilities.
- Recommendation: Policies and procedures should be developed and implemented in accordance with the applicable laws and regulations under the Arizona Supreme Court.

Greenlee County
Schedule of Findings and Questioned Costs
Year Ended June 30, 2009

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None noted.

DEBORAH K. GALE
County Administrator
(928) 865-2310

YVONNE PEARSON
Clerk of the Board
(928) 865-2072

FACSIMILE (928) 865-9332



DAVID GOMEZ
District 1

RON CAMPBELL
District 2

RICHARD LUNT
District 3

BOARD OF SUPERVISORS
P.O. BOX 908
253 5TH STREET
CLIFTON, AZ 85533

March 12, 2012

Ms. Debbie Davenport, Auditor General
State of Arizona, Office of the 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 corrective action, the corrective action planned, and the anticipated completion date for each audit finding included in the current year's Schedule of Finds and Questioned Costs.

Please do not hesitate to contact my office if you have any questions or need further information.

Sincerely,

Deborah K. Gale, County Administrator
Greenlee County

Greenlee County, Arizona
Corrective Action Plan
Year Ended June 30, 2009

Financial Statement Findings

Item: 09-01 (Repeat Finding)

Subject: Internal Control – Segregation of Duties

Contact Person: Kay Gale, County Administrator

Anticipated Completion Date: Ongoing

Corrective Action: The county is currently working on improving the existing policies and procedures for stronger internal controls in order to segregate the handling and recording of any one transaction from beginning to end. As of January 1, 2012 the county hired a Chief Finance Officer to provide additional controls and segregation of handling and recording transactions.

Item: 09-02 (Repeat Finding)

Subject: Internal Control – Journal Entries

Contact Person: Kay Gale, County Administrator

Anticipated Completion Date: June 30, 2010

Corrective Action: The journal entry process was modified starting March 1, 2010 to include an audit trail of approvals, entry, etc. The new accounting software has also addressed this issue. Additionally, the county has implemented policies and procedures for stronger internal controls. This action item has already been corrected, and the county will continue to ensure policies and procedures are being implemented.

Item: 09-03 (Repeat Finding)

Subject: Internal Control – Travel Claims

Contact Person: Kay Gale, County Administrator

Anticipated Completion Date: Ongoing

Corrective Action: The county's policy is that all travel is to be preapproved. The County Administrator had preapproved the travel of the employee, but the documents turned in for

reimbursement after the trips were taken were falsified. The employee was taken to court and ordered to pay restitution in the amount of \$8,593.45, which was the amount determined by the courts to be the economic loss to the county. The county has improved its policies and procedures for stronger internal controls to prevent future occurrences.

Item: 09-04 (Repeat Finding)

Subject: Internal Control – Timeliness of Financial Reporting

Contact Person: Kay Gale, County Administrator

Anticipated Completion Date: Immediately

Corrective Action: The county has implemented an internal policy to ensure timely preparation of the financial statements. In doing so, the county has contracted with a firm to prepare financial statements in compliance with generally accepted accounting principles. Completion of the single audit within the required time period is a priority. The county is working with the Arizona Auditor General’s Office to ensure audits are completed within the required time periods. As of January 1, 2012 the county hired a Chief Finance Officer to also assist with this action item.

Item: 09-05 (Repeat Finding)

Subject: Compliance – Transfer

Contact Person: Kay Gale, County Administrator

Anticipated Completion Date: Ongoing

Corrective Action: The county has improved its existing policies and procedures, which include proper documentation of the Board of Supervisor’s transfer approvals in the transcribed minutes.

Item: 09-06

Subject: Compliance – Property Tax Levy and Collection

Contact Person: Kay Gale, County Administrator

Anticipated Completion Date: Immediately

Corrective Action: The county is currently working on establishing policies and procedures to ensure the county’s property tax levy is in compliance with A.R.S. §42-17051.

Item: 09-07

Subject: Compliance – Landfill Financial Assurance

Contact Person: Kay Gale, County Administrator

Anticipated Completion Date: June 30, 2012

Corrective Action: The county is currently working on establishing policies and procedures to review the financial assurance requirements and to demonstrate financial assurance for closure and post-closure costs.

Item: 09-08 (Repeat Finding)

Subject: Public Fiduciary

Contact Person: Kay Gale, County Administrator

Anticipated Completion Date: Ongoing

Corrective Action: The Board of Supervisors office has developed a plan to provide fiscal oversight to ensure all items listed are completed. Policies and procedures have been implemented, and approved by both the Board of Supervisors and the Judge of the Superior Court. A county employee, independent from the Public Fiduciary department provides fiscal oversight.

DEBORAH K. GALE
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(928) 865-2072

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DAVID GOMEZ
District 1

RON CAMPBELL
District 2

RICHARD LUNT
District 3

BOARD OF SUPERVISORS
P.O. BOX 908
253 5TH STREET
CLIFTON, AZ 85533

March 12, 2012

Ms. Debbie Davenport, Auditor General
State of Arizona, Office of the Auditor General
2910 North 44th Street, Suite 410
Phoenix, AZ 85018

Dear Ms. Davenport:

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

Please do not hesitate to contact my office if you have any questions or need further information.

Sincerely,

Deborah K. Gale, County Administrator
Greenlee County

Greenlee County
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2009

Status of Prior Year Federal Award Findings and Questioned Costs

Finding No: 08-11, 07-09

CFDA No: 10.665, 15.226, 93.283, 97.067

Program: Schools and Roads – Grants to States, Payments in Lieu of Taxes, Centers for Disease Control and Prevention – Investigations and Technical Assistance, Homeland Security Grant Program

Status: Not corrected

Corrective Action: The County has implemented an internal policy to ensure timely preparation of the financial statements. In doing so, the county has contracted with a firm to prepare financial statements in compliance with generally accepted accounting principles. Completion of the single audit within the required time period is a priority. The county is working with the Arizona Auditor General's Office to ensure audits are completed within the required time periods. As of January 1, 2012 the county hired a Chief Finance Officer to also assist with this action item.

Finding No: 08-12, 07-11

CFDA No: 10.665.15.226, 93.283, 97.067

Program: Schools and Roads – Grants to States, Payments in Lieu of Taxes, Centers for Disease Control and Prevention – Investigations and Technical Assistance, Homeland Security Grant Program

Status: Not corrected

Corrective Action: The County is currently working on improving the existing policies and procedures for stronger internal controls in order to segregate the handling and recording of any one transaction from beginning to end. As of January 1, 2012 the county hired a Chief Finance Officer to provide additional controls and segregation of handling and recording transactions.

Finding No: 08-13, 07-12

CFDA No: 10.665.15.226, 93.283, 97.067

Program: Schools and Roads – Grants to States, Payments in Lieu of Taxes, Centers for Disease Control and Prevention – Investigations and Technical Assistance, Homeland Security Grant Program

Status: Not corrected

Corrective Action: The journal entry process was modified starting March 1, 2010 to include an audit trail of approvals, entry, etc. The new accounting software has also addressed this issue. Additionally, the county has implemented policies and procedures for stronger internal controls. This action item has already been corrected, and the county will continue to ensure policies and procedures are being implemented.

Finding No: 08-14, 07-13

CFDA No: 10.665.15.226, 93.283, 97.067

Program: Schools and Roads – Grants to States, Payments in Lieu of Taxes, Centers for Disease Control and Prevention – Investigations and Technical Assistance, Homeland Security Grant Program

Status: Not corrected

Corrective Action: The County is currently working on improving the existing policies and procedures for stronger internal controls in order to segregate the handling and recording of any one transaction from beginning to end. As of January 1, 2012 the county hired a Chief Finance Officer to provide additional controls and segregation of handling and recording transactions.

Finding No: 07-10

CFDA No: 10.665.15.226, 93.283, 97.067

Program: Schools and Roads – Grants to States, Payments in Lieu of Taxes, Centers for Disease Control and Prevention – Investigations and Technical Assistance, Homeland Security Grant Program

Status: Not corrected

Corrective Action: The County has implemented a policy that requires that both non federal and federal equipment will be inventoried every two years on a rotating basis. The limited staff requires the County to inventory every asset on a two year basis. This policy was implemented December 2010.

Finding No: 08-15, 07-14

CFDA No: 10.665.15.226, 93.283, 97.067

Program: Schools and Roads – Grants to States, Payments in Lieu of Taxes, Centers for Disease Control and Prevention – Investigations and Technical Assistance, Homeland Security Grant Program

Status: Fully Corrected