

Yavapai County

Single Audit Report

Year Ended June 30, 2018



A Report to the Arizona Legislature

Lindsey A. Perry
Auditor General





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TABLE OF CONTENTS

Auditors section

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 1

Schedule of findings and questioned costs 5

Summary of auditors' results 5

Financial statement findings 7

Federal award findings and questioned costs 7

County section

Schedule of expenditures of federal awards 9

Notes to schedule of expenditures of federal awards 13

County response

Summary schedule of prior audit findings

Reports issued separately

Comprehensive Annual Financial Report

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



MELANIE M. CHESNEY
DEPUTY AUDITOR GENERAL

ARIZONA AUDITOR GENERAL
LINDSEY A. PERRY

JOSEPH D. MOORE
DEPUTY AUDITOR GENERAL

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

Members of the Arizona State Legislature

The Board of Supervisors of
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, 2018. 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, 2018.

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, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated December 27, 2018, 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.

Donna Miller, CPA
Director, Financial Audit Division

March 21, 2019





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 weakness identified? **Yes**

Significant deficiency 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
10.557	WIC Special Supplemental Nutrition Program for Women, Infants, and Children
10.665	Forest Service Schools and Roads Cluster
93.224, 93.527	Health Center Program Cluster

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

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

Federal award findings and questioned costs

None reported.

COUNTY SECTION

Yavapai County
Schedule of expenditures of federal awards
Year ended June 30, 2018

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	\$	19,424
10 555	National School Lunch Program	Child Nutrition Cluster	Arizona Department of Education	ED09-0001		30,986
10 555	National School Lunch Program (noncash)	Child Nutrition Cluster	Arizona Department of Education	ED09-0001		23,949
	<i>Total Child Nutrition Cluster</i>					<u>74,359</u>
10 557	WIC Special Supplemental Nutrition Program for Women, Infants, and Children		Arizona Department of Health Services	ADHS14-053058		674,763
10 561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	SNAP Cluster	Arizona Department of Health Services	ADHS16-106460		193,955
10 565	Commodity Supplemental Food Program	Food Distribution Cluster	Arizona Department of Health Services	ADHS17-132847		7,272
10 665	Schools and Roads—Grants to States	Forest Service Schools and Roads Cluster				2,066,270
10 923	Emergency Watershed Protection Program					144,735
10 U00 18-CS-11030900-010/011	Forest Service					<u>72,066</u>
	Total Department of Agriculture					<u>3,233,420</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	103-18, 107-18, 108-18		327,510
14 239	Home Investment Partnerships Program		Arizona Department of Housing	307-17		<u>272,533</u>
	Total Department of Housing And Urban Development					<u>600,043</u>
Department of Interior						
15 227	Distribution of Receipts to State and Local Governments					<u>35,005</u>
Department of Justice						
16 U01 2018-03	Domestic Cannabis Eradication/Suppression Program					10,716
16 543	Missing Children's Assistance		Arizona Internet Crimes Against Children Task Force	2015-MC-FX-K027		2,500
16 575	Crime Victim Assistance		Arizona Department of Public Safety	2015-464, 2015-481, 2018-342, 2018-357		276,225
16 593	Residential Substance Abuse Treatment for State Prisoners		Arizona Criminal Justice Commission	RSAT-18-006		22,673
16 738	Edward Byrne Memorial Justice Assistance Grant Program					8,739
16 738	Edward Byrne Memorial Justice Assistance Grant Program		Arizona Criminal Justice Commission	DC-18-011, DC-18-034		<u>205,599</u>
	<i>Total 16.738</i>					<u>214,338</u>
16 745	Criminal and Juvenile Justice and Mental Health Collaboration Program					<u>48,075</u>
	Total Department of Justice					<u>574,527</u>

See accompanying notes to schedule.

Yavapai County
Schedule of expenditures of federal awards
Year ended June 30, 2018

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 Labor						
17 258	WIOA Adult Program	WIOA Cluster	Arizona Department of Economic Security	DI16-002118	463,284	\$ 463,284
17 259	WIOA Youth Activities	WIOA Cluster	Arizona Department of Economic Security	DI16-002118	478,806	478,806
17 278	WIOA Dislocated Worker Formula Grants	WIOA Cluster	Arizona Department of Economic Security	DI16-002118	466,313	466,313
	<i>Total WIOA Cluster</i>				<u>1,408,403</u>	<u>1,408,403</u>
	Total Department of Labor				<u>1,408,403</u>	<u>1,408,403</u>
Department of Transportation						
20 205	Highway Planning and Construction	Highway Planning and Construction Cluster	Arizona Department of Transportation	JPA 11-087, GRT-17-0006566-T	230,486	
20 505	Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research		Arizona Department of Transportation	JPA 11-087, GRT-17-0006566-T	53,647	
20 513	Enhanced Mobility of Seniors and Individuals with Disabilities	Transit Services Programs Cluster	Arizona Department of Transportation	JPA 11-087, GRT-17-0006566-T	42,811	
20 600	State and Community Highway Safety	Highway Safety Cluster	Arizona Governor's Office of Highway Safety	2017-AL-049, 2017-PT-064, 2018-AL-033, 2018-AL-037, 2018-PTS-076	48,471	
20 616	National Priority Safety Programs	Highway Safety Cluster	Arizona Governor's Office of Highway Safety	2017-405d-039, 2018-405h-020, 2018-CIOT-026	21,827	
	<i>Total Highway Safety Cluster</i>				<u>70,298</u>	
	Total Department of Transportation				<u>397,242</u>	
Institute of Museum and Library Services						
45 310	Grants to States		Arizona State Library, Archives and Public Records	2017-0010-06, 2017-0010-07, 2017-0170-17, 2017-0260-12	97,425	
Department of Education						
84 010	Title I Grants to Local Educational Agencies		Arizona Department of Education	18FT1TTI-811555-01A	12,510	
84 013	Title I State Agency Program for Neglected and Delinquent Children and Youth		Arizona Department of Education	18FLCCCL-813357-02A	109,271	
84 027	Special Education—Grants to States	Special Education Cluster (IDEA)	Arizona Department of Education	18FESCBG-810683-09A, 18FESCBG-811555-09A, 18FESLTI-813357-01A, 18FESSCG-810683-55B, 18FESSCG-813357-55B	56,834	
84 365	English Language Acquisition State Grants		Arizona Department of Education	18FESCBG-811555-09A	38,385	
84 367	Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)		Arizona Department of Education	18FESCBG-811555-09A	10,736	
	Total Department of Education				<u>227,736</u>	
Election Assistance Commission						
90 401	Help America Vote Act Requirements Payments		Arizona Secretary of State	N/A	27	

Yavapai County
Schedule of expenditures of federal awards
Year ended June 30, 2018

Federal agency/CFDA number	Federal program name	Cluster title	Pass-through Pass-through grantor	Pass-through grantor's numbers	Program expenditures	Amount provided to subrecipients
Department of Health and Human Services						
93 069	Public Health Emergency Preparedness		Arizona Department of Health Services	ADHS17-132201, ADHS1	284,410	
93 103	Food and Drug Administration Research				70,000	
93 103	Food and Drug Administration Research		Association of Food and Drug Officials	G-MP-1611-03654	16,993	
	<i>Total 93.103</i>				<u>86,993</u>	
93 136	Injury Prevention and Control Research and State and Community Based Programs		Arizona Department of Health Services	ADHS16-110838	96,028	
93 217	Family Planning Services		Arizona Family Health Partnership	N/A	317,613	
93 224	Health Center Program (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care)	Health Center Program Cluster			267,387	
93 527	Grants for New and Expanded Services under the Health Center Program	Health Center Program Cluster			1,765,326	
	<i>Total Health Center Program Cluster</i>				<u>2,032,713</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, PFS-GR-17-0931016-03	165,687	159,761
93 268	Immunization Cooperative Agreements		Arizona Department of Health Services	ADHS13-041551	8,350	
93 539	PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance financed in part by Prevention and Public Health Funds		Arizona Department of Health Services	ADHS13-041551, ADHS18-177692	108,211	
93 563	Child Support Enforcement		Arizona Department of Economic Security	G1304AZ4004, G1804AZ4004	184,441	
93 597	Grants to States for Access and Visitation Programs		Arizona Department of Economic Security	1601AZSAVP	4,682	
93 757	State and Local Public Health Actions to Prevent Obesity, Diabetes, Heart Disease and Stroke (PPHF)		Arizona Department of Health Services	ADHS16-113864	71,000	
93 758	Preventive Health and Health Services Block Grant funded solely with Prevention and Public Health Funds (PPHF)		Arizona Department of Health Services	ADHS16-098338	53,884	
93 788	Opioid STR		Health Choice Integrated Care	YCSO 2017 11.30	14,986	
93 898	Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations		Arizona Department of Health Services	ADHS14-064589	171,123	
93 917	HIV Care Formula Grants		Arizona Department of Health Services	ADHS13-040485, ADHS18-193922	75,589	
93 940	HIV Prevention Activities—Health Department Based		Arizona Department of Health Services	ADHS17-165684, ADHS18-188824	16,855	
93 945	Assistance Programs for Chronic Disease Prevention and Control		Arizona Department of Health Services	ADHS18-174953	20,000	
93 959	Block Grants for Prevention and Treatment of Substance Abuse		Arizona Governor's Office of Youth, Faith and Family	IGA-SABG-GR-18-070117-13	90,928	
93 977	Sexually Transmitted Diseases (STD) Prevention and Control Grants		Arizona Department of Health Services	ADHS14-071220	14,466	
93 994	Maternal and Child Health Services Block Grant to the States		Arizona Department of Health Services	ADHS14-074956, ADHS16-098338	246,569	
Total Department of Health and Human Services					<u>4,064,528</u>	<u>159,761</u>

Yavapai County
Schedule of expenditures of federal awards
Year ended June 30, 2018

Federal agency/CFDA number	Federal program name	Cluster title	Pass-through grantor	Pass-through grantor's numbers	Program expenditures	Amount provided to subrecipients
Corporation for National and Community Service						
94 006	AmeriCorps		Arizona Supreme Court	N/A	<u>6,112</u>	
Department of Homeland Security						
97 042	Emergency Management Performance Grants		Arizona Department of Emergency and Military Affairs	EMF-2017-EP-00008-S01	<u>144,470</u>	
97 045	Cooperating Technical Partners				<u>724,138</u>	
97 067	Homeland Security Grant Program		Arizona Department of Homeland Security	160517-01, 170516-01	<u>47,629</u>	
	Total Department of Homeland Security				<u>916,237</u>	
	Total expenditures of federal awards				<u>\$ 11,560,705</u>	<u>\$ 1,568,164</u>

Yavapai County
Notes to schedule of expenditures of federal awards
Year ended June 30, 2018

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, 2018. 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*.

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 2018 *Catalog of Federal Domestic Assistance*. When no CFDA number had been assigned to a program, the 2-digit federal agency identifier and the federal contract number 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.

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COUNTY RESPONSE



Yavapai County Finance Department

DANIEL RUSING, CPA

FINANCE DIRECTOR

March 21, 2019

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

Dear Ms. Perry:

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

Sincerely,

Daniel Rusing
Finance Director

Yavapai County

Summary schedule of prior audit findings

Year ended June 30, 2018

Status of financial statement findings

The County should improve its risk-assessment process to include information technology security

Finding number: 2017-01

Status: Not corrected

The County had been waiting for the U. S. Department of Homeland Security to complete a county wide risk assessment, which is currently in process, before a corrective action plan is determined. The County expects that this assessment should be complete by May 2019.

The County should improve access controls over its information technology resources

Finding number: 2017-02

Status: Not corrected

Due to staffing limitations and workload, progress was delayed on the development and implementation of procedures associated with logical and physical access controls. An audit of access to the County data center has now been completed along with the changing of and reissuance of keys to all employees. Efforts continue to complete the prior year's corrective action plan.

The County should improve its configuration management processes over its information technology resources

Finding number: 2017-03

Status: Not corrected

Efforts continue to implement the prior year's corrective action plan. As anticipated, resource constraints and the requirements of operations and maintenance for existing technologies along with upcoming significant software updates have not allowed for adequate budget or time to implement the corrective action plan entirely. Work is progressing and should be completed by December 2019.

The County should improve security over its information technology resources

Finding number: 2017-04

Status: Not corrected

The County had been waiting for the U. S. Department of Homeland Security to complete a county wide risk assessment, which is currently in process, before a corrective action plan is determined. The County expects that this assessment should be complete by May 2019.

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

Finding number: 2017-05, 2016-02

Status: Not corrected

As anticipated, resource constraints and the requirements of operations and maintenance for existing technologies have not allowed for adequate budget or time to implement the corrective action plan entirely. The County has developed and repeatedly tested a fault-tolerant environment and completed fail over tests successfully. Work on completing the prior year's entire corrective action plan is progressing and should be done by December 2019.

