



A REPORT
TO THE
ARIZONA LEGISLATURE

Financial Audit Division

Single Audit

Yavapai County

Year Ended June 30, 2013



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 of school districts, state agencies, and the programs they administer.



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Yavapai County
Single Audit Reporting Package
Year Ended June 30, 2013

Table of Contents Page

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 OMB Circular A-133	1
Schedule of Expenditures of Federal Awards	5
Schedule of Findings and Questioned Costs	
Summary of Auditors' Results	11
Federal Award Findings and Questioned Costs	13
Corrective Action Plan	17
Summary Schedule of Prior Audit Findings	19

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 *Government Auditing Standards*



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 OMB Circular A-133

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) 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, 2013. 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 the requirements of laws, regulations, contracts, and grants 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 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

Basis for Qualified Opinion on Airport Improvement Program and State Fiscal Stabilization Fund (SFSF)—Race-to-the-Top Incentive Grants, Recovery Act

As described in the accompanying Schedule of Findings and Questioned Costs, the County did not comply with the requirements regarding the Airport Improvement Program's (20.106) reporting compliance requirements as described in item 2013-101 and did not comply with the requirements regarding the State Fiscal Stabilization Fund (SFSF)—Race-to-the-Top Incentive Grants, Recovery Act (84.395) allowable costs/cost principles compliance requirements as described in item 2013-102.

Compliance with such requirements is necessary, in our opinion, for the County to comply with the requirements applicable to these programs.

Qualified Opinion on Airport Improvement Program and State Fiscal Stabilization Fund (SFSF)—Race-to-the-Top Incentive Grants, Recovery Act

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, 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 the Airport Improvement Program (20.106) and SFSF—Race-to-the-Top Incentive Grants, Recovery Act (84.395) for the year ended June 30, 2013.

Unmodified Opinion on Each of the Other Major Federal Programs

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 other major federal programs identified in the Summary of Auditors' Results section of the accompanying Schedule of Findings and Questioned Costs for the year ended June 30, 2013.

Yavapai County's responses to the noncompliance findings identified in our audit are presented on pages 17 through 18. The County's responses were not subjected to the auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on them.

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 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 material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2013-101, 2013-102, and 2013-103 to be material weaknesses.

Yavapai County's responses to the internal control over compliance findings identified in our audit are presented on pages 17 through 18. The County's responses were not subjected to the auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on them.

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

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, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated December 20, 2013, that contained an unmodified 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.

Jay Zsorey, CPA
Financial Audit Director

March 7, 2014

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Yavapai County
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2013

Federal agency/CFDA number	Federal program name	Cluster title	Pass-through grantor	Pass-through grantor's number(s)	Program expenditures
Department of Agriculture					
10 553	School Breakfast Program	Child Nutrition Cluster	Arizona Department of Education	ED09-0001	\$ 18,671
10 555	National School Lunch Program	Child Nutrition Cluster	Arizona Department of Education	ED09-0001	52,349
	<i>Total Child Nutrition Cluster</i>				<u>71,020</u>
10 557	Special Supplemental Nutrition Program for Women, Infants, and Children		Arizona Department of Health Services	ADHS 11-004545, HG050279	695,057
10 561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	SNAP Cluster	Arizona Department of Health Services	12-030679	87,723
10 565	Commodity Supplemental Food Program		Arizona Department of Health Services	ADHS12-010884	28,164
10 664	Cooperative Forestry Assistance		Arizona State Land Department	WFHF 09-027	37,458
10 665	Schools and Roads - Grants to States	Forest Service Schools and Roads Cluster			47,450
10 665	Schools and Roads - Grants to States	Forest Service Schools and Roads Cluster	Arizona State Treasurer	None	2,980,352
	<i>Total Forest Service Schools and Roads Cluster</i>				<u>3,027,802</u>
10 923	Emergency Watershed Protection Program				75,533
10 11-PA-11030900-023	Forest Service				71,916
	Total Department of Agriculture				<u>4,094,673</u>
Department of the Interior					
15 226	Payments in Lieu of Taxes				8,426,188
15 227	Distribution of Receipts to State and Local Governments		Arizona State Treasurer	None	53,669
	Total Department of the Interior				<u>8,479,857</u>
Department of Justice					
16 2012-124	Domestic Cannabis Eradication/Suppression Program		Arizona Department of Public Safety	2012-124	8,282
16 523	Juvenile Accountability Block Grants		Arizona Governor's Office for Children, Youth and Families	JB-CSG-12-2366-07, JB-CSG-13-3365-09	18,574
16 575	Crime Victim Assistance		Arizona Department of Public Safety	2012-097	209,745
16 606	State Criminal Alien Assistance Program				167,352
16 738	Edward Byrne Memorial Justice Assistance Grant Program	JAG Program Cluster			25,946
16 738	Edward Byrne Memorial Justice Assistance Grant Program	JAG Program Cluster	Arizona Criminal Justice Commission	DC-13-035	134,115
16 804 ARRA	Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program / Grants To Units Of Local Government	JAG Program Cluster			11,139
	<i>Total JAG Program Cluster</i>				<u>171,200</u>
	Total Department of Justice				<u>575,153</u>
Department of Labor					
17 258	WIA Adult Program	WIA Cluster	Arizona Department of Economic Security	DE111014001	416,262

See accompanying notes to schedule.

Yavapai County
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2013

Federal agency/CFDA number	Federal program name	Cluster title	Pass-through grantor	Pass-through grantor's number(s)	Program expenditures
17 259	WIA Youth Activities	WIA Cluster	Arizona Department of Economic Security	DE111014001	423,599
17 278	WIA Dislocated Worker Formula Grants	WIA Cluster	Arizona Department of Economic Security	DE111014001	550,509
	<i>Total WIA Cluster</i>				<u>1,390,370</u>
17 267	Incentive Grants - WIA Section 503		Arizona Department of Economic Security	DE111014001	40,578
17 275 ARRA	Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors		Arizona Department of Economic Security	ADES13044454, DE101182001	239,396
	Total Department of Labor				<u>1,670,344</u>
Department of Transportation					
20 106	Airport Improvement Program				521,645
20 205	Highway Planning and Construction	Highway Planning and Construction Cluster	Arizona Department of Transportation	JPA 10-1851, JPA 11-087, JPA 11-1331	248,058
20 505	Metropolitan Transportation Planning		Arizona Department of Transportation	JPA 11-087	32,221
20 600	State and Community Highway Safety	Highway Safety Cluster	Arizona Governor's Office of Highway Safety	2012-PS-005, 2012-PT-053, 2013-OP-029, 2013-PT-042	20,449
20 601	Alcohol Impaired Driving Countermeasures Incentive Grants I	Highway Safety Cluster	Arizona Governor's Office of Highway Safety	2012-410-008, 2013-410-031	42,519
	<i>Total Highway Safety Cluster</i>				<u>62,968</u>
20 608	Minimum Penalties for Repeat Offenders for Driving While Intoxicated		Arizona Governor's Office of Highway Safety	2013-164-087	2,963
	Total Department of Transportation				<u>867,855</u>
Institute of Museum and Library Services					
45 310	Grants to States		Arizona State Library, Archives and Public Records	None	1,044
Department of Education					
84 013	Title I State Agency Program for Neglected and Delinquent Children and Youth		Arizona Supreme Court	None	73,412
84 027	Special Education - Grants to States	Special Education Cluster (IDEA)	Arizona Department of Education	12FESSCG-270744-02A, 13FESCBG-370744-05A, 13FESMSG-370044-01A, 13FESSCG-370744-02A	336,891
84 027	Special Education - Grants to States	Special Education Cluster (IDEA)	Arizona Supreme Court	None	71,317
84 173	Special Education - Preschool Grants	Special Education Cluster (IDEA)	Arizona Department of Education	13FECCBP-370744-04A	16,086
	<i>Total Special Education Cluster (IDEA) Cluster</i>				<u>424,294</u>

See accompanying notes to schedule.

Yavapai County
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2013

Federal agency/CFDA number	Federal program name	Cluster title	Pass-through grantor	Pass-through grantor's number(s)	Program expenditures
84 365	English Language Acquisition State Grants		Arizona Department of Education	13FELENG-370744-03A	26,977
84 366	Mathematics and Science Partnerships		Arizona Department of Education	12FMSMSS-270744-05A, 13FMSMSP-370744-01A	445,558
84 366	Mathematics and Science Partnerships		Coconino County, Arizona	13FMSMSP-370669-02A	10,249
	<i>Total 84.366</i>				<u>455,807</u>
84 367	Improving Teacher Quality State Grants		Arizona Department of Education	12FAAPD3-270744-01A	11,554
84 367	Improving Teacher Quality State Grants		Arizona Supreme Court	None	7,818
	<i>Total 84.367</i>				<u>19,372</u>
84 386 ARRA	Education Technology State Grants, Recovery Act	Educational Technology State Grants Cluster	Pima County, Arizona	13FSIACC-360950-01A	10,000
84 395 ARRA	State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act		AZ Department of Education	13-06-EDSG	106,323
	Total Department of Education				<u>1,116,185</u>
Election Assistance Commission					
90 401	Help America Vote Act Requirements Payments		Arizona Secretary of State	None	4,462
Department of Health and Human Services					
93 069	Public Health Emergency Preparedness		Arizona Department of Health Services	ADHS12-007898	339,977
93 217	Family Planning - Services		Arizona Family Health Partnership	None	282,447
93 224	Consolidated Health Centers (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care)	Health Centers Cluster			361,059
93 527	Affordable Care Act (ACA) Grants for New and Expanded Services under the Health Center Program	Health Centers Cluster			492,347
	<i>Total Health Centers Cluster</i>				<u>853,406</u>
93 268	Immunization Cooperative Agreements		Arizona Department of Health Services	ADHS13-041551, HG854293	124,238
93 712 ARRA	Immunization		Arizona Department of Health Services	HG854293	2,765
93 283	Centers for Disease Control and Prevention - Investigations and Technical Assistance		Arizona Department of Health Services	ADHS13-029635	119,995
93 507	PPHF 2012 National Public Health Improvement Initiative		Arizona Department of Health Services	ADHS12-020652	38,149
93 544	The Patient Protection and Affordable Care Act of 2010 (Affordable Care Act) authorizes Coordinated Chronic Disease prevention and Health Promotion Program		Arizona Department of Health Services	HG861066	28,721
93 563	Child Support Enforcement		Arizona Department of Economic Security	G1304AZ4004	157,646
93 597	Grants to States for Access and Visitation Programs		Arizona Department of Economic Security	G1101AZSAVP	4,223
93 617	Voting Access for Individuals with Disabilities - Grants to States		Arizona Secretary of State	None	8,345
93 940	HIV Prevention Activities - Health Department Based		Arizona Department of Health Services	ADHS13-029720, HG852270	12,008

See accompanying notes to schedule.

Yavapai County
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2013

Federal agency/CFDA number	Federal program name	Cluster title	Pass-through grantor	Pass-through grantor's number(s)	Program expenditures
93 977	Preventive Health Services - Sexually Transmitted Diseases Control Grants		Arizona Department of Health Services	HG854500	5,662
93 991	Preventive Health and Health Services Block Grant		Arizona Department of Health Services	HG854376	4,545
93 994	Maternal and Child Health Services Block Grant to the States		Arizona Department of Health Services	ADHS 11-004545, ADHS 12-010920, ADHS13-034544, HG050279, HG854241, ADHS12-021337, ADHS13-00067458, HG961131, ADHS11-006153	536,173
Total Department of Health and Human Services					<u>2,518,300</u>
Department of Homeland Security					
97 036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)		Arizona Department of Emergency and Military Affairs	FEMA-1888-DR-AZ-025-99025	1,071
97 042	Emergency Management Performance Grants		Arizona Department of Emergency and Military Affairs	EMW-2013-EP-000024	144,027
97 067	Homeland Security Grant Program		Arizona Department of Homeland Security	999501-01, 999512-02, 999512-03, 999512-04, 999514-01	53,213
Total Department of Homeland Security					<u>198,311</u>
Total expenditures of federal awards					<u>\$ 19,526,184</u>

See accompanying notes to schedule.

Yavapai County
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2013

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 \$24,343 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 2013 *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.

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	\$364,863
WIA Cluster:		
WIA Adult Program	17.258	416,262
WIA Youth Activities	17.259	423,599
WIA Dislocated Worker Formula Grants	17.278	550,509
Incentive Grants—WIA Section 503	17.267	40,578
ARRA—Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors	17.275	239,396

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Yavapai County
 Schedule of Findings and Questioned Costs
 Year Ended June 30, 2013

Summary of Auditors' Results

Financial Statements

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

Federal Awards

Internal control over major programs:			
Material weaknesses identified?		<u>X</u>	___
Significant deficiency identified?	___		<u>X</u> (None reported)
Type of auditors' report issued on compliance for major programs:			
Unmodified for all major programs except for Airport Improvement Program (20.106) and SFSF—Race-to-the-Top Incentive Grants, Recovery Act (84.395), which were qualified.			
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>
10.557	Special Supplemental Nutrition Program for Woman, Infants, and Children
15.226	Payments in Lieu of Taxes
20.106	Airport Improvement Program
20.205	Highway Planning and Construction
84.395	State Fiscal Stabilization Fund (SFSF)—Race-to-the-Top Incentive Grants, Recovery Act

Yavapai County
Schedule of Findings and Questioned Costs
Year Ended June 30, 2013

Dollar threshold used to distinguish between Type A and Type B programs: \$585,785

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, 2013

Federal Award Findings and Questioned Costs

2013-101

CFDA No. and Name:	20.106 Airport Improvement Program
Award Numbers and Years:	3-04-0033-020-2011, September 6, 2011 through September 6, 2015 3-04-0033-021-2012, September 7, 2012 through September 7, 2016
Federal Agency:	Department of Transportation
Compliance Requirement:	Reporting
Questioned Costs:	N/A

Criteria: In accordance with 49 Code of Federal Regulations (CFR) §18.20, the Public Works Department (Department) must 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 addition, the U.S. Department of Transportation, Federal Aviation Administration Program Guidance, requires the Department to submit a Federal Financial Report (FFR) for each grant at least annually. A final FFR must also be submitted at the completion of the award agreement.

Condition and context: During fiscal year 2013, the Department did not submit a FFR for one of its two Airport Improvement Program grants.

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

Cause: The Department did not have a clear understanding of the reporting requirements.

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

This finding is similar to a prior-year finding.

Yavapai County
Schedule of Findings and Questioned Costs
Year Ended June 30, 2013

2013-102

CFDA No. and Name:	84.395 State Fiscal Stabilization Fund (SFSF)—Race-to-the-Top Incentive Grants Program, Recovery Act
Award Number and Year:	13-06-EDSG, December 22, 2011 through December 22, 2015
Federal Agency:	Department of Education
Pass-through Grantor:	Arizona Department of Education
Compliance Requirement:	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.

Condition and context: During the fiscal year, the Office spent \$29,237 in salaries and wages for the SFSF—Race-to-the-Top program. Beginning in June 2013, the Office implemented policies and procedures to help ensure employee compensation charged to federal programs was properly documented, reviewed, and approved. However, for one of two employees tested, the monthly time and effort log was prepared based on expected hours and reviewed before the end of the month.

Effect: Employee salaries and wages charged to the program may 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's policies and procedures were not sufficient to ensure after-the-fact confirmation that salaries and wages reflect the actual time spent working on the federal program.

Recommendation: The Office should revise its procedures to ensure that all time and effort logs are reviewed after the end of the period reported to ensure that salaries and wages reflect the actual time spent working on the federal program.

Yavapai County
Schedule of Findings and Questioned Costs
Year Ended June 30, 2013

2013-103

CFDA No. and Name:	84.395 State Fiscal Stabilization Fund (SFSF)—Race-to-the-Top Incentive Grants Program, Recovery Act
Award Number and Year:	13-06-EDSG, December 22, 2011 through December 22, 2015
Federal Agency:	Department of Education
Pass-through Grantor:	Arizona Department of Education
Compliance Requirement:	Cash Management and Reporting
Questioned Costs:	N/A

Criteria: As required by 34 CFR part 80, the Yavapai County's School Superintendent's (Office) should establish and maintain internal controls designed to reasonably ensure compliance with federal laws, regulations, and program compliance requirements. An independent review and approval of significant transactions such as cash reimbursement reports are an important part of this system of internal control.

Condition and context: During the fiscal year, the Office developed and implemented policies and procedures that required reimbursement requests receive an independent review and approval prior to submission to the pass-through grantor. However, for two of two reimbursements tested, the Office was unable to demonstrate the requests were reviewed and approved prior to submission.

Effect: The Office could receive reimbursement for unallowable expenditures.

Cause: The Office's policies and procedures did not require the independent review and approval of cash reimbursement reports be documented.

Recommendation: The Office should revise its policies and procedures to require that the independent review and approval of cash reimbursement reports be documented.

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Yavapai County Finance Department

PETE SAXTON, CPA

FINANCE DIRECTOR

March 7, 2014

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,

Pete Saxton
Finance Director

Yavapai County
Corrective Action Plan
Year Ended June 30, 2013

Federal Award Findings and Questioned Costs

2013-101

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

Name of contact person: Gay Hendin, Administrative Assistant II
Anticipated completion date: January 9, 2014

All final documents for grant 3-04-0033-020-2011 were submitted to the Federal Aviation Administration on May 15, 2013, and this grant is closed. The F/Y 2012-13 Federal Financial Report for grant 3-04-0033-021-2012 was submitted to the Federal Aviation Administration on January 9, 2014. Public Works has a clearer understanding of Federal Aviation Administration procedures.

2013-102

CFDA No.: 84.395 **State Fiscal Stabilization Fund (SFSF)—Race-to-the-Top Incentive Grants Program, Recovery Act**

Name of contact person: Mike Saint-Amour, Associate Superintendent
Anticipated completion date: June 30, 2014

We do not review the Time and Effort logs for alignment with the assigned grant distributions. The office reviews the hours assigned by the personnel and distributes the pay and benefits according to the hours indicated. The office also confirms that the appropriate funding streams are indicated on the Time and Effort logs. We are going to change the signing and review procedure for the Time and Effort logs. We will have the logs signed by the completer and the supervisor within 60 days of completion.

2013-103

CFDA No.: 84.395 **State Fiscal Stabilization Fund (SFSF)—Race-to-the-Top Incentive Grants Program, Recovery Act**

Name of contact person: Mike Saint-Amour, Associate Superintendent
Anticipated completion date: June 30, 2014

The office obtains two signatures on all invoices and bills that make up the reimbursement request. Beginning June 2014, we will have a signature process in place that will preclude the submission of the reimbursement request. All reimbursement requests will be reviewed by an account specialist and a supervisor before submission. That review will be indicated with a signature page.



Yavapai County Finance Department

PETE SAXTON, CPA

FINANCE DIRECTOR

March 7, 2014

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. This schedule also includes audit findings reported in the prior audit's Summary Schedule of Prior Audit Findings that were not corrected.

Sincerely,

Pete Saxton
Finance Director

Yavapai County
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2013

Status of Federal Award Findings and Questioned Costs

State Fiscal Stabilization Fund Cluster:

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

Finding No. : 12-101

Status: Partially corrected. See Corrective Action Plan for 2013-103.

State Fiscal Stabilization Fund Cluster:

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

Finding No. : 12-102

Status: Fully corrected.

Special Education Cluster (IDEA):

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

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

Finding No. : 12-103

Status: Fully corrected.

Special Education Cluster (IDEA):

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

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

Finding No. : 12-104

Status: Partially corrected. See Corrective Action Plan for 2013-102.

Special Education Cluster (IDEA):

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

Finding No. : 12-105

Status: Fully corrected.

Special Education Cluster (IDEA):

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

Finding No. : 12-106

Status: Fully corrected.

Yavapai County
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2013

Special Education Cluster (IDEA):

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

Finding No. : 12-107

Status: Fully corrected.

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

Finding No. : 12-108

Status: Not corrected. The project began at the end of 2012, so a Federal Financial Report (FFR) was not completed for the end of the year. The project is now complete and the FFR was submitted to the Federal Aviation Administration on January 9, 2014.

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

Finding No. : 12-109

Status: Fully corrected.

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

Finding No. : 12-110

Status: Fully corrected.

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

Finding No. : 12-111

Status: Fully corrected.

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

Finding No. : 12-112

Status: Fully corrected.