



A REPORT
TO THE
ARIZONA LEGISLATURE

Financial Audit Division

Single Audit

Yavapai County

Year Ended June 30, 2012



Debra K. Davenport
Auditor General

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Yavapai County
Single Audit Reporting Package
Year Ended June 30, 2012

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Reports Issued Separately

Comprehensive Annual Financial Report	
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Basic Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	



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 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, 2012. 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 the following table, the County did not comply with certain compliance requirements that are applicable to the following major programs. Compliance with such requirements is necessary, in our opinion, for the County to comply with the requirements applicable to those programs.

<u>Program Title (CFDA Number)</u>	<u>Compliance Requirement</u>	<u>Finding Number</u>
Cooperative Forestry Assistance (10.664)	Allowable Costs/Cost Principles, Cash Management, Matching	12-110, 12-111
Airport Improvement Program (20.106)	Reporting	12-108

<u>Program Title (CFDA Number)</u>	<u>Compliance Requirement</u>	<u>Finding Number</u>
Special Education Cluster (84.027, 84.173)	Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Cash Management, and Period of Availability of Federal Funds	12-104, 12-105, 12-106, 12-107
Mathematics and Science Partnerships (84.366)	Allowable Costs/Cost Principles	12-104
State Fiscal Stabilization Fund Cluster (84.397)	Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Cash Management, and Period of Availability of Federal Funds	12-101, 12-102

In our opinion, because of the effects of noncompliance described in the preceding table, Yavapai County did not comply in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Cooperative Forestry Assistance, State Fiscal Stabilization Fund Cluster and the Special Education Cluster. Also, in our opinion, except for the noncompliance described in the preceding table, 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 other major federal programs for the year ended June 30, 2012. The results of our auditing procedures also disclosed other instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and that are described in the accompanying Schedule of Findings and Questioned Costs as items 12-109 and 12-112.

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 and another deficiency that we consider to be a significant deficiency.

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 12-101 through 12-108 and 12-110 through 12-112 to be material weaknesses.

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 of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 12-109 to be a significant deficiency.

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, 2012, and have issued our report thereon dated December 21, 2012, that contained an unqualified opinion on those financial statements. Our audit was conducted for the purpose of forming our opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of the County's management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Yavapai County's responses to the findings identified in our audit are presented on pages 27 through 32. 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, 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

March 26, 2013

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Yavapai County
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2012

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	\$ 22,041
National School Lunch Program, passed through the Arizona Department of Education	10.555	ED09-0001	<u>60,176</u>
Total Child Nutrition Cluster			<u>82,217</u>
Special Supplemental Nutrition Program for Women, Infants, and Children, passed through the Arizona Department of Health Services	10.557	HG050279, ADHS11-004545	663,436
Commodity Supplemental Food Program, passed through the Arizona Department of Health Services	10.565	12-010884	22,956
Cooperative Forestry Assistance, passed through the Arizona State Land Department	10.664	WFHF 09-027	118,021
Forest Service Schools and Roads Cluster:			
Schools and Roads—Grants to States	10.665		198,137
Schools and Roads—Grants to States, passed through the Arizona State Treasurer	10.665	None	<u>2,687,843</u>
Total Forest Schools and Roads Cluster			<u>2,885,980</u>
Forest Service	10.11-PA-11030900-023		<u>73,514</u>
Total U.S. Department of Agriculture			<u>3,846,124</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	14.228	100-10, 102-10 103-10, 104-10, 105-10, 151-10	<u>383,387</u>
Total CDBG—State-Administered CDBG Cluster			<u>383,387</u>
Total U.S. Department of Housing and Urban Development			<u>383,387</u>
U.S. Department of the Interior			
Distribution of Receipts to State and Local Governments, passed through the Arizona State Treasurer	15.227	None	5,514
National Fire Plan—Wildland Urban Interface Community Fire Assistance	15.228		<u>15,914</u>
Total U.S. Department of the Interior			<u>21,428</u>
U.S. Department of Justice			
Domestic Cannabis Eradication/Suppression Program	16.2011-11		7,367

(Continued)

See accompanying notes to schedule.

Yavapai County
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2012
(Continued)

Federal Grantor/Program Title/ Pass-Through Grantor	CFDA Number	Pass-Through Grantor's Number	Expenditures
Juvenile Accountability Block Grants, passed through the Arizona Governor's Office for Children, Youth and Families	16.523	JB-CSG-10-1273-13, JB-CSG-11-1273-11, JB-CSG-12-2366-07	\$ 19,725
Missing Children's Assistance, passed through the Arizona Crimes Against Children Task Force	16.543	2009-MC-CX-K013	5,000
Crime Victim Assistance, passed through the Arizona Department of Public Safety	16.575	2011-139	207,776
State Criminal Alien Assistance Program	16.606		166,268
Bulletproof Vest Partnership Program	16.607		2,751
JAG Program Cluster:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738		33,405
Edward Byrne Memorial Justice Assistance Grant Program, passed through the Arizona Criminal Justice Commission	16.738	DC-12-035	134,115
ARRA—Recovery Act—Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government	16.804		<u>17,267</u>
Total JAG Program Cluster			<u>184,787</u>
Total U.S. Department of Justice			<u>593,674</u>
U.S. Department of Labor			
Employment Service Cluster:			
ARRA—Employment Service/Wagner-Peyser Funded Activities, passed through the Arizona Governor's Office of Education Innovation	17.207	WP-GRA-12-2152-92	22,926
WIA Cluster:			
WIA Adult Program, passed through the Arizona Department of Economic Security	17.258	DE111014001	362,051
WIA Youth Activities, passed through the Arizona Department of Economic Security	17.259	DE101052001, DE111014001	396,646
WIA Dislocated Worker Formula Grants, passed through the Arizona Department of Economic Security	17.278	DE111014001	<u>742,877</u>
Total WIA Cluster			<u>1,501,574</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	<u>467,678</u>
Total U.S. Department of Labor			<u>1,992,179</u>
U.S. Department of Transportation			
Airport Improvement Program	20.106		1,263,238

(Continued)

See accompanying notes to schedule.

Yavapai County
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2012
(Continued)

Federal Grantor/Program Title/ Pass-Through Grantor	CFDA Number	Pass-Through Grantor's Number	Expenditures
Highway Planning and Construction Cluster:			
Highway Planning and Construction, passed through the Arizona Department of Transportation	20.205	JPA 10-009T, JPA 10-185I, JPA 11-087	\$ 51,920
Metropolitan Transportation Planning, passed through the Arizona Department of Transportation	20.505	JPA 11-087	<u>356</u>
Total Highway Planning and Construction Cluster			<u>52,276</u>
Highway Safety Cluster:			
State and Community Highway Safety, passed through the Arizona Governor's Office of Highway Safety	20.600	2011-AI-005, 2011-AL-031, 2012-OP-038, 2012-PS-005, 2012-PT-053	17,258
Alcohol Impaired Driving Countermeasurers Incentive Grants I, passed through the Arizona Governor's Office of Highway Safety	20.601	2012-410-008, 2012-410-009	<u>21,046</u>
Total Highway Safety Cluster			<u>38,304</u>
Total U.S. Department of Transportation			<u>1,353,819</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	<u>1,487</u>
U.S. Department of Energy			
State Energy Program, passed through the Arizona School Facilities Board	81.041	130-199-000- 9999-001SOL	<u>13,625</u>
U.S. Department of Education			
Title I State Agency Program for Neglected and Delinquent Children and Youth, passed through the Arizona Supreme Court	84.013	None	67,577
Special Education Cluster (IDEA):			
Special Education—Grants to States, passed through the Arizona Department of Education	84.027	11FESSCG-170744-04A, 12FESCBG-270744-06A, 12FESSCG-270744-02A	364,913
Special Education—Grants to States, passed through the Arizona Supreme Court	84.027	None	70,011

(Continued)

See accompanying notes to schedule.

Yavapai County
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2012
(Continued)

Federal Grantor/Program Title/ Pass-Through Grantor	CFDA Number	Pass-Through Grantor's Number	Expenditures
Special Education—Preschool Grants, passed through the Arizona Department of Education	84.173	12FECCBP-270744-03A	\$ 15,428
Total Special Education Cluster			<u>450,352</u>
Education Technology State Grants Cluster: Education Technology State Grants, passed through Pima County, Arizona	84.318	12FETSTP-260950-01A	<u>67,167</u>
Total Education Technology State Grants Cluster			<u>67,167</u>
English Language Acquisition Grants, passed through the Arizona Department of Education	84.365	12FELENG-270744-04A	33,599
Mathematics and Science Partnerships, passed through the Arizona Department of Education	84.366	11FSAPC2-170744-07A, 12FMSMSS-270744-05A, 13FMSMSP-370744-01A	191,105
Improving Teacher Quality State Grants, passed through the Arizona Department of Education	84.367	11FAAAZE-170744-01A, 12FAAPD3-270744-01A	98,312
Improving Teacher Quality State Grants, passed through the Arizona Supreme Court	84.367	None	<u>7,768</u>
Total Improving Teacher Quality State Grants			<u>103,297</u>
State Fiscal Stabilization Fund Cluster: ARRA—State Fiscal Stabilization Fund (SFSF)— Government Services, Recovery Act, passed through the Arizona Governor's Office of Education Innovation	84.397	GOEI-11-16A-GS-XXX E1-GRA-11-1273-05	<u>128,500</u>
Total State Fiscal Stabilization Fund Cluster			<u>128,500</u>
ARRA—Education Jobs Fund, passed through the Arizona Department of Education	84.410	ISA OER-11-ISA-EJ-001	<u>31,251</u>
Total U.S. Department of Education			<u>1,075,632</u>
U.S. Election Assistance Commission			
Help America Vote Act Requirements Payments, passed through the Arizona Secretary of State	90.401	None	<u>169,351</u>
U.S. Department of Health and Human Services			
Medical Reserve Corps Small Grant Program, passed through the National Association of County and City Health Officials	93.008	MRC 10 7	3,399
Public Health Emergency Preparedness, passed through the Arizona Department of Health Services	93.069	ADHS12-007898, HG754205	276,487

(Continued)

See accompanying notes to schedule.

Yavapai County
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2012
(Continued)

Federal Grantor/Program Title/ Pass-Through Grantor	CFDA Number	Pass-Through Grantor's Number	Expenditures
Family Planning—Services, passed through the Arizona Family Health Partnership	93.217	None	\$ 169,147
Health Centers Cluster:			
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		242,948
Affordable Care Act (ACA) Grants for New and Expanded Services under the Health Center Program	93.527		<u>607,487</u>
Total Health Centers Cluster			<u>850,435</u>
Affordable Care Act (ACA) Abstinence Education Program, passed through the Arizona Department of Health Services	93.235	11-007079	2,610
Immunization Cluster:			
Immunization Cooperative Agreements, passed through the Arizona Department of Health Services	93.268	HG854293	70,806
ARRA—Immunization, passed through the Arizona Department of Health Services	93.712	HG854293	<u>13,771</u>
Total Immunization Cluster			<u>84,577</u>
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	16,364
Centers for Disease Control and Prevention—Investigations and Technical Assistance, passed through the Arizona Department of Health Services	93.283	HG761269	121,404
Affordable Care Act (ACA) Infrastructure to Expand Access to Care, passed through the Arizona Department of Health Services	93.502	12-020652	4,536
The Patient Protection and Affordable Care Act of 2010 (Affordable Care Act) Authorizes Coordinated Chronic Disease Prevention and Health Promotion Program, passed through the Arizona Department of Health Services	93.544	HG861066	20,507
Child Support Enforcement, passed through the Arizona Department of Economic Security	93.563	G1204AZ4004	164,831
Grants to States for Access and Visitation Programs, passed through the Arizona Department of Economic Security	93.597	G1101AZSAVP	2,388
Voting Access for Individuals with Disabilities—Grants to States, passed through the Arizona Secretary of State	93.617	None	12,857
ARRA—Communities Putting Prevention to Work: Chronic Disease Self-Management Program, passed through the Arizona Department of Health Services	93.725	HG861066	72,665
HIV Prevention Activities—Health Department Based, passed through the Arizona Department of Health Services	93.940	HG852270	8,463

(Continued)

See accompanying notes to schedule.

Yavapai County
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2012
(Continued)

Federal Grantor/Program Title/ Pass-Through Grantor	CFDA Number	Pass-Through Grantor's Number	Expenditures
HIV Prevention Activities—Health Department Based, passed through the Southern Arizona AIDS Foundation	93.940	S 1210-371-102	\$ 8,729
Total HIV Prevention Activities—Health Department Based			<u>17,192</u>
Preventive Health Services—Sexually Transmitted Diseases Control Grants, passed through the Arizona Department of Health Services	93.977	HG854500	5,668
Preventive Health and Health Services Block Grant, passed through the Arizona Department of Health Services	93.991	HG854376	58,166
Maternal and Child Health Services Block Grant to the States, passed through the Arizona Department of Health Services	93.994	ADHS11-004545, ADHS11-006153, ADHS12-010920, HG050279, HG161083, HG854241, HG961131	<u>548,956</u>
Total U.S. Department of Health and Human Services			<u>2,432,190</u>
 U.S. Department of Homeland Security			
Emergency Management Performance Grants, passed through the Arizona Department of Emergency and Military Affairs	97.042	EMW-2011-EP- APP-00006	<u>144,602</u>
Homeland Security Grant Program, passed through the Arizona Department of Homeland Security	97.067	555501-01, 777512- 01, 777605-01	<u>6,238</u>
Total U.S. Department of Homeland Security			<u>150,840</u>
Total Expenditures of Federal Awards			<u>\$ 12,033,732</u>

See accompanying notes to schedule.

Yavapai County
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2012

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 the National School Lunch Program (10.555), includes \$27,118 of noncash assistance.

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 2012 *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
Schools and Roads—Grants to States	10.665	\$180,238
WIA Cluster:		
WIA Adult Program	17.258	362,051
WIA Youth Activities	17.259	396,646
WIA Dislocated Worker Formula Grants	17.278	742,877
ARRA—Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors	17.275	467,678

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Yavapai County
 Schedule of Findings and Questioned Costs
 Year Ended June 30, 2012

Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:		Unqualified	
		Yes	No
Internal control over financial reporting:			
Material weaknesses identified?	___		<u>X</u>
Significant deficiencies identified?	___		<u>X</u>
Noncompliance material to the financial statements noted?	___		<u>X</u> (None reported)

Federal Awards

Internal control over major programs:			
Material weaknesses identified?		<u>X</u>	___
Significant deficiencies identified?		<u>X</u>	___
Type of auditors' report issued on compliance for major programs:			
Unqualified for all major programs except for the Airport Improvement Program and Mathematics and Science Partnerships, which were qualified and the Cooperative Forestry Assistance, State Fiscal Stabilization Fund Cluster, and Special Education Cluster, which were adverse.			
Any audit findings disclosed that are required to be reported in accordance with Circular A-133 (section .510[a])?		<u>X</u>	___

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
10.664	Cooperative Forestry Assistance
10.665	Forest Service Schools and Roads Cluster:
17.275	Schools and Roads—Grants to States
20.106	ARRA—Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors
84.027	Airport Improvement Program
84.173	Special Education Cluster (IDEA):
84.366	Special Education—Grants to States
	Special Education—Preschool Grants
	Mathematics and Science Partnerships

Yavapai County
 Schedule of Findings and Questioned Costs
 Year Ended June 30, 2012

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
84.397	State Fiscal Stabilization Fund Cluster: ARRA—State Fiscal Stabilization Fund (SFSF)—Government Services, Recovery Act
93.224	Health Centers Cluster: Consolidated Health Centers (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, Public Housing Primary Care, and School Based Health Centers)
93.527	Affordable Care Act (ACA) Grants for New and Expanded Services under the Health Center Program

Dollar threshold used to distinguish between Type A and Type B programs: \$361,012

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, 2012

Financial Statement Findings

None reported

Federal Award Findings and Questioned Costs

12-101

State Fiscal Stabilization Fund Cluster:

CFDA No.: 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 Education Innovation

Award Period: January 1, 2011 through September 20, 2011

Award Number: GOEI-11-IGA-GS-XXX, EI-GRA-11-1273-05

Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Cash Management, and Period of Availability of Federal Funds

Questioned Cost: \$19,473

Criteria: In accordance with 34 Code of Federal Regulations (CFR) §§80.20, 80.22, and 80.23, the Yavapai County School Superintendent's Office (Office) should maintain effective internal control over federal award programs to provide reasonable assurance that it is managing its federal awards in compliance with laws, regulations, and provisions of contracts and grant agreements, including charging only costs to the program that are reasonable and necessary and within the funding period. Therefore, responsibilities should be separated so no one employee is responsible for preparing, approving, and submitting reimbursement requests. Further, in accordance with the intergovernmental agreement, the pass-through grantor will disburse monies to the Office on a cost-reimbursement basis.

Condition and context: The Office's former finance administrator submitted a reimbursement request and invoices to its pass-through grantor for reimbursement. However, \$19,473 of expenditures was disallowed by the pass-through grantor because the expenditures were for food, beverage, and gift card items or were incurred after the end of the grant period. The Office was informed that it could submit a revised request for other allowable expenditures to replace those expenditures if it was able to do so. In order to obtain reimbursement for the disallowed expenditures, the former finance administrator created four fictitious invoices and a revised reimbursement request, and then submitted this documentation to the pass-through grantor. The fictitious invoices were neither recorded in the Office's accounting system nor were they paid by the Office. Subsequently, \$19,473 of unauthorized costs was reimbursed by the pass-through grantor. At the time of this report's release, the fraudulent acts this employee committed are under further review by the County Attorney's Office.

Effect: The Office received reimbursement for unallowable expenditures. It was not practical to extend our auditing procedures sufficiently to determine whether any additional questioned costs resulted from this finding.

Cause: The Office lacked appropriate separation of responsibilities and did not have policies and procedures to properly review reimbursement requests and supporting documentation prior to being sent to the pass-through grantor for reimbursement.

Yavapai County
Schedule of Findings and Questioned Costs
Year Ended June 30, 2012

Recommendation: The Office should develop and implement internal control procedures that include appropriate review of all reimbursement requests and separation of responsibilities. In addition, the Office should return the \$19,473 to the pass-through grantor.

12-102

State Fiscal Stabilization Fund Cluster:

CFDA No.: 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 Education Innovation

Award Period: January 1, 2011 through September 20, 2011

Award Number: GOEI-11-IGA-GS-XXX, EI-GRA-11-1273-05

Allowable Costs/Cost Principles

Questioned Cost: \$12,389

Criteria: The specific cost principles of OMB Circular A-87 do not apply to the State Fiscal Stabilization Fund (SFSF) program; however, the expenditures attributed to the program must be reasonable, necessary, and consistent with state and local requirements. In addition, documentation must be maintained to show that costs were reasonable for the service provided, that the service was actually provided, and that no other monies were paid for the same service.

Condition and context: The School Superintendent's Office (Office) transferred \$12,389 of outside professional services expenditures from its Special Programs Fund to the SFSF program. The supporting documentation indicated that the expenditures were primarily related to office salaries and travel. Auditors noted that this journal entry was prepared incorrectly, resulting in inaccurate accounting records. Specifically, auditors identified the following errors:

- SFSF program-related salaries were recorded in the Special Programs Fund, but were reimbursed as other professional services by the SFSF program. Further, documentation was not maintained to demonstrate that the salaries charged to the SFSF program were reasonable for the services provided.
- Original travel costs of \$1,741 were charged to the SFSF program; however, these costs were also included in the other professional services transfer, resulting in a duplicate reimbursement.

Effect: The Office may have received reimbursement for salary costs that it was not entitled to. It was not practical to extend our auditing procedures sufficiently to determine whether any additional questioned costs resulted from this finding.

Cause: The Office did not prepare the journal entry correctly when transferring costs from its Special Programs Fund to the SFSF program. Further, its system of internal control did not detect and correct the duplicate reimbursement.

Recommendation: The Office should develop and implement an effective system of internal control to ensure that accounting records are accurate and expenditures are necessary, reasonable, and supported.

Yavapai County
Schedule of Findings and Questioned Costs
Year Ended June 30, 2012

12-103

Special Education Cluster (IDEA):

CFDA No.: 84.027 **Special Education—Grants to States**

84.173 **Special Education—Preschool Grants**

U.S. Department of Education

Passed through the Arizona Department of Education and Arizona Supreme Court

Award Period: October 1, 2010 through September 30, 2011

July 1, 2011 through June 30, 2012

October 1, 2011 through September 30, 2012

Award Numbers: 11FESSCG-170744-04A, 12FESSCG-270744-02A, 12FESCBG-270744-06A, and
12FECCBP-270744-03A

CFDA No.: 84.366 **Mathematics and Science Partnerships**

U.S. Department of Education

Passed through the Arizona Department of Education

Award Period: May 2, 2011 through December 31, 2011

January 1, 2012 through August 30, 2012

May 22, 2012 through June 30, 2013

Award Numbers: 11FSAPC2-170744-07A, 12FMSMSS-270744-05A, and 13FMSMSP-370744-01A

Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Cash Management, Period of Availability of Federal Funds, and Reporting

Questioned Cost: N/A

Criteria: Effective controls and accountability should be maintained over federal monies in the Yavapai County School Superintendent's Office (Office) to ensure that it is complying with laws, regulations, and grant agreements provisions.

Condition and context: The Office's former finance administrator was involved in determining allowable activities and costs and approving cash management and completion reports for its federal programs; however, this employee's work was not reviewed; therefore, the controls the Office established were not operating effectively. See item 12-101 for additional information.

Effect: Noncompliance and errors could occur and not be prevented, or detected and corrected, by management. In addition, this finding could potentially affect other federal programs that the Office administered.

Cause: The Office did not have adequate procedures to review the work performed by the former finance administrator.

Recommendation: The Office should develop and implement an effective system of internal control to ensure that federal requirements are adhered to with respect to program activities, cost principles, cash management, and reporting.

Yavapai County
Schedule of Findings and Questioned Costs
Year Ended June 30, 2012

12-104

Special Education Cluster:

CFDA No.: 84.027 **Special Education—Grants to States**

84.173 **Special Education—Preschool Grants**

U.S. Department of Education

Passed through the Arizona Department of Education and Arizona Supreme Court

Award Period: July 1, 2011 through June 30, 2012

October 1, 2011 through September 30, 2012

Award Numbers: 11FESSCG-170744-04A, 12FESSCG-270744-02A, 12FESSCG-270744-02A, and
12FECCBP-270744-03A

CFDA No.: 84.366 **Mathematics and Science Partnerships**

U.S. Department of Education

Passed through the Arizona Department of Education

Award Period: May 2, 2011 through December 31, 2011

January 1, 2012 through August 30, 2012

May 22, 2012 through June 30, 2013

Award Numbers: 11FSAPC2-170744-07A, 12FMSMSS-270744-05A, and 13FMSMSP- U.S. 370744-01A

Allowable Costs/Cost Principles

Questioned Costs: Unknown

Criteria: In accordance with 2 CFR §225, Appendix B, Section 8.h, the Yavapai County School Superintendent's Office (Office) should maintain records that certify or confirm on an after-the-fact basis that employee compensation charged to the federal program represents a reasonable distribution of employees' actual time and effort worked on the program. The records supporting salaries and wages should be signed by the employee. In addition, comparisons of actual costs to budgeted distributions based on the monthly activity reports (e.g., time and effort logs) must be made, at least quarterly. Further, adjustments made to accounting records may be done annually if the quarterly comparisons show a difference of less than ten percent.

Condition and context: During the fiscal year, the Office spent \$356,954 and \$54,025 in salaries and wages for its Special Education Cluster and the Mathematics and Science Partnerships program, respectively. Salaries and wages were charged to the programs using budgeted distribution percentages that were set in the payroll system. Further, the budgeted distribution percentages were not compared, at least quarterly, to actual costs and revised as necessary to reflect actual time spent working on the programs. In addition, auditors noted the following:

Special Education Cluster

- For 3 of 11 employees tested, there were no monthly time and effort logs prepared.
- For 6 of 11 employees tested, the time and effort logs were prepared using budgeted distributions. Further, the April 2012 monthly time and effort logs had 31 days.
- For 1 of 11 employees tested, the time and effort logs were prepared and signed by the employee for only the first six months of the year. Time and effort logs were prepared for the second six months of the year, but were not signed by the employee.

Yavapai County
Schedule of Findings and Questioned Costs
Year Ended June 30, 2012

- For 1 of 11 employees tested, the time and effort log reflected full-time hours when the employee worked only part-time. For example, the employee was paid 40 hours for the pay period ended February 18, 2012; however, the February monthly time and effort log reflected 80 hours for this pay period.

Mathematics and Science Partnerships

- For 1 of 2 employees tested, there were no monthly time and effort logs prepared.
- For 1 of 2 employees tested, the time and effort log was prepared for only six months and was prepared using budgeted distributions.

Effect: Employee salaries and wages charged to the program did not reflect an accurate after-the-fact distribution of hours and activities worked, which could result in unallowed costs being charged to the program. It was not practical to extend our auditing procedures to determine questioned costs, if any, that may have resulted from this finding. This finding could potentially affect other federal programs that the Office administered.

Cause: The Office did not have policies and procedures in place to ensure that salaries and wages reflect the actual time spent working on the programs.

Recommendation: The Office should implement effective procedures to ensure that salaries and wages reflect actual time spent working on the federal programs. Further, the time and effort logs should address the following elements:

- Reflect the after-the-fact distribution of the employee's actual activity,
- Account for the total activity for which the employee is compensated,
- Be prepared at least monthly and coincide with one or more pay periods, and
- Be signed by the employee.

In addition, the Office should prepare comparisons at least quarterly of actual costs to budgeted distributions based on the monthly time and effort logs and make all necessary adjustments to the accounting records, if necessary.

Yavapai County
Schedule of Findings and Questioned Costs
Year Ended June 30, 2012

12-105

Special Education Cluster (IDEA):

CFDA No.: 84.027 **Special Education—Grants to States**

84.173 **Special Education—Preschool Grants**

U.S. Department of Education

Passed through the Arizona Department of Education and Arizona Supreme Court

Award Period: October 1, 2010 through September 30, 2011

July 1, 2011 through June 30, 2012

October 1, 2011 through September 30, 2012

Award Numbers: 11FESSCG-170744-04A, 12FESSCG-270744-02A, 12FESCBG-270744-06A, and
12FECCBP-270744-03A

Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Cash Management, and Period of
Availability of Federal Funds

Questioned Cost: \$25,320

Criteria: In accordance with 34 CFR §80.20, the Yavapai County School Superintendent's Office (Office) should have internal control policies and procedures to ensure the grant monies are used for authorized purposes.

Condition and context: The Office is the fiscal agent for the administration of its Special Education—Grants to States Program passed through the Arizona Department of Education. During the fiscal year, this grant expended \$355,298 of basic entitlement monies for its consortium of 11 school districts by primarily using the Office's staff to provide assessment services. For one of the school districts, the value of the educational services provided by the Office was less than the award allocated to them; therefore, the Office advanced the school district \$25,320 with the stipulation that the monies be spent on special education needs. However, the Office did not ensure that the monies were spent or that they were spent on special education needs prior to requesting reimbursement from the pass-through grantor. In addition, the Office submitted a completion report that indicated all of the program monies were spent.

Effect: The school district may have spent the monies on expenditures that were unrelated to the grant fund or may not have spent the monies at all, causing the expenditures recorded for this federal program to be overstated. This finding could affect other federal programs that the Office administered.

Cause: The Office did not establish policies and procedures to ensure that all of the grant monies were used for authorized purposes. Specifically, it did not have a procedure in place to ensure that school districts receive allocations based on invoices or other supporting documentation.

Recommendation: The Office should develop policies and procedures to ensure that grant monies are used only for the intended purpose and costs are adequately supported. Further, the Office should investigate if and how the school district spent the monies and revise its completion report, as necessary.

Yavapai County
Schedule of Findings and Questioned Costs
Year Ended June 30, 2012

12-106

Special Education Cluster (IDEA):

CFDA No.: 84.027 **Special Education—Grants to States**

84.173 **Special Education—Preschool Grants**

U.S. Department of Education

Passed through the Arizona Department of Education and Arizona Supreme Court

Award Period: October 1, 2010 through September 30, 2011

July 1, 2011 through June 30, 2012

October 1, 2011 through September 30, 2012

Award Numbers: 11FESSCG-170744-04A, 12FESSCG-270744-02A, 12FESCBG-270744-06A, and
12FECCBP-270744-03A

Activities Allowed or Unallowed and Allowable Costs/Cost Principles

Questioned Cost: \$16,794

Criteria: In accordance with 34 CFR §80.20, the Yavapai County School Superintendent's Office (Office) should have internal control policies and procedures to ensure that grant monies are used for authorized purposes, and that accurate, current, and complete disclosure of financial results is made in accordance with grant requirements. Further, in accordance with 2 CFR §225, Appendix A, C.1.j, costs must be adequately documented.

Condition and context: During fiscal year 2012, the Office recorded \$64,466 in expenditures of its Special Education—Grants to States Program grant passed through the Arizona Supreme Court. The Office prepared several journal entries to record these expenditures in its accounting records; however, these journal entries were not adequately supported. Specifically, the Office recorded \$9,200 for services provided by its Education Service Agency; however, there was no documentation provided to demonstrate that services were performed. In addition, it transferred \$14,274 of salaries and wages to the program; however, monthly time and effort logs supported only \$7,811 of these salaries and wages. Further, the Office transferred \$1,131 of wages to the program; however, documentation was not maintained to show whose wages these were and if these costs were charged to the appropriate program.

Effect: The federal program may have paid for costs that were not directly related to the administration of the program. This finding could affect other federal programs that the Office administered. It was not practical to extend our auditing procedures sufficiently to determine whether any additional questioned costs resulted from this finding.

Cause: The Office prepared journal entries to transfer expenditures to its federal programs in an effort to use allowable program monies; however, it did not always ensure that that these transfers were properly supported by invoices and accurate time and effort logs.

Recommendation: The Office should develop policies and procedures to ensure that program monies are expended only on authorized purposes. Specifically, it should have a mechanism in place to track actual costs when using office staff to provide contracted professional services. Further it should implement the recommendation in finding 12-104.

Yavapai County
Schedule of Findings and Questioned Costs
Year Ended June 30, 2012

12-107

Special Education Cluster (IDEA):

CFDA No.: 84.027 **Special Education—Grants to States**

84.173 **Special Education—Preschool Grants**

U.S. Department of Education

Passed through the Arizona Department of Education and Arizona Supreme Court

Award Period: October 1, 2010 through September 30, 2011

July 1, 2011 through June 30, 2012

October 1, 2011 through September 30, 2012

Award Numbers: 11FESSCG-170744-04A, 12FESSCG-270744-02A, 12FESCBG-270744-06A, and
12FECCBP-270744-03A

Cash Management

Questioned Cost: Unknown

Criteria: The Arizona Department of Education (ADE) requires local educational agencies (LEAs) to submit reimbursement requests. The reimbursement request may include unpaid invoices that may be paid within 30 days, two payroll periods, or advances needed for the next 30 days.

Condition and context: The Yavapai County School Superintendent's Office (Office) spent \$380,341 of its Special Education Cluster monies passed through the ADE during the fiscal year. The Office submitted reimbursement requests to ADE; however, the Office did not always follow the requirements established by the ADE. Specifically, auditors noted that four of five reimbursement requests tested included three payroll periods.

Effect: Noncompliance with the timing requirements established by the pass-through grantor. It was not practical to extend our auditing procedures to determine questioned costs, if any, that may have resulted from this finding.

Cause: The Office did not design procedures to ensure compliance with the pass-through grantor requirements.

Recommendation: The Office should develop and implement an effective system of internal control to ensure that it is complying with the timing requirements established by the pass-through grantor.

12-108

CFDA No.: 20.106 **Airport Improvement Program**

U.S. Department of Transportation

Award Period: September 6, 2011 through September 6, 2015

Award Numbers: 3-04-0002-007-2011 and 3-04-0033-020-2011

Reporting

Questioned Cost: None

Criteria: In accordance with 49 CFR §18.20, the Public Works Department (Department) should have internal control policies and procedures to ensure that accurate, current, and complete disclosure of financial results is made in accordance with grant requirements. In accordance with the U.S. Department

Yavapai County
Schedule of Findings and Questioned Costs
Year Ended June 30, 2012

of Transportation, Federal Aviation Administration Program Guidance, the Department must submit a Federal Financial Report (FFR) at least annually. A final FFR should also be submitted at the completion of the award agreement.

Condition and context: During fiscal year 2012, the Department did not submit FFRs for either of its Airport Improvement Program grants.

Effect: The Department did not comply with federal regulations. In addition, the federal agency was not informed of the Department's activities.

Cause: The Department was not aware of its requirement to file FFRs at least annually and at the completion of an award agreement.

Recommendation: The Department should develop and implement policies and procedures to ensure it completes and submits the FFRs at least annually and at the completion of the award agreement in order to comply with federal requirements.

12-109

CFDA No.: 20.106 **Airport Improvement Program**

U.S. Department of Transportation

Award Period: September 6, 2011 through September 6, 2015

Award Numbers: 3-04-0002-007-2011 and 3-04-0033-020-2011

Activities Allowed or Unallowed and Allowable Costs/Cost Principles

Questioned Cost: \$9,693

Criteria: In accordance with 49 CFR §18.20, the Public Works Department (Department) should have internal control policies and procedures to ensure that grant monies are used for authorized purposes and that accurate, current, and complete disclosure of financial results is made in accordance with grant requirements. Further, in accordance with 2 CFR §225, Appendix A, C.1.j, costs must be adequately documented.

Condition and context: As part of its final reimbursement, the Department submitted an invoice for \$10,203 for administrative costs, of which \$9,693 represented federal monies. However, the County did not have adequate documentation to support these costs. In addition, these expenditures were not included on the Schedule of Expenditures of Federal Awards (SEFA) and the SEFA was not adjusted for this error.

Effect: The Department may have been reimbursed for unallowable expenditures, and the County's SEFA may be understated. It was not practical to extend our auditing procedures sufficiently to determine whether any additional questioned costs resulted from this finding.

Cause: The Department was not aware of its requirement to properly support these specific expenditures. In addition, the expenditures were not properly recorded in the County's accounting system.

Yavapai County
Schedule of Findings and Questioned Costs
Year Ended June 30, 2012

Recommendation: The Department should develop and implement policies and procedures to ensure it maintains proper documentation to support its administrative costs. In addition, those costs should be properly recorded in the accounting system.

12-110

CFDA No.: **10.664 Cooperative Forestry Assistance**

U.S. Department of Agriculture

Passed through the Arizona State Land Department

Award Period: December 11, 2009 through December 31, 2013

Award Numbers: WFHF 09-027

Allowable Costs/Cost Principles and Cash Management

Questioned Cost: \$4,374

Criteria: In accordance with 2 CFR §225, Appendix A, C.1.g, to be allowable under federal awards, costs must be determined in accordance with generally accepted accounting principles. In addition, per county policy, in a modified accrual accounting system, expenditures must be charged against the budget of the year in which the goods or services are received. Also, the Arizona State Land Department requires that reimbursement requests be submitted quarterly for disbursement and that the purchase of food or beverages are not reimbursable. Further, county policy requires that reports be reviewed by someone other than the preparer prior to submission to federal and state agencies.

Condition and context: The County's Public Works Department (Department) received \$99,574 in federal reimbursements during fiscal year 2012. However, the Department did not always follow the quarterly cash management requirements established by the pass-through grantor. Specifically, auditors noted that for the two reimbursement requests tested, the requests covered periods outside of the quarter and had no evidence of a supervisory review and supporting invoices included \$4,374 in food costs. In addition, during fiscal year 2012, the Department submitted three invoices totaling \$44,666 to the County's finance department (Finance) for services received during the prior fiscal year. Finance recorded the expenditures and paid for those services during fiscal year 2012.

Effect: The Department was not in compliance with the cash management requirements established by the pass-through grantor. In addition, the Department did not comply with federal regulations regarding allowable costs, and as a result, expenditures were understated on the fiscal year 2011 SEFA and overstated on the fiscal year 2012 SEFA.

Cause: The Department did not establish procedures to ensure that cash management requests were submitted quarterly. In addition, the Department did not want to submit the invoices for payment until after it received reimbursement for previous requests from its pass-through grantor.

Recommendation: The Department should develop and implement an effective system of internal control to ensure it is complying with the cash management requirements established by the pass-through grantor. In addition, the Department should follow the County's policy to have an independent employee review reimbursement requests prior to submission to its pass-through grantor. Further, the Department should develop and implement policies and procedures to ensure that expenditures are recorded in the appropriate accounting period.

Yavapai County
Schedule of Findings and Questioned Costs
Year Ended June 30, 2012

12-111

CFDA No.: **10.664 Cooperative Forestry Assistance**

U.S. Department of Agriculture

Passed through the Arizona State Land Department

Award Period: December 11, 2009 through December 31, 2013

Award Numbers: WFHF 09-027

Matching

Questioned Cost: Unknown

Criteria: In accordance with 7 CFR §3016.24 (b)(6), costs and in-kind contributions must be verifiable from the records of grantees and subgrantees.

Condition and context: The County's Public Works Department (Department) claimed \$11,144 of matching contributions during fiscal year 2012; however, auditors were unable to verify the matching contributions as the Department did not have sufficient records.

Effect: The Department did not comply with the federal matching requirements. It was not practical to extend our auditing procedures to determine questioned costs, if any, that may have resulted from this finding.

Cause: The Department did not establish procedures to ensure that it retained supporting documentation for the matching contributions claimed.

Recommendation: The Department should develop and implement an effective system of internal control to ensure it is complying with the federal matching requirements. In addition, the Department should develop and implement policies and procedures to ensure that it retains supporting documentation for the matching contributions claimed.

12-112

CFDA No.: **10.664 Cooperative Forestry Assistance**

U.S. Department of Agriculture

Passed through the Arizona State Land Department

Award Period: December 11, 2009 through December 31, 2013

Award Numbers: WFHF 09-027

Procurement

Questioned Cost: None

Criteria: In accordance with 7 CFR §3016.36(b)(1), grantees should follow their own procurement procedures. According to the County's procurement policy, for purchases between \$3,000 and \$10,000, county departments must obtain three oral quotes and submit a purchase requisition to the County's finance department (Finance) for review and approval. Finance must review and approve the request prior to issuing a purchase order. Departments cannot order goods or services until a purchase order is issued by Finance.

Yavapai County
Schedule of Findings and Questioned Costs
Year Ended June 30, 2012

Condition and context: The County's Public Works Department (Department) did not follow the County's procurement policy for the only purchase for which the procurement requirement was applicable. Specifically, the Department obtained three oral quotes, and services totaling \$5,694 were performed before Finance issued a purchase order. A purchase order was obtained subsequent to the purchase.

Effect: The Department did not comply with federal and county regulations regarding procurement and could have paid more than necessary for services.

Cause: The Department was unaware that it needed to follow the County's procurement policy for this program.

Recommendation: The County should enforce its procurement policy and ensure that county departments comply with federal regulations.



Yavapai County Finance Department

JOHN ZANDER, CPA

FINANCE DIRECTOR

March 22, 2013

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, 2012

Federal Award Findings and Questioned Costs

12-101

State Fiscal Stabilization Fund Cluster:

CFDA No.: 84.397 **ARRA—State Fiscal Stabilization Fund (SFSF)—
Government Services, Recovery Act**

Name of contact person: Rita Leyva, Chief Deputy and
Mike Saint-Amour, Associate Superintendent

Anticipated completion date: June 30, 2013

The Finance Administrator position no longer exists and that employee is no longer part of our organization. We have restructured our staff and distributed the work load so that no one employee is responsible for preparing, approving and submitting reimbursement requests in order to improve internal control. Further, in accordance with any intergovernmental agreements, we are prepared to operate on a reimbursement only basis. We are in the process of creating procedures to determine the appropriateness of grant expenditures before expenditures occur.

12-102

State Fiscal Stabilization Fund Cluster:

CFDA No.: 84.397 **ARRA—State Fiscal Stabilization Fund (SFSF)—
Government Services, Recovery Act**

Name of contact person: Rita Leyva, Chief Deputy and
Mike Saint-Amour, Associate Superintendent

Anticipated completion date: June 30, 2013

The employee responsible for creating the incorrect journal entry is no longer part of our organization. We have restructured our staff and distributed the work load so that no one employee is responsible for preparing, approving and submitting reimbursement requests in order to improve internal control. We believe that our new structure, which includes checks and balances will ensure that we find and correct errors in a timely fashion.

Yavapai County
Corrective Action Plan
Year Ended June 30, 2012

12-103

Special Education Cluster:

CFDA No. : 84.027 **Special Education—Grants to States**
84.173 **Special Education—Preschool Grants**

Name of contact person: Rita Leyva, Chief Deputy and
Mike Saint-Amour, Associate Superintendent

Anticipated completion date: June 30, 2013

We have restructured our staff and distributed the work load so that no one employee is responsible for preparing, approving and submitting reimbursement requests in order to improve internal control. We believe that our new structure, along with increased training on grants management, will increase the effectiveness of our internal control system in order to remain compliant with all program activities, cost principles, cash management and reporting.

12-104

Special Education Cluster:

CFDA No. : 84.027 **Special Education—Grants to States**
84.173 **Special Education—Preschool Grants**

Name of contact person: Rita Leyva, Chief Deputy and
Mike Saint-Amour, Associate Superintendent

Anticipated completion date: June 30, 2013

We realize that we have been negligent in the preparation of time and effort logs in several of our program areas. We have printed the OMB Circular A-87 as well as ADE's Quick Guide on Time & Effort and we have asked our employees to familiarize themselves with the materials. We will continue to work to become more familiar with the topics discussed in both of these guides and will strive to implement better procedures for our employees to log their efforts on a monthly basis. When training is available, we will do our best to have our employees attend trainings on grant procedures, grants management, cash reporting, and program requirements. We understand that we need to keep more detailed records concerning the salaries and wages as we charge them to each individual program/grant. We are in the process of implementing a new electronic version of a Time and Effort log and we will set a strict policy requiring employees to submit the logs on a regular basis.

Yavapai County
Corrective Action Plan
Year Ended June 30, 2012

12-105

Special Education Cluster:

CFDA No. : 84.027 **Special Education—Grants to States**
84.173 **Special Education—Preschool Grants**

Name of contact person: Rita Leyva, Chief Deputy and
Mike Saint-Amour, Associate Superintendent

Anticipated completion date: November 1, 2014

As we prepare to enter a new fiscal year administering the referenced grants and related programs, we will adjust how we distribute any "left over" cash. We will not advance cash to the districts, but will, instead operate the program on a reimbursement basis in order to ensure that grant funds are used only for the intended purpose and are adequately supported. As we require more detailed time and effort logs from our service providing employees, we will be able to prove that funds were used only for authorized purposes.

12-106

Special Education Cluster:

CFDA No. : 84.027 **Special Education—Grants to States**
84.173 **Special Education—Preschool Grants**

Name of contact person: Rita Leyva, Chief Deputy and
Mike Saint-Amour, Associate Superintendent

Anticipated completion date: June 30, 2013

We have printed the OMB Circular A-87 as well as ADE's Quick Guide on Time & Effort and we have asked our employees to familiarize themselves with the materials. We will continue to work to become more familiar with the topics discussed in both of these guides and will strive to implement better procedures for our service providing employees to log their efforts on a monthly basis. When training is available, we will do our best to have our financial and clerical employees attend trainings on grant procedures, grants management, cash reporting, and program requirements. We understand that we need to keep more detailed records concerning the salaries and wages as we charge them to each individual program/grant or school. We are in the process of implementing a new electronic version of a Time and Effort log and we will set a strict policy requiring employees to submit the logs on a regular basis.

Yavapai County
Corrective Action Plan
Year Ended June 30, 2012

12-107

Special Education Cluster:

CFDA No. : 84.027 **Special Education—Grants to States**

84.173 **Special Education—Preschool Grants**

Name of contact person: Rita Leyva, Chief Deputy and
Mike Saint-Amour, Associate Superintendent

Anticipated completion date: June 30, 2013

We have printed the OMB Circular A-87 as well as ADE's Quick Guide on Time & Effort and we have asked our employees to familiarize themselves with the materials. No more than 2 payrolls will be included on any cash management report and supporting documentation will be retained for all requested expenditures. We will continue to work to become more familiar with the topics discussed in both of these guides and will strive to implement better procedures for our service providing employees to log their efforts on a monthly basis.

12-108

CFDA No.: 20.106 **Airport Improvement Program**

Name of contact person: Gay Hendin, Administrative Assistant II

Anticipated completion date: March 29, 2013

A Federal Financial Report (FFR) will be completed annually and at the completion of the award agreement in accordance with federal requirements.

12-109

CFDA No.: 20.106 **Airport Improvement Program**

Name of contact person: Gay Hendin, Administrative Assistant II

Anticipated completion date: April 30, 2013

Grant administration costs will be tracked and detailed supporting documentation will be maintained. These costs will be recorded in the financial system and properly presented on the Schedule of Expenditures of Federal Awards (SEFA).

Yavapai County
Corrective Action Plan
Year Ended June 30, 2012

12-110

CFDA No.: 10.664 **Cooperative Forestry Assistance**

Name of contact person: Denny Foulk, Emergency Management Coordinator

Anticipated completion date: March 14, 2013

Emergency Management will reconcile all payables in the month they were received, track invoices from receipt to payment, and from payment to reimbursement. Although wildland urban interface grants are highly specialized, independent review can be achieved within the office. The reviewer will be responsible to ensure that all documentation which validates the expense is included, as well as processed in a timely fashion. Elements of the grant agreement will be validated to ensure that only allowable costs are included in the submission.

12-111

CFDA No.: 10.664 **Cooperative Forestry Assistance**

Name of contact person: Denny Foulk, Emergency Management Coordinator

Anticipated completion date: March 20, 2013

The submission reviewer will ensure that match used to comply with the grant agreement will be validated using OMB Circular A-87, as well as the grant agreement to ensure only allowable expenses are claimed. Questions which may arise will be addressed to the state grant administrator at Arizona State Forestry. Disallowable match will be discarded. Supporting documentation for the matching contributions claimed will be retained.

12-112

CFDA No.: 10.664 **Cooperative Forestry Assistance**

Name of contact person: Denny Foulk, Emergency Management Coordinator

Anticipated completion date: March 14, 2013

Emergency Management will ensure that all expenditures meet federal, state, and county procurement policy with the appropriately signed purchase order prior to authorizing work when above the cost threshold.



Yavapai County Finance Department

JOHN ZANDER, CPA

FINANCE DIRECTOR

November 26, 2012

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

Dear Ms. Davenport,

The accompanying Summary Schedule of Prior Audit Findings has been prepared as required by U.S. Office of Management and Budget Circular A-133. Specifically, we are reporting the status of audit findings included in the prior audit's Schedule of Findings and Questioned Costs related to federal awards.

Sincerely,

John Zander
Finance Director

Yavapai County
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2012

Status of 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)**

Status: Fully corrected.

Yavapai County
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2012

11-102

JAG Program Cluster:

- CFDA No. : 16.738 **Edward Byrne Memorial Justice Assistance Grant Program**
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- 16.804 **ARRA–Recovery Act – Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government**

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- 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)**

Status: Fully corrected.