

Yavapai County

Single Audit Report

Year Ended June 30, 2016



A Report to the Arizona Legislature

Debra K. Davenport
Auditor General





The Auditor General is appointed by the Joint Legislative Audit Committee, a bipartisan committee composed of five senators and five representatives. Her mission is to provide independent and impartial information and specific recommendations to improve the operations of state and local government entities. To this end, she provides financial audits and accounting services to the State and political subdivisions, investigates possible misuse of public monies, and conducts performance audits and special reviews of school districts, state agencies, and the programs they administer.

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Comprehensive annual financial report



DEBRA K. DAVENPORT, CPA
AUDITOR GENERAL

STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL

MELANIE M. CHESNEY
DEPUTY AUDITOR GENERAL

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

Members of the Arizona State Legislature

The Board of Supervisors
Yavapai County, Arizona

We have audited, 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, the financial statements of the governmental activities, each major fund, and aggregate remaining fund information of Yavapai County as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated January 24, 2017.

Internal control over financial reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the County's basic financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2016-01 and 2016-02, that we consider to be significant deficiencies.

Compliance and other matters

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

Yavapai County response to findings

Yavapai County's responses to the findings identified in our audit are presented in its corrective action plan at the end of this report. The County's responses were not subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

Purpose of this report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Jay Zsorey, CPA
Financial Audit Director

January 24, 2017



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

Members of the Arizona State Legislature

The Board of Supervisors
Yavapai County, Arizona

Report on compliance for each major federal program

We have audited Yavapai County's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. 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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on each major federal program

In our opinion, Yavapai County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Report on internal control over compliance

The County's management is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

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

We have audited the financial statements of the governmental activities, each major fund, and aggregate remaining fund information of Yavapai County as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated January 24, 2017, that contained unmodified opinions 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 the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of the County's management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures,

including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Jay Zsorey, CPA
Financial Audit Director

March 29, 2017





SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Summary of auditors' results

Financial statements

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

Internal control over financial reporting

Material weaknesses identified? No

Significant deficiencies identified? Yes

Noncompliance material to the financial statements noted? No

Federal awards

Internal control over major programs

Material weaknesses identified? No

Significant deficiencies identified? None reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? No

Identification of major programs

CFDA number	Name of federal program or cluster
10.665	Forest Service Schools and Roads Cluster
15.226	Payments in Lieu of Taxes
93.224, 93.527	Health Centers Cluster
93.994	Maternal and Child Health Services Block Grant to the States

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

Auditee qualified as low-risk auditee? No

Other matters

Auditee’s summary schedule of prior audit findings required to be reported in accordance with 2 CFR 200.511 (b)? Yes

Financial statement findings

2016-01

The County should establish procedures for preparing its annual financial report

Criteria—The County should have policies and procedures to help ensure that its annual financial report that includes its financial statements, note disclosures, required supplementary information, and other financial schedules is accurately compiled and prepared in accordance with U.S. generally accepted accounting principles (GAAP). The County's Board of Supervisors and management depend on accurate financial statements prepared in accordance with GAAP to fulfill their oversight responsibilities and to report accurate financial information to the public and agencies from which the County receives funding.

Condition and context—The County's Department of Finance did not accurately compile and thoroughly review its annual financial report. As a result, the County's annual financial report contained misstatements and errors that required correction. For example, certain pension revenues and expenses, capital leases, and certain reconciling items between the government-wide and fund financial statements were not accurately reported in accordance with GAAP. Further, the pension note disclosures contained numerous errors.

Effect—Without a detailed review, the County's annual financial report could misstate amounts reported, omit important and required information, or contain other misstatements and errors. The County adjusted its financial statements, note disclosures, required supplementary information, and other financial schedules to report the correct amounts and other required information.

Cause—The County lacked comprehensive written policies and procedures needed to accurately prepare and perform a thorough review of its annual financial report.

Recommendation—To help ensure that the County's annual financial report is accurate and prepared in accordance with GAAP, the County should develop and follow comprehensive written policies and procedures for compiling and presenting financial data within its annual financial report. The policies and procedures should include detailed instructions for compiling data from the County's accounting system and for obtaining information not readily available from the accounting system, but necessary for financial statement preparation. The policies and procedures should require an employee knowledgeable of GAAP and who did not prepare the annual financial report to perform a detailed review of it. The reviewer should make sure that the amounts reported are accurate, properly supported, and presented in accordance with GAAP. In addition, the County should allocate the appropriate resources to monitor and enforce completion dates for compiling, preparing, and reviewing its annual financial report.

The District's responsible officials' views and planned corrective action are in its corrective action plan included at the end of this report.

This finding is similar to prior year finding 2015-01.

2016-02

The County should improve its contingency planning procedures for its information technology resources

Criteria—It is critical that the County have contingency planning procedures in place to provide for the continuity of operations and to help ensure that vital information technology (IT) resources, which include its systems, network, infrastructure, and data, can be recovered in the event of a disaster, system or equipment failure, or other interruption. Contingency planning procedures include having a comprehensive, up-to-date contingency plan; taking steps to facilitate activating the plan; and having system and data backup policies and procedures.

Condition and context—The County did not have a process developed and documented to perform regularly scheduled tests of its contingency plan and document the tests performed and results.

Effect—The County risks not being able to provide for the continuity of operations, recover vital IT systems and data, and conduct daily operations in the event of a disaster, system or equipment failure, or other interruption, which could cause inaccurate or incomplete system and data recovery.

Cause—The County lacked sufficient policies and procedures and detailed instructions to test the contingency plan and document the results.

Recommendation—To help ensure county operations continue in the event of a disaster, system or equipment failure, or other interruption, the County needs to test its contingency planning procedures. The information below provides guidance and best practices to help the County achieve this objective.

- **Test the contingency plan**—A process should be developed and documented to perform regularly scheduled tests of the contingency plan and document the tests performed and results. This process should include updating and testing the contingency plan at least annually or as changes necessitate, and coordinating testing with other plans of the entity such as its continuity of operations, cyber incident response, and emergency response plans. Plan testing may include actual tests, simulations, or table top discussions and should be comprehensive enough to evaluate whether the plan can be successfully carried out. The test results should be used to update or change the plan.

The County's responsible officials' views and planned corrective action are in its corrective action plan included at the end of this report.

Federal award findings and questioned costs

None reported.

COUNTY SECTION

Yavapai County
Schedule of expenditures of federal awards
Year ended June 30, 2016

Federal agency/CFDA number	Federal program name	Cluster title	Pass-through grantor	Pass-through grantor's numbers	Program expenditures	Amount provided to subrecipients
Department of Agriculture						
10 553	School Breakfast Program	Child Nutrition Cluster	Arizona Department of Education	ED09-0001	\$ 17,068	
10 555	National School Lunch Program	Child Nutrition Cluster	Arizona Department of Education	ED09-0001	25,389	
10 555	National School Lunch Program (noncash)	Child Nutrition Cluster	Arizona Department of Education	ED09-0001	34,174	
	<i>Total Child Nutrition Cluster</i>				<u>76,631</u>	
10 557	Special Supplemental Nutrition Program for Women, Infants, and Children		Arizona Department of Health Services	ADHS14-053058	695,228	
10 561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	SNAP Cluster	Arizona Department of Health Services	ADHS12-030679, ADHS16-106460	187,608	
10 565	Commodity Supplemental Food Program	Food Distribution Cluster	Arizona Department of Health Services	ADHS12-010884	24,696	
10 665	Schools and Roads—Grants to States	Forest Service Schools and Roads Cluster			2,265,019	
10 Unknown	Forest Service				<u>36,580</u>	
	Total Department of Agriculture				<u>3,285,762</u>	
Department of Housing And Urban Development						
14 228	Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii		Arizona Department of Housing	103-14, 108-14, 116-14	73,422	
Department of Interior						
15 226	Payments in Lieu of Taxes				3,480,910	
15 227	Distribution of Receipts to State and Local Governments				<u>32,813</u>	
	Total Department of Interior				<u>3,513,723</u>	
Department of Justice						
16 Unknown	Domestic Cannabis Eradication/Suppression Program				7,422	
16 523	Juvenile Accountability Block Grants		Arizona Governor's Office for Children, Youth and Families	JB-CSG-14-4365-11	14,107	
16 543	Missing Children's Assistance		Arizona Internet Crimes Against Children Task Force	2012-MC-FX-K008	5,000	
16 575	Crime Victim Assistance		Arizona Department of Public Safety	2014-133, 2015-291	223,412	
16 606	State Criminal Alien Assistance Program				5,656	
16 738	Edward Byrne Memorial Justice Assistance Grant Program				18,818	
16 738	Edward Byrne Memorial Justice Assistance Grant Program		Arizona Criminal Justice Commission	DC-16-034	<u>50,231</u>	
	<i>Total 16.738</i>				<u>69,049</u>	
	Total Department of Justice				<u>324,626</u>	
Department of Labor						
17 258	WIA/WIAO Adult Program	WIA/WIAO Cluster	Arizona Department of Economic Security	DE14-052752, DH16-002118	486,323	\$ 486,323
17 259	WIA/WIAO Youth Activities	WIA/WIAO Cluster	Arizona Department of Economic Security	DE14-052752, DH16-002118	385,687	385,687

See accompanying notes to schedule.

Yavapai County
Schedule of expenditures of federal awards
Year ended June 30, 2016

Federal agency/CFDA number	Federal program name	Cluster title	Pass-through grantor	Pass-through grantor's numbers	Program expenditures	Amount provided to subrecipients
17 278	WIA/WIAO Dislocated Worker Formula Grants	WIA/WIAO Cluster	Arizona Department of Economic Security	DE14-052752, DI16-002118	<u>583,139</u>	<u>583,139</u>
	<i>Total WIA/WIAO Cluster</i>				<u>1,455,149</u>	<u>1,455,149</u>
17 281	Workforce Investment Act (WIA) Dislocated Worker National Reserve Technical Assistance and Training		Arizona Department of Economic Security	DI16-002118	<u>1,745</u>	<u>1,745</u>
	Total Department of Labor				<u>1,456,894</u>	<u>1,456,894</u>
Department of Transportation						
20 106	Airport Improvement Program					<u>3,136</u>
20 205	Highway Planning and Construction	Highway Planning And Construction Cluster	Arizona Department of Transportation	JPA 11-087, JPA 12-105I, JPA 14-0004610-I, JPA 14-0004613-I	<u>418,640</u>	
20 505	Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research		Arizona Department of Transportation	JPA 11-087	<u>67,936</u>	
20 600	State and Community Highway Safety	Highway Safety Cluster	Arizona Governor's Office of Highway Safety	2015-AL-025, 2015-PT-047, 2016-AI-005, 2016-AL-055, 2016-AL-072, 2016-CIOT-019, 2016-PS-016, 2016-PT-050	<u>74,368</u>	
	Total Department of Transportation				<u>564,080</u>	
Institute of Museum and Library Services						
45 310	Grants to States		Arizona State Library, Archives and Public Records	2015-35026-29		<u>25,621</u>
Department of Education						
84 013	Title I State Agency Program for Neglected and Delinquent Children and Youth		Arizona Supreme Court	N/A		<u>52,773</u>
84 027	Special Education—Grants to States	Special Education Cluster (IDEA)	Arizona Department of Education	16FESCBG-613357-09A, 16FESSCG-613357-55B	<u>237,923</u>	
84 027	Special Education—Grants to States	Special Education Cluster (IDEA)	Arizona Supreme Court	N/A	<u>78,497</u>	
	<i>Total 84.027</i>				<u>316,420</u>	
84 173	Special Education—Preschool Grants	Special Education Cluster (IDEA)	Arizona Department of Education	16FECCBP-613357-37A	<u>13,623</u>	
	<i>Total Special Education Cluster (IDEA) Cluster</i>				<u>330,043</u>	
84 365	English Language Acquisition State Grants		Arizona Department of Education	16FELENG-613357-66A	<u>19,549</u>	
84 367	Improving Teacher Quality State Grants		Arizona Supreme Court	N/A	<u>8,430</u>	
84 Unknown	State Fiscal Stabilization Fund (SFSF)—Race-to-the-Top Incentive Grants, Recovery Act		Arizona Department of Education	13-06-EDSG	<u>90,180</u>	
	Total Department of Education				<u>500,975</u>	
Department of Health and Human Services						
93 069	Public Health Emergency Preparedness		Arizona Department of Health Services	ADHS12-007898	<u>320,740</u>	
93 070	Environmental Public Health And Emergency Response		Arizona Department of Health Services	ADHS16-099019, ADHS16-118059	<u>8,311</u>	
93 074	Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements		Arizona Department of Health Services	ADHS12-007898	<u>33,945</u>	
93 136	Injury Prevention And Control Research and State And Community Based Programs		Arizona Department of Health Services	ADHS16-110838	<u>39,333</u>	

Yavapai County
Schedule of expenditures of federal awards
Year ended June 30, 2016

Federal agency/CFDA number	Federal program name	Cluster title	Pass-through grantor	Pass-through grantor's numbers	Program expenditures	Amount provided to subrecipients
93 217	Family Planning—Services		Arizona Family Health Partnership	N/A	340,429	
93 224	Consolidated Health Centers (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care)	Health Centers Cluster			502,431	
93 527	Affordable Care Act (ACA) Grants for New and Expanded Services under the Health Center Program <i>Total Health Centers Cluster</i>	Health Centers Cluster			<u>1,411,049</u> <u>1,913,480</u>	
93 243	Substance Abuse and Mental Health Services—Projects of Regional and National Significance		Arizona Governor's Office of Youth, Faith and Family	PFS-GR-15-100115-03	60,630	58,614
93 268	Immunization Cooperative Agreements		Arizona Department of Health Services	ADHS13-041551	161,660	
93 563	Child Support Enforcement		Arizona Department of Economic Security	G1304AZ4004	177,722	
93 597	Grants to States for Access and Visitation Programs		Arizona Department of Economic Security	G1101AZSAVP, 1601AZSAVP	6,519	
93 752	Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations financed in part by Prevention and Public Health Funds		Arizona Department of Health Services	ADHS14-064589	141,606	
93 757	State Public Health Actions to Prevent and Control Diabetes, Heart Disease, Obesity and Associated Risk Factors and Promote School Health Financed in Part by Prevention and Public Health Funding (PPHF)		Arizona Department of Health Services	ADHS16-113864	70,000	
93 917	HIV Care Formula Grants		Arizona Department of Health Services	ADHS13-040485	75,729	
93 940	HIV Prevention Activities—Health Department Based		Arizona Department of Health Services	ADHS13-029720	12,875	
93 945	Assistance Programs for Chronic Disease Prevention and Control		Arizona Department of Health Services	ADHS16-113864	1,000	
93 977	Preventive Health Services—Sexually Transmitted Diseases Control Grants		Arizona Department of Health Services	ADHS14-071220	15,903	
93 991	Preventive Health and Health Services Block Grant		Arizona Department of Health Services	ADHS16-098338	18,302	
93 994	Maternal and Child Health Services Block Grant to the States		Arizona Department of Health Services	ADHS13-034544, ADHS13-044452, ADHS14-074956, ADHS16-098338	<u>357,112</u>	
Total Department of Health and Human Services					<u>3,755,296</u>	<u>58,614</u>
Department of Homeland Security						
97 042	Emergency Management Performance Grants		Arizona Department of Emergency and Military Affairs	EMW-2015-EP-000048	168,955	
97 045	Cooperating Technical Partners				170,479	
97 067	Homeland Security Grant Program		Arizona Department of Homeland Security	130514-01, 140518-01, 150509-01	<u>6,616</u>	
Total Department of Homeland Security					<u>346,050</u>	
Total expenditures of federal awards					<u>\$ 13,846,469</u>	<u>\$ 1,515,508</u>

See accompanying notes to schedule.

Yavapai County
Notes to schedule of expenditures of federal awards
Year ended June 30, 2016

Note 1 - Basis of presentation

The accompanying schedule of expenditures of federal awards (schedule) includes Yavapai County's federal grant activity for the year ended June 30, 2016. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Note 2 - Summary of significant accounting policies

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

Note 3 - Catalog of Federal Domestic Assistance (CFDA) numbers

The program titles and CFDA numbers were obtained from the federal or pass-through grantor or the *2016 Catalog of Federal Domestic Assistance*. When no CFDA number had been assigned to a program, the two-digit federal agency identifier and the federal contract number were used. When there was no federal contract number, the two-digit federal agency identifier and the word "unknown" were used.

Note 4 - Indirect cost rate

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

COUNTY RESPONSE



Yavapai County Finance Department

DANIEL RUSING, CPA

FINANCE DIRECTOR

March 29, 2017

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

Dear Ms. Davenport,

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

Sincerely,

Daniel Rusing
Finance Director

Yavapai County
Corrective Action Plan
Year Ended June 30, 2016

Financial Statement Findings

2016-01

The County should establish procedures for preparing its annual financial report

Name of contact person: Daniel Rusing, Finance Director

Anticipated completion date: 6/30/2017

Yavapai County concurs with the finding and recommendations. The County will develop a comprehensive written policy and related procedures for compiling and presenting financial data within our annual financial report, and this policy will be followed for the current year. The County has already allocated additional funding in the current year's budget to generate improved reporting from our new accounting system that should improve the accuracy of financial data generated; the benefits of this activity should be realized before our June 30, 2017 year end. We also intend to include a request in our 2017-18 County budget to add another staff person to the Finance Department which will provide us with appropriate resources to monitor and enforce completion dates for compiling, preparing and reviewing our annual financial report; this will effectively provide for another employee that will be available to insure all financial report work is prepared and detail reviewed by separate employees who are knowledgeable of GAAP.

2016-02

The County should improve its contingency planning procedures for its information technology resources

Name of contact person: Michael Holmes, Management Information Systems Director

Anticipated completion date: 6/30/2017

The current Financial and Payroll system exists in a fully redundant virtualized environment. Failover procedures are currently in place and used as necessary. Current documentation is available that covers all systems in MIS including backup/recovery and failover.

However, a routine scheduled failover to test continuity of operation is not in place. A quarterly, or semi-annual test can be implemented with the agreement of the Finance Director and HR Director.



Yavapai County Finance Department

DANIEL RUSING, CPA

FINANCE DIRECTOR

March 29, 2017

Debbie Davenport
Auditor General
2910 North 44th St., Ste. 410
Phoenix, AZ 85018

Dear Ms. Davenport,

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

Sincerely,

Daniel Rusing
Finance Director

Yavapai County
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2016

Status of Financial Statement Findings

The County should establish policies and procedures for preparing its financial statements

Finding No. : 2015-01

Status: Not corrected. This finding recurred because we were unable to implement the Corrective Action Plan with existing staffing levels despite our expectations. Yavapai County concurs with the finding and recommendations. The County will develop a comprehensive written policy and related procedures for compiling and presenting financial data within our annual financial report, and this policy will be followed for the current year. The County has already allocated additional funding in the current year's budget to generate improved reporting from our new accounting system that should improve the accuracy of financial data generated; the benefits of this activity should be realized before our June 30, 2017 year end. We also intend to include a request in our 2017-18 County budget to add another staff person to the Finance Department which will provide us with appropriate resources to monitor and enforce completion dates for compiling, preparing and reviewing our annual financial report; this will effectively provide for another employee that will be available to insure all financial report work is prepared and detail reviewed by separate employees who are knowledgeable of GAAP.

Status of Federal Award Findings and Questioned Costs

CFDA No. : 93.994 **Maternal and Child Health Services Block Grant to States**

Finding No. : 2014-101, 2015-101

Status: Fully corrected.

Health Centers Cluster

CFDA No. : 93.224 **Consolidated Health Centers (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care)**

CFDA No. : 93.527 **Affordable Care Act (ACA) Grants for New and Expanded Services Under the Health Center Program**

Finding No. : 2015-102

Status: Fully corrected.

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

Finding No. : 2015-103

Status: Fully corrected.

