

CITY OF WINSLOW, ARIZONA
SINGLE AUDIT REPORTING PACKAGE
YEAR ENDED JUNE 30, 2018

CITY OF WINSLOW, ARIZONA
FINANCIAL AND SINGLE AUDIT REPORTING PACKAGE
YEAR ENDED JUNE 30, 2018

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Independent Auditors' Report on Internal Control over Financial Reporting and
on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*

To the Honorable Mayor and City Council of
City of Winslow, Arizona

We have audited, in accordance with the auditing standards generally accepted in the United States of America 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, business-type activities, and each major fund of the City of Winslow, Arizona (the City), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated January 30, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City'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 financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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 entity's 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 have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and recommendations as items 2018-001 and 2018-002, that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City'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*.

City's Response to Findings

The City's responses to the internal control over compliance findings identified in our audit are presented in the corrective action plan at the end of this report. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Fester & Chapman, PLLC

January 30, 2019



Independent Auditors' Report on Compliance for Each Major Program;
 Report on Internal Control over Compliance; and
 Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

To the Honorable Mayor and City Council of
 City of Winslow, Arizona

Report on Compliance for Each Major Federal Program

We have audited the City of Winslow, Arizona (the City)'s compliance with the types of compliance requirements described in *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2018. The City'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 City'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 auditing standards generally accepted in the United States of America; 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 City'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 City's compliance.

Basis for Qualified Opinion on CFDA Number 14.850 Public and Indian Housing

As described in Findings 2018-101 and 2018-102 in the accompanying schedule of findings and questioned costs, the City did not comply with requirements regarding the following:

Finding No.	CFDA No.	Program Name	Compliance Requirement
2018-101	14.850	Public and Indian Housing	Program Income
2018-102	14.850	Public and Indian Housing	Special Tests and Provisions

Compliance with such requirements is necessary, in our opinion, for the City to comply with the requirements applicable to that program.

Qualified Opinion On CFDA Number 14.850 Public and Indian Housing

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on CFDA No. 14.850 Public and Indian Housing for the year ended June 30, 2018.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the City 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 auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2018.

Other Matters

The results of our auditing procedures disclosed another instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2018-104. Our opinion on each major federal program is not modified with respect to these matters.

The City's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

The City'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 City'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 City'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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2018-101 through 2018-104, that we consider to be material weaknesses.

The City's responses to the internal control over compliance findings identified in our audit are presented in the corrective action plan at the end of this report. The City's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Purpose of this Report

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, business-type activities, and each major fund of the City, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated January 30, 2019, 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 City'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 City'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 auditing standards generally accepted in the United States of America. 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.

Fester & Chapman, PLLC

January 30, 2019

CITY OF WINSLOW, ARIZONA
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 Number	Program Expenditures	Amount Provided to Subrecipients
U.S. 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	None	\$ 145,738	\$
14.850	Public and Indian Housing		N/A	N/A	169,917	
14.871	Section 8 Housing Choice Vouchers	Housing Voucher Cluster	N/A	N/A	708,200	
14.872	Public Housing Capital Fund		N/A	N/A	<u>40,444</u>	<u> </u>
	Total U.S. Department of Housing and Urban Development				1,064,299	
U.S. Department of Justice						
16.710	Public Safety Partnership and Community Policing Grants		N/A	N/A	39,752	
16.738	Edward Byrne Memorial Justice Assistance Grant Program		Navajo County, Arizona	None	<u>58,256</u>	<u> </u>
	Total U.S. Department of Justice				98,008	
U.S. Department of Transportation						
20.106	Airport Improvement Program		N/A	N/A	<u>254,689</u>	<u> </u>
	Total U.S. Department of Transportation				254,689	
Environmental Protection Agency						
66.818	Brownfields Assessment and Cleanup Cooperative Agreements		City of Flagstaff, Arizona	EPABF-00T97401	<u>88,467</u>	<u> </u>
	Total Environmental Protection Agency				88,467	
U.S. Department of Homeland Security						
97.044	Assistance to Firefighters Grant		N/A	N/A	<u>9,113</u>	<u> </u>
	Total U.S. Department of Homeland Security				<u>9,113</u>	<u> </u>
	Total Expenditures of Federal Awards				<u><u>\$ 1,514,576</u></u>	<u><u>\$</u></u>

See accompanying notes to schedule.

CITY OF WINSLOW, ARIZONA
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 the federal grant activity of the City of Winslow, Arizona 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* (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 principle 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 basic 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*.

NOTE 4 - INDIRECT COST RATE

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

CITY OF WINSLOW, ARIZONA
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 YEAR ENDED JUNE 30, 2018

A. 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
Yes No

Internal control over financial reporting:

Material weakness(es) identified?

 X _____

Significant deficiency(ies) identified?

_____ X

(none reported)

Noncompliance material to the financial statements noted?

_____ X

Federal Awards:

Internal control over major programs:

Material weakness(es) identified?

 X _____

Significant deficiency(ies) identified?

_____ X

(none reported)

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

Unmodified for Housing Voucher Cluster, Section 8 Housing Choice Vouchers (14.871); and qualified for Public and Indian Housing (14.850).

Any audit findings disclosed that are required to be reported in accordance with 2 CFR §200.516(a)?

 X _____

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
14.850	Public and Indian Housing
14.871	Housing Voucher Cluster, Section 8 Housing Choice Vouchers

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

_____ X

Other Matters:

Auditee's Summary Schedule of Prior Audit Findings required to be reported in accordance with 2 CFR §200.511(b)?

 X _____

CITY OF WINSLOW, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2018

B. Financial Statement Findings

2018-001 Financial Reporting Process (Repeat Finding: 2017-001)

Criteria: The City should have adequate internal controls in place to help ensure that its financial statements and related note disclosures are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP).

Condition:

- Capital expenditures and retainage payables were understated by approximately \$420,000 for retainage incurred.
- Beginning fund balances for several funds did not agree to the prior year's audited financial statements.
- Year-end closing journal entries for capital assets and long-term debt were not accurately posted to the City's general ledger.

Cause: The City did not have adequate policies and procedures in place to help ensure that the City's year-end accruals were completely and accurately recorded in accordance with GAAP.

Effect: Additional year-end reconciliations and adjustments were necessary to correct account balances in the City's financial statements.

Recommendation: The City should evaluate its year-end financial closing process and develop comprehensive policies and procedures to help ensure its financial reports are accurate and prepared in accordance with GAAP.

2018-002 Internal Control over the Housing Authority's Cash Receipts and Disbursements (Repeat Finding: 2017-003)

Criteria: Winslow Housing Authority (the Authority) should have adequate segregation of duties over its cash receipts and disbursements processes.

Condition: The Authority reported that a portion of tenants' rent payments collected between October 2016 and September 2017, totaling approximately \$69,000, were unaccounted for and not deposited into the Authority's bank account.

Cause: The Authority did not adhere to its policies and procedures regarding segregation of duties over the Authority's cash handling.

Effect: As of June 30, 2018, the Authority was unable to verify that approximately \$26,000 in tenant payments received were properly deposited into the Authority's bank account.

CITY OF WINSLOW, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2018

B. Financial Statement Findings (continued)

- Recommendation: The Authority should review and adhere to policies and procedures regarding cash receipts and credit card disbursements, that include the following:
- All payments collected should be deposited contemporaneously into the Authority's bank account.
 - An employee who is independent of the payments, collections, and bank reconciliation process should approve monthly bank reconciliations and reconcile cash receipts to the Authority's bank statements and corresponding records in the Authority's general ledger.
 - Each credit card purchase should be supported by a corresponding receipt which includes the business purpose for the expenditure.
 - Supporting documentation for each credit card purchase should be received and approved in a timely manner by an individual who is independent of the use of the credit card.

C. Federal Awards Findings and Questioned Costs

2018-101 Program income (Noncompliance, Material weakness) (Finding: 2017-101)

CFDA number and name: 14.850 Public and Indian Housing
Award numbers and years: N/A and 2017
Federal agency: U.S. Department of Housing and Urban Development
Compliance requirements: Program Income
Questioned Costs: Unknown

- Criteria: In accordance with 24 CFR 85.25, Public Housing Agencies (PHAs) are encouraged to earn program income to defray program costs. Program income includes income from fees for services performed from the use or rental of real or personal property acquired with grant funds. Program income must be applied to current costs.
- Condition: The Authority was unable to verify that approximately \$26,000 received in tenant payments was deposited in the Authority's bank account, therefore program income was not properly deducted from allowable costs. This is also reported in the City's Single Audit Report as finding 2017-101 for the year ended June 30, 2017.
- Cause: The Authority lacked proper internal control over collection of tenant payments.
- Effect: Total allowable costs were not calculated properly due to the uncertainty in the program income calculation.
- Recommendation: The Authority should review and adhere to policies and procedures regarding cash receipts that include the following:
- All payments collected should be deposited contemporaneously into the Authority's bank account.
 - An employee who is independent of the payments, collections, and bank reconciliation process should approve monthly bank reconciliations and reconcile cash receipts to the Authority's bank statements and corresponding records in the Authority's subsidiary ledger.

CITY OF WINSLOW, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2018

C. Federal Awards Findings and Questioned Costs (continued)

2018-102 Special Tests and Provisions - Declarations of Trust against public housing property (Noncompliance, Material weakness) (Repeat Finding: 2017-103)

CFDA number and name: 14.850 Public and Indian Housing
Award numbers and years: N/A and 2017
Federal agency: U.S. Department of Housing and Urban Development
Compliance requirements: Special Tests and Provisions
Questioned Costs: None

- Criteria: A Declaration of Trust must be recorded against all public housing property owned by a PHA that has been acquired, developed, maintained, or assisted with funds from the US Housing Act of 1937.
- Condition: The Authority did not maintain documentation of the Declaration of Trust.
- Cause: The Authority lacked proper internal control over maintaining documentation required for a PHA.
- Effect: The Authority was not in compliance with special tests and provisions requirements.
- Recommendation: The Authority should develop procedures to help ensure that all required documentation is maintained.

2018-103 Eligibility (Internal control over compliance, Material weakness) (Repeat Finding: 2017-104)

CFDA number and name: 14.850 Public and Indian Housing
14.871 Housing Voucher Cluster, Section 8 Housing Choice Vouchers
Award numbers and years: N/A and 2017
Federal agency: U.S. Department of Housing and Urban Development
Compliance requirements: Eligibility
Questioned Costs: Unknown

- Criteria: In accordance with 24 CFR 5.601, Public Housing Agencies (PHAs) should maintain effective internal control policies and procedures to determine income eligibility requirements and calculate tenants' rent payments.
- Condition: The Authority did not have someone other than the preparer review and approve the eligibility determinations.
- Cause: The Authority lacked proper internal control over the tenants' eligibility determination process.
- Effect: There is an increased risk that eligibility determinations could contain errors that the Authority may not detect or correct in timely manner.
- Recommendation: The Authority should establish policies and procedures to ensure that tenants' eligibility determinations will be reviewed and approved by an employee that is independent of the initial eligibility determination.

CITY OF WINSLOW, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2018

C. Federal Awards Findings and Questioned Costs (continued)

2018-104 Reporting - Section 8 Management Assessment Program (SEMAP) certification
(Noncompliance, Material weakness) (Repeat Finding: 2017-105)

CFDA number and name: 14.871 Housing Voucher Cluster, Section 8 Housing Choice Vouchers
Award numbers and years: N/A and 2017
Federal agency: U.S. Department of Housing and Urban Development
Compliance requirements: Reporting
Questioned Costs: None

- Criteria: In accordance with 24 CFR 985.101, PHAs administering a Section 8 tenant-based assistance program are required to submit an annual Section 8 Management Assessment Program (SEMAP) Certification within 60 days after the end of its fiscal year.
- Condition: The Authority did not have documentation to support that the certification was prepared and submitted within the required due date.
- Cause: The Authority lacked proper internal control over maintaining documentation required for a PHA.
- Effect: The Authority was not in compliance with reporting requirement.
- Recommendation: The Authority should develop procedures to help ensure that all required reports are prepared and submitted within due dates.

Mayor
Thomas L. McCauley
(928) 289-2422



Council Members
Robin R. Boyd
Samantha Crisp
Judy Howell
Rickey Jackson
Marshall Losey
Bob Schlesinger

Discover Winslow-A City in Motion

CORRECTIVE ACTION PLAN

January 30, 2019

The City of Winslow respectfully submits the following corrective action plan for the year ended June 30, 2018.

Name and address of the independent public accounting firm:

Fester & Chapman, PLLC
9019 East Bahia Drive Suite 100
Scottsdale, AZ 85260

Audit period: July 1, 2017 - June 30, 2018

The findings from the June 30, 2018 Schedule of Findings and Questioned Costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

Findings - Financial Statement Audit

2018-001 Financial Reporting Process

Recommendation: The City should evaluate its year-end financial closing process and develop comprehensive policies and procedures to help ensure its financial reports are accurate and prepared in accordance with GAAP.

Action Taken: City concurs and has implemented the recommendation.

Completion Date: During fiscal year 2019

Contact Person: Elias Jouen, Finance Director

2018-002 Internal Control over Housing Authority's Cash Receipts and Disbursements

Recommendation: The Authority should review and adhere to policies and procedures regarding cash receipts and credit card disbursements, that include the following:

- All payments collected should be deposited contemporaneously into the Authority's bank account.
- An employee who is independent of the payments, collections, and bank reconciliation process should approve monthly bank reconciliations and reconcile cash receipts to the Authority's bank statements and corresponding records in the Authority's general ledger.
- Each credit card purchase should be supported by a corresponding receipt which includes the business purpose for the expenditure.
- Supporting documentation for each credit card purchase should be received and approved in a timely manner by an individual who is independent of the use of the credit card.

Action Taken: City concurs and has implemented the recommendation.
 Completion Date: Corrective action plan was immediately implemented in October 2017
 Contact Person: Elias Jouen, Finance Director

Findings – Federal Awards and Questioned Costs

2018-101 Program Income (Noncompliance, Material weakness)

Recommendation: The Authority should review and adhere to policies and procedures regarding cash receipts that include the following:

- All payments collected should be deposited contemporaneously into the Authority's bank account.
- An employee who is independent of the payments, collections, and bank reconciliation process should approve monthly bank reconciliations and reconcile cash receipts to the Authority's bank statements and corresponding records in the Authority's subsidiary ledger.

Action Taken: City concurs and has implemented the recommendation.
 Completion Date: Corrective action plan was immediately implemented in October 2017
 Contact Person: Elias Jouen, Finance Director

2018-102 Special Tests and Provisions

Recommendation: The Authority should develop procedures to help ensure that all required documentation is maintained.

Action Taken: City concurs and has implemented the recommendation.

Completion Date: During fiscal year 2019
Contact Person: Elias Jouen, Finance Director

2018-103 Eligibility

Recommendation: The Authority should establish policies and procedures to ensure that tenants' eligibility determinations will be reviewed and approved by an employee that is independent of the initial eligibility determination.

Action Taken: City concurs and has implemented the recommendation.

Completion Date: During fiscal year 2019

Contact Person: Elias Jouen, Finance Director

2018-104 Reporting – Section 8 Management Assessment Program (SEMAP)

Recommendation: The Authority should develop procedures to help ensure that all required reports are prepared and submitted within due dates.

Action Taken: City concurs and has implemented the recommendation.

Completion Date: During fiscal year 2019

Contact Person: Elias Jouen, Finance Director

If there are any questions regarding this plan, please contact Elias Jouen, (928) 289-5533.

Sincerely,



Elias Jouen
Finance Director

Mayor
Thomas L. McCauley
(928) 289-2422



Discover Winslow-A City in Motion

Council Members
Robin R. Boyd
Samantha Crisp
Judy Howell
Rickey Jackson
Marshall Losey
Bob Schlesinger

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS YEAR ENDED JUNE 30, 2018

Status of Financial Statement Findings

Finding No: 2017-001 Financial Reporting Process
Status: Not corrected. Repeat finding in current year (2018-001)
Reason for recurrence and planned corrective action plan: City developed a corrective action plan and filled a vacant position in the Finance Office to ensure financial reports are updated regularly.

Finding No: 2017-002 Capital Assets
Status: Partially corrected. See current year finding (2018-001)

Finding No: 2017-003 Housing Authority's Cash Receipts and Disbursements
Status: Not corrected. Repeat finding in current year (2018-002)
Reason for recurrence and planned corrective action plan: Corrective action plan was immediately implemented in October 2017

Status of Federal Award Findings and Questioned Costs

CFDA No. and Name: 14.850 Public and Indian Housing
Finding No: 2017-101 Program Income
Status: Not corrected. Repeat finding in current year (2018-101)
Reason for recurrence and planned corrective action plan: Corrective action plan was immediately implemented in October 2017

Status of Federal Awards Findings and Questioned Costs (continued)

CFDA No. and Name:	14.850 Public and Indian Housing; 14.871 Housing Voucher Cluster, Section 8 Housing Choice Vouchers
Finding No:	2017-102 Special Tests and Provisions – Waiting List
Status:	Fully corrected.
CFDA No. and Name:	14.850 Public and Indian Housing
Finding No:	2017-103 Special Tests and Provisions – Declaration of Trust
Status:	Not corrected. Repeat finding in current year (2018-102)
Reason for recurrence and planned corrective action plan:	City staff and City Attorney are working with HUD to update the City’s Declaration of Trust that was last submitted to HUD in 1983.
CFDA No. and Name:	14.850 Public and Indian Housing; 14.871 Housing Voucher Cluster, Section 8 Housing Choice Vouchers
Finding No:	2017-104 Eligibility
Status:	Not corrected. Repeat finding in current year (2018-103)
Reason for recurrence and planned corrective action plan:	The Authority lacked the staffing level necessary to ensure that tenants’ eligibility determinations is reviewed and approved by an employee that is independent of the initial eligibility determination. Corrected in 2019.
CFDA No. and Name:	14.871 Housing Voucher Cluster, Section 8 Housing Choice Vouchers
Finding No:	2017-105 Reporting
Status:	Not corrected. Repeat finding in current year (2018-104)
Reason for recurrence and planned corrective action plan:	The Authority lacked the staffing level necessary to ensure that that all required reports are prepared and submitted within due dates. Corrected in 2019.
CFDA No. and Name:	14.850 Public and Indian Housing
Finding No:	2017-106 Allowable Costs
Status:	Fully corrected.