

Yuma County

Single Audit Report

Year Ended June 30, 2021



A Report to the Arizona Legislature

Lindsey A. Perry
Auditor General





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Annual Comprehensive Financial Report



LINDSEY A. PERRY
AUDITOR GENERAL

ARIZONA
AUDITOR GENERAL

MELANIE M. CHESNEY
DEPUTY AUDITOR GENERAL

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

Members of the Arizona State Legislature

The Board of Supervisors of
Yuma County, Arizona

We have audited, in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, discretely presented component unit, each major fund, and aggregate remaining fund information of Yuma County as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated August 25, 2022. Our report includes a reference to other auditors who audited the financial statements of the Yuma Private Industry Council, as described in our report on the County's financial statements. This report includes our consideration of the results of the other auditors' testing of internal control over financial reporting and compliance and other matters that are reported on separately by those other auditors. However, this report, insofar as it relates to the results of the other auditors, is based solely on the report of the other auditors.

Internal control over financial reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings and questioned costs, we and the other auditors did identify certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County's basic financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2021-01 to be a material weakness.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2021-02, 2021-03, 2021-04, and 2021-05 to be significant deficiencies.

Compliance and other matters

As part of obtaining reasonable assurance about whether the County's basic financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 and those of the other auditors disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and that are described in the accompanying schedule of findings and questioned costs as item 2021-02.

County response to findings

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

Purpose of this report

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

Lindsey A. Perry

Lindsey A. Perry, CPA, CFE
Auditor General

August 25, 2022



LINDSEY A. PERRY
AUDITOR GENERAL

ARIZONA
AUDITOR GENERAL

MELANIE M. CHESNEY
DEPUTY AUDITOR GENERAL

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

Members of the Arizona State Legislature

The Board of Supervisors of
Yuma County, Arizona

Report on compliance for each major federal program

We have audited Yuma 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, 2021. 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 qualified and unmodified opinions on compliance for major federal programs. However, our audit does not provide a legal determination of the County's compliance.

Basis for qualified opinion the Housing Voucher Cluster

As described in the accompanying schedule of findings and questioned costs, the County did not comply with requirements regarding the Housing Voucher Cluster's reporting requirements as described in item 2021-102, respectively. Compliance with such requirements is necessary, in our opinion, for the County to comply with the requirements applicable to that program.

Qualified opinion on the Housing Voucher Cluster

In our opinion, except for the noncompliance described in the basis for qualified opinion paragraph, the 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 Housing Voucher Cluster for the year ended June 30, 2021.

Unmodified opinion on each of the other major federal programs

In our opinion, the 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, 2021.

Other matters

The results of our auditing procedures disclosed other instances of noncompliance that are required to be reported in accordance with the Uniform Guidance and that are described in the accompanying schedule of findings and questioned costs as items 2021-101 and 2021-103. Our opinion on each major federal program is not modified with respect to these matters.

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.

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 have not been identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

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 deficiency in internal control

over compliance described in the accompanying schedule of findings and questioned costs as item 2021-102 to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2021-101 and 2021-103 to be significant deficiencies.

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.

County response to findings

The County's responses to the findings identified in our audit are presented in its corrective action plan at the end of this report. The County is responsible for preparing a corrective action plan to address each finding. The County's responses and corrective action plan were not subjected to the auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on them.

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

We have audited the financial statements of the County's governmental activities, discretely presented component unit, each major fund, and aggregate remaining fund information as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated August 25, 2022, that contained unmodified opinions on those financial statements. Our report also included a reference to our reliance on other auditors. 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.

Lindsey A. Perry

Lindsey A. Perry, CPA, CFE
Auditor General

September 28, 2022



SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Summary of auditors' results

Financial statements

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

Internal control over financial reporting

Material weaknesses identified? **Yes**

Significant deficiencies identified? **Yes**

Noncompliance material to the financial statements noted? **No**

Federal awards

Internal control over major programs

Material weaknesses identified? **Yes**

Significant deficiencies identified? **Yes**

Type of auditors' report issued on compliance for major programs: Unmodified for all major programs except for Housing Voucher Cluster (Assistance Listing 14.871), which was qualified.

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

Identification of major programs

Assistance Listings number	Name of federal program or cluster
14.850	COVID-19 Public and Indian Housing
14.850	Public and Indian Housing
14.871	COVID-19 Housing Voucher Cluster
14.871	Housing Voucher Cluster
17.258, 17.259, 17.278	WIOA Cluster
21.019	COVID-19 Coronavirus Relief Fund
21.023	COVID-19 Emergency Rental Assistance Program

93.323

COVID-19 Epidemiology and Laboratory Capacity for Infectious
Diseases (ELC)

97.067

Homeland Security Grant Program

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

\$843,153

Auditee qualified as low-risk auditee?

No

Financial statement findings

2021-01

County deficiencies related to reviewing and approving payroll timecards increased the risk of fraud and potential misuse of public monies

Condition—The Payroll Division allowed 10 department heads system access that gave them the ability to approve their own timecards, and 1 of those department heads approved her own timecard for 6 pay periods. Further, contrary to County policies and procedures, the Payroll Division processed payroll for approximately 3.2 percent, or 1,094 of 34,107 total biweekly employee timecards without the required advance supervisory approvals to ensure those employees reported the correct amount of time worked and leave taken. Instead, the Payroll Division performed rule checks, such as checking for excessive hours and payrates, and made a blanket approval for these timecards prior to processing payroll. However, the Payroll Division lacked information from the employees' departments to ensure all hours reported, including leave hours, were accurate and did not have any procedures in place to require departments to approve their employees' timecards after payroll had been processed.

Effect—As a result of employees' supervisors not approving timecards, the County was exposed to an increased risk of fraud and misuse of public monies. Although, we did not identify any improper transactions, we found that employees could intentionally or unintentionally misstate their own timecards and go undetected, resulting in those employees possibly getting more pay than they earned or not reducing leave balances when leave was taken.

Cause—The County did not restrict payroll system access to prevent County department heads from reviewing and approving their own timecards and had not established designated management to be responsible for reviewing and approving County department heads' timecards. In addition, according to County administration, to reduce time County departments spent on administrative tasks, the Finance Department and Payroll Division allowed payroll to be processed without requiring supervisors to perform reviews and approvals of employee timecards before processing payroll. Finally, the Payroll Division had not established policies and procedures to require supervisors to perform and document post-payroll timecard approvals if situations occurred that resulted in supervisors being unable to conduct timecard approvals prior to payroll-processing deadlines.

Criteria—Separating to the extent possible the responsibilities for processing and approving payroll amounts to be paid to employees and monitoring the activities of individuals having incompatible roles assigned is an essential part of internal control standards, such as *Standards for Internal Control in the Federal Government*, issued by the Comptroller General of the United States, and integral to ensuring monies are not fraudulently or mistakenly misused.¹ The County Payroll Division's policies and procedures require County department heads to review and approve their department employees' timecards.

Recommendations—The County should:

1. Restrict payroll system access to ensure all employees' timecards, including those of department heads, are independently reviewed and approved by County-designated management.

¹ U.S. Government Accountability Office (GAO). (2014). *Standards for internal control in the federal government*. Washington, DC. Retrieved 8/22/2022 from <https://www.gao.gov/assets/670/665712.pdf>.

2. Update policies and procedures requiring supervisors to perform and document post-payroll timecard approvals if situations occur that result in supervisors being unable to conduct timecard approvals prior to payroll-processing deadlines.
3. Require County administration to enforce supervisory approvals prior to payroll being processed or, when necessary, perform and document post-payroll reviews to ensure those employees reported the correct amount of time worked and leave taken and make any necessary adjustments.

2021-02

The County failed to provide key financial information to auditors timely, and its initial financial statements contained misstatements and misclassifications, which delayed their issuance and increased the risk that those relying on the reported financial information could be misinformed

Condition—The County’s Finance Department failed to provide key financial information, such as complete financial statements, associated note disclosures, and supporting schedules, to auditors by established deadlines agreed upon at the beginning of the audit. Specifically, this information was provided to auditors up to 4 months past these agreed-upon deadlines. Further, contrary to generally accepted accounting principles (GAAP), the County’s initial financial statements contained \$18.3 million in errors we identified and recommended the County correct so that the County’s financial statements would contain accurate information. Of this amount, the County’s Finance Department corrected \$16.3 million of the misstatements and misclassifications we recommended, as follows:

- \$3.4 million of cash, cash equivalents, and investments were overstated on the Statement of Fiduciary Net Position.
- \$4.2 million of accrued payroll and employee benefits were not recorded on the Statement of Net Position, resulting in an understatement of the accrued payroll liability.
- \$4.5 million of restricted net position was misclassified as unrestricted on the Statement of Net Position.
- \$1.7 million of State shared sales tax revenue was not recognized as a receivable, resulting in an understatement of General Fund revenues and due from other governments.
- \$2.5 million of total expenses were understated on the Statement of Activities

The County did not correct the following \$2 million of misstatements and misclassifications that the County determined to be insignificant:

- \$1.2 million of unaccounted-for cash reconciling differences are recorded in the General Fund and remain unreconciled to accounting records.
- \$644,039 of State shared sales tax revenue was not recognized as a receivable, resulting in an understatement of General Fund revenues and due from other governments.
- \$116,163 of total expenses were understated on the Statement of Activities.

Effect—Since the Finance Department did not provide key information to auditors by the agreed-upon deadlines established at the beginning of the audit, the County delayed the issuance of the County’s Annual Comprehensive Financial Report (ACFR) for the year ended June 30, 2021, which included its financial statements, by 4 months, and did not provide timely financial information to its Board of Supervisors and others who rely on it to make important decisions about the County’s operations. Additionally, because the County had not issued timely financial statements, its Annual Expenditure Limitation Report (AELR), which relies on information from the financial statements and was due 9 months

after fiscal year-end, will also be issued late. Further, while the County corrected the majority of the errors we identified and recommended the County correct before issuing its final financial statements, there is an increased risk that the County's financial statements could contain significant errors and misinform those who are relying on the information.

Cause—Beginning in fiscal year 2021, the County outsourced the preparation of its financial statements to a third party resulting in longer times to prepare and revise draft financial statements. However, the County had not developed written procedures requiring management to review its financial statements to ensure they are accurate and prepared in accordance with GAAP. Additionally, management did not review the financial statements to ensure they were accurate, properly supported, and presented in accordance with GAAP to detect and correct errors in the financial statements before providing them for audit.

Criteria—The Governmental Accounting Standards Board sets the accounting and financial reporting standards that require the County to prepare its financial statements in accordance with GAAP. Accurate financial statements provide valuable information to those charged with the County's governance and management, and others who are relying on the reported financial information to make important decisions about the County's financial operations. Further, State law requires the County to issue its audited financial statements and AELR within 9 months after fiscal year-end, or by March 31, 2022 (Arizona Revised Statutes §41-1279.07[C]).

Recommendations—The County should:

1. Provide key financial information to auditors by the agreed-upon deadlines established at the beginning of the audit to ensure timely issuance of its financial statements.
2. Develop written procedures for performing a detailed supervisory review of the draft financial statements, supporting schedules, and note disclosures prepared by the third party to ensure they are accurate and prepared in accordance with GAAP.
3. Require management to perform detailed supervisory reviews to ensure that the financial statements are accurate, properly supported, and presented in accordance with GAAP and to detect and correct errors in the financial statements before providing them for audit. This review should be performed by an individual who is independent of the financial statements' preparation and knowledgeable of GAAP reporting requirements to review the financial statements and related note disclosures.

The County's corrective action plan at the end of this report includes the views and planned corrective action of its responsible officials. We are not required to audit and have not audited these responses and planned corrective actions and therefore provide no assurances as to their accuracy.

2021-03

The County's deficiencies in its process for managing and documenting its risks may put its operations and IT systems and data at unintended and unnecessary risk of potential harm

Condition—The County's process for managing and documenting its risks did not include identifying, classifying, and inventorying sensitive information that might need stronger access and security controls.

Effect—The County's administration and IT management may put the County's operations and IT systems and data at unintended and unnecessary risk.

Cause—The County focused its efforts on the day-to-day operations and addressing staff turnover during the COVID-19 pandemic and did not prioritize developing procedures commensurate with guidance from a credible industry source for identifying, classifying, and inventorying sensitive information and ensuring such information was protected.

Criteria—Establishing a process for managing risk that follows a credible industry source, such as the National Institute of Standards and Technology, helps the County to effectively manage risk related to IT systems and data. Effectively managing risk includes an entity-wide risk assessment process that involves members of the County’s administration and IT management. The process of managing risks should also address the risk of unauthorized access and use, modification, or loss of sensitive information.

Recommendations—The County should:

1. Plan for where to allocate resources and where to implement critical controls.
2. Evaluate and manage the risks of holding sensitive information by identifying, classifying, and inventorying the information the County holds to assess where stronger access and security controls may be needed to protect data in accordance with State statutes and federal regulations.

The County’s corrective action plan at the end of this report includes the views and planned corrective action of its responsible officials. We are not required to audit and have not audited these responses and planned corrective actions and therefore provide no assurances as to their accuracy.

This finding is similar to prior-year finding 2020-01.

2021-04

The County’s control procedures over IT systems and data were not sufficient, which increases the risk that the County may not adequately protect those systems and data

Condition—The County’s control procedures were not sufficiently developed, documented, and implemented to respond to risks associated with its IT systems and data. The County lacked sufficient procedures over the following:

- **Restricting access**—Procedures did not consistently help prevent or detect unauthorized or inappropriate access to its IT systems and data.
- **Managing system configurations and changes**—Procedures did not ensure configuration settings were securely maintained and all IT system changes were adequately managed.
- **Securing systems and data**—IT security policies and procedures lacked controls to prevent unauthorized or inappropriate access or use, manipulation, damage, or loss.

Effect—There is an increased risk that the County may not adequately protect its IT systems and data, which could result in unauthorized or inappropriate access and/or the loss of confidentiality or integrity of systems and data.

Cause—The County focused its efforts on the day-to-day operations and addressing staff turnover during the COVID-19 pandemic and had not prioritized addressing the risks associated with its IT systems.

Criteria—Implementing effective internal controls that follow a credible industry source, such as the National Institute of Standards and Technology, help the County to protect its IT systems and ensure the integrity and accuracy of the data it maintains, as follows:

- **Restrict access through logical and physical access controls**—Help to ensure systems and data are accessed by users who have a need, systems and data access granted is appropriate, key systems and data access is monitored and reviewed, and physical access to its system infrastructure is protected.
- **Manage system configurations and changes through well-defined, documented configuration management process**—Ensures the County’s IT system configurations are documented and that changes to the systems are identified, documented, evaluated for security implications, tested, and approved prior to implementation. This helps limit the possibility of an adverse impact on the system’s security or operation. Separating responsibilities is an important control for system changes; the same person who has authority to make system changes should not put the change into production. If those responsibilities cannot be separated, a post-implementation review should be performed to ensure the change was implemented as designed and approved.
- **Secure systems and data through IT security internal control policies and procedures**—Help prevent, detect, and respond to instances of unauthorized or inappropriate access or use, manipulation, damage, or loss to its IT systems and data.

Recommendations—The County should:

1. Make it a priority to develop and document comprehensive IT policies and procedures and develop a process to ensure the procedures are being consistently followed.

Restrict access—To restrict access to its IT systems and data, document and implement processes to:

2. Assign and periodically review employee user access ensuring appropriateness and compatibility with job responsibilities.
3. Remove terminated employees’ access to IT systems and data.
4. Review all other account access to ensure it remains appropriate and necessary.
5. Evaluate the use and appropriateness of accounts shared by 2 or more users, and manage the credentials for such accounts.
6. Review data center physical access periodically to determine appropriateness.

Manage system configurations and changes—To configure IT systems securely and manage system changes, develop, document, and implement processes to:

7. Establish and follow a documented change management process.
8. Review proposed changes for appropriateness, justification, and security impact.
9. Document changes, testing procedures and results, change approvals, and post-change review.
10. Separate responsibilities for the change management process or, if impractical, perform a post-implementation review to ensure the change was implemented as approved.

Secure systems and data—To secure IT systems and data, develop, document, and implement processes to:

11. Ensure monitoring of IT vendor contracts is adequately conducted to ensure vendor qualifications and adherence to the vendor contract.

The County's corrective action plan at the end of this report includes the views and planned corrective action of its responsible officials. We are not required to audit and have not audited these responses and planned corrective actions and therefore provide no assurances as to their accuracy.

This finding is similar to prior-year finding 2020-02.

2021-05

The County paid \$18,484 for food and beverages using procurement cards without documenting how these purchases were necessary to serve a public purpose and benefited the County and its residents, resulting in an elevated risk of misuse of public monies and possible violation of the Arizona Constitution

Condition—The County failed to document and explain prior to making the purchases how \$18,484 of public monies spent on food and beverage procurement card purchases during fiscal year 2021 were necessary to serve a public purpose and benefit the County and its residents. For example, the County spent public monies to purchase:

- \$13,075 in coffee and miscellaneous condiments for the County Sheriff's Office and Detention Center employees.
- \$5,409 for lunches for workers and volunteers at events held by the Health District (\$4,326), Housing Department (\$178), and Recorder's Office (\$905). During the audit and 23 months after making the purchases, the County provided an after-the-fact memorandum to document the public purpose for the Health Department and Recorder's Office purchases.

Effect—The County used public monies to pay for \$18,484 for food and beverages without documenting, prior to the purchase, how these purchases were necessary to serve a public purpose and benefited the County and its residents, resulting in an elevated risk of misuse of County monies and possible violation of the Arizona Constitution.

Cause—The County's policies in place during fiscal year 2021 did not explain what would constitute an acceptable use of public monies, including whether public monies can be used for food and beverage purchases. Also, the County did not have policies and procedures in place during the fiscal year that required its employees to provide documentation, prior to the purchase, to demonstrate or explain the purchases' public purpose and benefit. Further, the County had not provided any training to its employees regarding ensuring procurement card purchases comply with Constitutional provisions.

Criteria—The Arizona Constitution, Art. IX, Sec. 7, bans gifts of public monies by counties to individuals and organizations. Consequently, if the County determines that it is appropriate to purchase food and beverages using public monies, it must document how each purchase serves a public purpose and benefits the County and its residents. Further, designing, implementing, and monitoring internal control activities to achieve compliance objectives is an essential part of internal control standards, such as *Standards for Internal Control in the Federal Government*, issued by the Comptroller General of the United States, and are integral to ensuring monies are spent as allowed by applicable laws and are not fraudulently or mistakenly misused.²

² U.S. Government Accountability Office (GAO). (2014). Standards for internal control in the federal government. Washington, DC. <https://www.gao.gov/assets/670/665712.pdf>.

Recommendations—The County should help ensure that it does not misspend public monies through the use of procurement cards by:

1. Developing and implementing written policies and procedures for its employees' use of procurement cards that
 - a. Indicate whether procurement cards can be used to purchase food and beverages and, if so, under what circumstances these purchases would be an acceptable use of public monies, such that they would serve a public purpose and benefit the County and its residents.
 - b. Require employees to prepare and maintain documentation (that is, in addition to purchase orders, invoices, detailed sales receipts, and other documentation supporting the purchase) that demonstrates or explains the public purpose and benefit of food and beverage purchases, if such purchases are allowed.
2. Training all County employees, especially those who monitor procurement card purchases for policy compliance, on these policies and procedures and the Arizona Constitution's provisions for spending public monies.

The County's corrective action plan at the end of this report includes the views and planned corrective action of its responsible officials. We are not required to audit and have not audited these responses and planned corrective actions and therefore provide no assurances as to their accuracy.

Federal award findings and questioned costs

2021-101

Assistance Listings number and name:	93.323 COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases
Award number and year:	IGA2021-075, July 1, 2020–February 28, 2022
Federal agency:	U.S. Department of Health and Human Services
Pass-through grantor:	Arizona Department of Health Services
Compliance requirement:	Procurement
Questioned costs:	Unknown

Condition—Contrary to County policies and procedures, the County's Public Health Services Department failed to document the sole-source-procurement justification before making the purchases for 2 federal program purchases totaling \$38,295 it made during fiscal year 2021. These sole source purchases, which comprised 5.6 percent of the program's total federal award expenditures of \$685,817, included 1 purchase for COVID-19 test kit equipment totaling \$11,295 and 1 purchase for COVID-19 data dashboard software totaling \$27,000.

Effect—The County's use of sole source procurements without advance approval to ensure multiple sources for the goods/services did not exist and that sole source procurements were appropriate increased the County's risk of not receiving the most advantageous prices for the goods/services purchased with federal monies. Therefore, the County may have inappropriately decreased monies available for other program activities. Finally, the County is at risk that this finding applies to other federal programs the County administers.

Cause—Despite the County's policies and procedures specifying the process for making sole source purchases, the Public Health Services Department failed to consider whether these purchases were sole

source procurements that required additional documentation. The Public Health Services Department along with other County departments rely on the Financial Services Departments' Compliance Officer to perform an independent review and approval prior to purchases being made to ensure they comply with County policy. However, the Compliance Officer retired before reviewing these purchases, and the County's Financial Services Department assigned staff who were not properly trained on the policies and procedures. Therefore, staff did not properly document its determination demonstrating that only one supplier was capable of providing the required products. Further, the County's procurement policies and procedures do not require an independent review of sole-source procurements or designate staff to perform this review prior to purchase, and the County departments were not trained on the requirement to document sole source procurement determinations.

Criteria—The County's procurement policies and procedures require County departments to document the determination for using sole-source procurements prior to making such purchases and include it in the contract file (Yuma County [2019]. Comprehensive Purchasing Policy, p. 8.). Also, federal regulation requires establishing and maintaining effective internal control over federal awards that provides reasonable assurance that the federal program is being managed in compliance with all applicable laws, regulations, and award terms (2 CFR §200.303).

Recommendations—The County should ensure:

1. The Public Health Services Department documents the determination for using sole-source procurements prior to making such purchases and includes it in the contract file.
2. The Financial Services Department strengthens and clarifies policies and procedures to require an independent review of all sole-source purchases, designates staff to perform this review prior to purchase, and trains staff on County policies.

The County's corrective action plan at the end of this report includes the views and planned corrective action of its responsible officials. We are not required to audit and have not audited these responses and planned corrective actions and therefore provide no assurances as to their accuracy.

2021-102

Cluster name:	Housing Voucher Cluster
Assistance Listings numbers and names:	14.871 COVID-19 Section 8 Housing Choice Vouchers 14.871 Section 8 Housing Choice Vouchers
Award number and year:	AZ013, July 1, 2020 through June 30, 2021
Federal agency:	U.S. Department of Housing and Urban Development (HUD)
Compliance requirement:	Reporting
Questioned costs:	N/A

Condition—For 4 of 41 tenant files tested, the County's Housing Department (Department) reported inaccurate data on the Family Report (HUD-50058) for certain key line items, including name and date of birth. The key line-item information reported did not agree to records and supporting documentation contained in the tenants' files.

Effect—The Department's inaccurately reported data means HUD cannot effectively monitor the County's program administration and puts HUD at risk of not being able to carry out its responsibilities of effectively analyzing the program's success and preventing and detecting fraud.

Cause—The Department did not have written policies and procedures to ensure all Family Reports received a detailed, independent review for accuracy prior to their submission to HUD. As a result, Department staff was unaware of the need for these reports to be independently reviewed for accuracy prior to their submission to HUD.

Criteria—Federal regulation requires the Department to submit each tenant's Family Report electronically and maintain documentation supporting data reported for 3 years (24 CFR §908). Federal regulation also requires establishing and maintaining effective internal control over federal awards that provides reasonable assurance that the federal program is being managed in compliance with all applicable laws, regulations, and award terms (2 CFR §200.303).

Recommendations—The Department should:

1. Report accurate data in the Family Reports that agrees to records and supporting documentation contained in the tenant's files.
2. Develop and implement written policies and procedures to require a detailed, independent review of the Family Reports for accuracy prior to their submission to HUD.

The County's corrective action plan at the end of this report includes the views and planned corrective action of its responsible officials. We are not required to audit and have not audited these responses and planned corrective actions and therefore provide no assurances as to their accuracy.

This finding is similar to prior-year finding 2020-102.

2021-103

Assistance Listings numbers and names:	14.850 COVID-19 Public and Indian Housing 14.850 Public and Indian Housing
Award number and year:	SF-1784, 2021
Cluster name:	Housing Voucher Cluster
Assistance Listings numbers and names:	14.871 COVID-19 Section 8 Housing Choice Vouchers 14.871 Section 8 Housing Choice Vouchers
Award number and year:	AZ013, July 1, 2020 through June 30, 2021
Federal agency:	U.S. Department of Housing and Urban Development
Compliance requirement:	Special tests and provisions—Depository agreements
Questioned costs:	N/A

Condition—The County's Housing Department (Department) had 6 bank accounts for its federal low-income housing assistance programs with combined balances on deposit totaling \$2,637,458 as of June 30, 2021. However, contrary to the Department's contract with the U.S. Department of Housing and Urban Development (HUD), the Department:

- Used some non-interest-bearing bank accounts for its federal low-income housing assistance programs. Specifically, the Department had 2 non-interest-bearing bank accounts, and the balances totaled \$968,181 for the Public and Indian Housing program (58 percent of the \$1,683,345 total program balances) and \$194,463 for the Housing Voucher Cluster (20 percent of the \$954,113 total program balances).

- Had not updated its depository agreement with its financial institution to which HUD is a third party to include 3 additional bank accounts the Department used for federal low-income housing assistance. These accounts included 2 accounts totaling \$715,164 for the Public and Indian Housing program (42 percent of the \$1,683,345 total program balances) and 1 account totaling \$625,937 for the Housing Voucher Cluster (66 percent of the \$954,113 total program balances).

Effect—The Department has not been earning interest on monies it deposits in 2 accounts for its federal low-income housing assistance programs, resulting in less monies available for program activities. Additionally, HUD cannot effectively exercise its oversight authority for the deposits in the 3 bank accounts that the Department has not included in the depository agreement with its financial institution.

Cause—Despite the Department's contract with HUD specifying the Department's responsibilities related to federal low-income housing assistance program monies, Department management reported that they were neither aware that these monies were required to be deposited in interest-bearing bank accounts nor that the depository agreement, which was last updated in 2010, needed to be updated periodically for information such as bank account changes. Further, the Department lacked written policies and procedures requiring management to periodically review the Department's HUD contract, bank accounts, and depository agreement.

Criteria—Federal regulation and the Department's contract with HUD require the County to deposit federal low-income housing assistance program monies into interest-bearing bank accounts and have a depository agreement with its financial institution to serve as a safeguard for those federal monies on deposit, providing HUD with third-party rights so it can exercise its oversight authority over them (24 CFR §982.156; Yuma County Housing Department's HUD Annual Contributions Contract, Section 9, as authorized by 42 United States Code §1437F). Also, federal regulation requires the County to establish and maintain effective internal control over federal awards that provides reasonable assurance that federal programs are being managed in accordance with all applicable laws, regulations, and award terms and conditions (2 CFR §200.303).

Recommendations—The Department should:

1. Deposit federal low-income housing assistance program monies into interest-bearing accounts.
2. Include all bank accounts used for federal low-income housing assistance programs in the depository agreement with its financial institution to serve as a safeguard for federal monies on deposit.
3. Improve existing policies and procedures to require the Department's management to periodically review its HUD contract, bank accounts, and depository agreement.

The County's corrective action plan at the end of this report includes the views and planned corrective action of its responsible officials. We are not required to audit and have not audited these responses and planned corrective actions and therefore provide no assurances as to their accuracy.

COUNTY SECTION

YUMA COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Fiscal Period 7/1/2020 - 6/30/2021

Federal Awarding Agency/Program Title	Federal CFDA Number	Additional Award Identification (Optional)	Name of Funder Pass-Through Entity	Identifying Number Assigned By Funder Pass-Through Entity	Total Amount Provided to Sub-Recipients	Federal Expenditures	Federal Program Total	Cluster Name	Cluster Total
DEPARTMENT OF AGRICULTURE									
SCHOOL BREAKFAST PROGRAM	10.553		ARIZONA DEPARTMENT OF EDUCATION	ED09-0001		\$30,607	\$30,607	CHILD NUTRITION CLUSTER	\$30,607
WIC SPECIAL SUPPLEMENTAL NUTRITION PROGRAM FOR WOMEN, INFANTS, AND CHILDREN	10.557		ARIZONA DEPARTMENT OF HEALTH SERVICES	CTRM0333		\$1,380,889	\$1,380,889	N/A	\$0
STATE ADMINISTRATIVE MATCHING GRANTS FOR THE SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM	10.561		ARIZONA DEPARTMENT OF HEALTH SERVICES	ADHS16-106310; RFGA2020-001-005		\$280,722	\$280,722	SNAP CLUSTER	\$280,722
TOTAL DEPARTMENT OF AGRICULTURE						<u>\$1,692,218</u>			
DEPARTMENT OF DEFENSE									
COMMUNITY ECONOMIC ADJUSTMENT ASSISTANCE FOR COMPATIBLE USE AND JOINT LAND USE STUDY	12.610		OFFICE OF LOCAL DEFENSE COMMUNITY COOPERATION	EN875-19-02		\$120,258	\$120,258	N/A	\$0
TOTAL DEPARTMENT OF DEFENSE						<u>\$120,258</u>			
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT									
COMMUNITY DEVELOPMENT BLOCK GRANTS/STATE'S PROGRAM AND NON-ENTITLEMENT GRANTS IN HAWAII	14.228		ARIZONA DEPARTMENT OF HOUSING	115-19;114-21;115-21;116-21;107-21;121-21		\$186,686	\$186,686	N/A	\$0
HOME INVESTMENT PARTNERSHIPS PROGRAM	14.239		CITY OF YUMA	306-19;500-19;505-20		\$292,232	\$292,232	N/A	\$0
PUBLIC AND INDIAN HOUSING	14.850					\$784,875	\$893,314	N/A	\$0
COVID-19 - PUBLIC AND INDIAN HOUSING	14.850	COVID-19				\$108,439	\$893,314	N/A	\$0
RESIDENT OPPORTUNITY AND SUPPORTIVE SERVICES SERVICE COORDINATORS	14.870					\$80,869	\$80,869	N/A	\$0
SECTION 8 HOUSING CHOICE VOUCHERS	14.871					\$2,708,382	\$2,739,387	HOUSING VOUCHER CLUSTER	\$2,739,387
COVID-19: SECTION 8 HOUSING CHOICE VOUCHERS	14.871	COVID-19				\$31,005	\$2,739,387	HOUSING VOUCHER CLUSTER	\$2,739,387
PUBLIC HOUSING CAPITAL FUND	14.872					\$299,898	\$299,898	N/A	\$0
FAMILY SELF-SUFFICIENCY PROGRAM	14.896					\$189,845	\$189,845	N/A	\$0
TOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT						<u>\$4,682,231</u>			
DEPARTMENT OF THE INTERIOR									
BLM FUELS MANAGEMENT AND COMMUNITY FIRE ASSISTANCE PROGRAM ACTIVITIES	15.228		ARIZONA BUREAU OF LAND MANAGEMENT	L18AC0045		\$3,000	\$3,000	N/A	\$0
TOTAL DEPARTMENT OF THE INTERIOR						<u>\$3,000</u>			
DEPARTMENT OF JUSTICE									
COVID-19: CORONAVIRUS EMERGENCY SUPPLEMENTAL FUNDING PROGRAM	16.034	COVID-19	CRIMINAL JUSTICE COMMISSION	ACESF-21-054		\$260,819	\$271,800	N/A	\$0
COVID-19: CORONAVIRUS EMERGENCY SUPPLEMENTAL FUNDING PROGRAM	16.034	COVID-19				\$10,981	\$271,800	N/A	\$0
CRIME VICTIM ASSISTANCE	16.575		ARIZONA DEPARTMENT OF PUBLIC SAFETY	2018-356;2020-210		\$383,756	\$383,756	N/A	\$0
DRUG COURT DISCRETIONARY GRANT PROGRAM	16.585					\$14,382	\$14,382	N/A	\$0
EDWARD BYRNE MEMORIAL JUSTICE ASSISTANCE GRANT PROGRAM	16.738		ARIZONA CRIMINAL JUSTICE COMMISSION	DC-21-035; DC-20-014		\$176,697	\$176,697	N/A	\$0
TOTAL DEPARTMENT OF JUSTICE						<u>\$846,635</u>			
DEPARTMENT OF LABOR									
WIOA ADULT PROGRAM	17.258		ARIZONA DEPARTMENT OF ECONOMIC SECURITY	D19-002210;D121-002291	\$4,728,601	\$4,728,601	\$4,728,601	WIOA CLUSTER	\$10,134,320
WIOA YOUTH ACTIVITIES	17.259		ARIZONA DEPARTMENT OF ECONOMIC SECURITY	D19-002210;D121-002291	\$3,790,682	\$3,790,682	\$3,790,682	WIOA CLUSTER	\$10,134,320
WIOA DISLOCATED WORKER FORMULA GRANTS	17.278		ARIZONA DEPARTMENT OF ECONOMIC SECURITY	D19-002210;D121-002291	\$1,615,037	\$1,615,037	\$1,615,037	WIOA CLUSTER	\$10,134,320
TOTAL DEPARTMENT OF LABOR					<u>\$10,134,320</u>	<u>\$10,134,320</u>			
DEPARTMENT OF TRANSPORTATION									
STATE AND COMMUNITY HIGHWAY SAFETY	20.600		GOVERNOR'S OFFICE OF HIGHWAY SAFETY	2021-PTS-079		\$4,789	\$4,789	N/A	\$0
INTERAGENCY HAZARDOUS MATERIALS PUBLIC SECTOR TRAINING AND PLANNING GRANTS	20.703		ARIZONA DIVISION OF EMERGENCY AND MILITARY AFFAIRS	693JK31940003HMEP		\$7,535	\$7,535	N/A	\$0
TOTAL DEPARTMENT OF TRANSPORTATION						<u>\$12,324</u>			
DEPARTMENT OF TREASURY									
EQUITABLE SHARING	21.016					\$31,220	\$31,220	N/A	\$0
COVID-19: CORONAVIRUS RELIEF FUND	21.019	COVID-19	ARIZONA OFFICE OF THE GOVERNOR	86-6000567 ERMT-21-2080		\$4,193,649	\$4,395,536	N/A	\$0
COVID-19: CORONAVIRUS RELIEF FUND	21.019	COVID-19	ARIZONA SECRETARY OF STATE	ERMT-CRF-21-1014		\$179,356	\$4,395,536	N/A	\$0
COVID-19: CORONAVIRUS RELIEF FUND	21.019	COVID-19	ARIZONA DEPARTMENT OF HEALTH SERVICES	IGA2021-042		\$22,531	\$4,395,536	N/A	\$0
COVID-19: EMERGENCY RENTAL ASSISTANCE PROGRAM	21.023	COVID-19				\$852,970	\$852,970	N/A	\$0
TOTAL DEPARTMENT OF TREASURY						<u>\$5,279,726</u>			
INSTITUTE OF MUSEUM AND LIBRARY SERVICES OR NATIONAL ENDOWMENT FOR THE ARTS OR NATIONAL ENDOWMENT FOR THE HUMANITIES									
GRANTS TO STATES	45.310		DEPARTMENT OF LIBRARY, ARCHIVES AND PUBLIC RECORDS	2020-0010-09; 2020-0260-CITSCI-04; 2020-0340-WIFI-15; 2020-0341-01		\$36,325	\$40,325	N/A	\$0
COVID-19 - GRANTS TO STATES	45.310	COVID-19	DEPARTMENT OF LIBRARY, ARCHIVES AND PUBLIC RECORDS	2020-0720-51		\$4,000	\$40,325	N/A	\$0
TOTAL INSTITUTE OF MUSEUM AND LIBRARY SERVICES OR NATIONAL ENDOWMENT FOR THE ARTS OR NATIONAL ENDOWMENT FOR THE HUMANITIES						<u>\$40,325</u>			
ENVIRONMENTAL PROTECTION AGENCY									
LEAD TESTING IN SCHOOL AND CHILD CARE PROGRAM DRINKING WATER	66.444		ARIZONA DEPARTMENT OF HEALTH SERVICES	IGA2021-04		\$3,453	\$3,453	N/A	\$0
TOTAL ENVIRONMENTAL PROTECTION AGENCY						<u>\$3,453</u>			
DEPARTMENT OF EDUCATION									
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	84.010	84.010A	ARIZONA DEPARTMENT OF EDUCATION	20FT1TT1-010208-01A; 21FT1TT1-110208-01A		\$57,294	\$57,294	N/A	\$0
TITLE I STATE AGENCY PROGRAM FOR NEGLECTED & DELINQUENT CHILDREN & YOUTH	84.013	84.013A	ARIZONA DEPARTMENT OF EDUCATION	21FLCCL-111577-02A		\$37,631	\$37,631	N/A	\$0
SPECIAL EDUCATION--GRANTS TO STATES (IDEA, PART B)	84.027	84.027A	ARIZONA DEPARTMENT OF EDUCATION	21FESCBG-110681-09A; 21FESCBG-110208-09A		\$43,985	\$43,985	SPECIAL EDUCATION CLUSTER (IDEA)	\$43,985
CAREER AND TECHNICAL EDUCATION-BASIC GRANTS TO STATES	84.048	84.048A	ARIZONA DEPARTMENT OF EDUCATION	21FCTD8G-110208-08A		\$6,095	\$6,095	N/A	\$0

SUPPORTING EFFECTIVE INSTRUCTION STATE GRANTS	84.367	84.367A	ARIZONA DEPARTMENT OF EDUCATION	21FT17II-110208-03A	\$3,889	\$3,889	N/A	\$0
STUDENT SUPPORT AND ACADEMIC ENRICHMENT PROGRAM	84.424	84.424A	ARIZONA DEPARTMENT OF EDUCATION	21FT4TIV-010208-01A	\$15,223	\$15,223	N/A	\$0
COVID-19: EDUCATION STABILIZATION FUND	84.425	COVID-19, 84.425D	ARIZONA DEPARTMENT OF EDUCATION	20FERINT-01577-01A; 20FESSER-010208-01A	\$99,539	\$99,539	N/A	\$0
TOTAL DEPARTMENT OF EDUCATION					\$263,656			
Election Assistance Commission								
Election Assistance Commission	90.404		ARIZONA SECRETARY OF STATE	AZ18101001	\$106,145	\$106,145	N/A	\$0
TOTAL ELECTION ASSISTANCE COMMISSION					\$106,145			
DEPARTMENT OF HEALTH AND HUMAN SERVICES								
PUBLIC HEALTH EMERGENCY PREPAREDNESS	93.069		ARIZONA DEPARTMENT OF HEALTH SERVICES	ADHS17-133162	\$307,884	\$307,884	N/A	\$0
ENVIRONMENTAL PUBLIC HEALTH AND EMERGENCY RESPONSE	93.070		ARIZONA DEPARTMENT OF HEALTH SERVICES	ADHS18-175516	\$32	\$32	N/A	\$0
AFFORDABLE CARE ACT (ACA) PERSONAL RESPONSIBILITY EDUCATION PROGRAM	93.092		ARIZONA DEPARTMENT OF HEALTH SERVICES	ADHS16-150243	\$56,653	\$56,653	N/A	\$0
PROJECT GRANTS AND COOPERATIVE AGREEMENTS FOR TUBERCULOSIS CONTROL PROGRAMS	93.116		ARIZONA DEPARTMENT OF HEALTH SERVICES	ADHS18-188133	\$62,405	\$62,405	N/A	\$0
CENTERS FOR RESEARCH AND DEMONSTRATION FOR HEALTH PROMOTION AND DISEASE PREVENTION	93.135		UNIVERSITY OF ARIZONA	CTR#S40895	\$59,309	\$59,309	N/A	\$0
TITLE V STATE SEXUAL RISK AVOIDANCE EDUCATION PROGRAM	93.235		ARIZONA DEPARTMENT OF HEALTH SERVICES	ADHS17-156401; RFGA2021-01	\$69,511	\$69,511	N/A	\$0
SCALING THE NATIONAL DIABETES PREVENTION PROGRAM TO PRIORITY POPULATIONS	93.261		AMERICAN ASSOCIATION OF DIABETES EDUCATORS	17NUS8DP006361-04-00	\$36,805	\$36,805	N/A	\$0
IMMUNIZATION COOPERATIVE AGREEMENTS	93.268		ARIZONA DEPARTMENT OF HEALTH SERVICES	ADHS18-177693	\$468,695	\$468,695	N/A	\$0
COVID-19: EPIDEMIOLOGY AND LABORATORY CAPACITY FOR INFECTIOUS DISEASES (ELC)	93.323	COVID-19	ARIZONA DEPARTMENT OF HEALTH SERVICES	IGA2021-075	\$685,817	\$685,817	N/A	\$0
PUBLIC HEALTH EMERGENCY RESPONSE (COVID-19): COOPERATIVE AGREEMENT FOR EMERGENCY RESPONSE: PUBLIC HEALTH CRISIS RESPONSE	93.354	COVID-19	ARIZONA DEPARTMENT OF HEALTH SERVICES	ADHS17-133162	\$143,382	\$143,382	N/A	\$0
STRENGTHENING PUBLIC HEALTH SYSTEMS AND SERVICES THROUGH NATIONAL PARTNERSHIPS TO IMPROVE AND PROTECT THE NATIONS HEALTH	93.421		ARIZONA DEPARTMENT OF HEALTH SERVICES	CTR2020-041602	\$41,797	\$41,797	N/A	\$0
IMPROVING THE HEALTH OF AMERICANS THROUGH PREVENTION AND MANAGEMENT OF DIABETES AND HEART DISEASE AND STROKE	93.426		ARIZONA DEPARTMENT OF HEALTH SERVICES	CTR046488	\$76,043	\$76,043	N/A	\$0
CHILD SUPPORT ENFORCEMENT	93.563				\$192,547	\$192,547	N/A	\$0
GRANTS TO STATES FOR ACCESS AND VISITATION	93.597		STATE OF ARIZONA	DE111153001	\$35,334	\$35,334	N/A	\$0
FOSTER CARE, TITLE IV-E	93.658		ARIZONA SUPREME COURT	1004-020	\$51,048	\$51,048	N/A	\$0
SOCIAL SERVICES BLOCK GRANT	93.667		STATE OF ARIZONA	ADES D18-002138	\$47,068	\$47,068	N/A	\$0
OPPIOID STR	93.788		ARIZONA DEPARTMENT OF HEALTH SERVICES	CTR042317	\$87,514	\$87,514	N/A	\$0
HIV CARE FORMULA GRANTS	93.917		ARIZONA DEPARTMENT OF HEALTH SERVICES	ADHS18-193952	\$201,989	\$201,989	N/A	\$0
HIV PREVENTION ACTIVITIES, HEALTH DEPARTMENT BASED	93.940		ARIZONA DEPARTMENT OF HEALTH SERVICES	ADHS18-188832	\$18,029	\$18,029	N/A	\$0
SEXUALLY TRANSMITTED DISEASES PREVENTION AND CONTROL GRANTS	93.977		ARIZONA DEPARTMENT OF HEALTH SERVICES	CTR040483	\$20,386	\$20,386	N/A	\$0
PREVENTIVE HEALTH AND HEALTH SERVICES BLOCK GRANT	93.991		ARIZONA DEPARTMENT OF HEALTH SERVICES	IGA2020-025	\$59,801	\$59,801	N/A	\$0
MATERNAL AND CHILD HEALTH SERVICES BLOCK GRANT TO THE STATES	93.994		ARIZONA DEPARTMENT OF HEALTH SERVICES	IGA2020-025	\$135,331	\$135,331	N/A	\$0
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES					\$47,068	\$2,857,380		
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE								
AMERICORPS	94.006		ARIZONA SUPREME COURT	AC-VSG-18-090118-06Y2	\$9,038	\$9,038	N/A	\$0
TOTAL CORPORATION FOR NATIONAL AND COMMUNITY SERVICE					\$9,038			
EXECUTIVE OFFICE OF THE PRESIDENT								
HIGH INTENSITY DRUG TRAFFICKING AREAS PROGRAM	95.001		CITY OF TUCSON	HT-20-2981; HT-19-2940/G19SA0007A HT-19-2939; HT-20-2984	\$260,931	\$260,931	N/A	\$0
TOTAL EXECUTIVE OFFICE OF THE PRESIDENT					\$260,931			
DEPARTMENT OF HOMELAND SECURITY								
EMERGENCY MANAGEMENT PERFORMANCE GRANTS	97.042		ARIZONA DEPARTMENT OF EMERGENCY AFFAIRS	DHS-17-GPD-0-0-01 18-AZDOHS-HSGP-180602-01 19-AZDOHS-HSGP-190407-01 20-AZDOHS-HSGP-200407-01 20-AZDOHS-HSGP-200408-01 19-AZDOHS-HSGP-190407-04 19-AZDOHS-OPSG-190407-02 20-AZDOHS-OPSG-200437-01 20-AZDOHS-OPSG-200437-02	\$129,527	\$129,527	N/A	\$0
HOMELAND SECURITY GRANT PROGRAM	97.067		STATE OF ARIZONA DEPARTMENT OF HOMELAND SECURITY		\$1,663,928	\$1,663,928	N/A	\$0
TOTAL DEPARTMENT OF HOMELAND SECURITY					\$1,793,455			
TOTAL EXPENDITURE OF FEDERAL AWARDS					\$10,181,388	\$28,105,095		

Please Note:

Italicized award lines indicate pass-through funding

The accompanying Notes to the Schedule of Expenditures of Federal Awards are an integral part of the schedule.

YUMA COUNTY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Fiscal Period 7/1/2020 - 6/30/2021

Significant Accounting Policies Used in Preparing the SEFA

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.

10% De Minimis Cost Rate

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

Basis of presentation

The accompanying schedule of expenditures of federal awards (schedule) includes Yuma County's federal grant activity for the year ended June 30, 2021. 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.

Federal Assistance Listings Number

The program titles and Federal Assistance Listings numbers were obtained from the federal or pass-through grantor or the 2021 Federal Assistance Listings.

COUNTY RESPONSE

FINANCIAL
SERVICES
DEPARTMENT



Gilberto Villegas, Jr.
Chief Financial Officer

Leonardo Tanory
Deputy Chief Financial Officer

Accountability, Integrity, Innovation, Teamwork

23 September, 2022

Lindsay A. Perry
Arizona Auditor General
2910 N. 44th St., Ste. 410
Phoenix, AZ 85018

Dear Ms. Perry:

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

Sincerely,

A handwritten signature in blue ink, appearing to read "Gilberto", is written over a horizontal line.

Gilberto Villegas, Jr.
Chief Financial Officer / Director
Yuma County, Arizona.

Yuma County
Corrective action plan
Year ended June 30, 2021

Financial statement findings

2021-01

Heading: Payroll Timecards review and approval.

Name(s) of contact person(s): Gil Villegas, Jr., Chief Financial Officer

Completion date: January 24, 2022, with migration to our new ERP system.

The Financial Services department acknowledges the internal approval of various timecards and the lack of written procedures to ensure approvers' written verification after our approval, however, this was necessary to ensure employees were properly and timely paid as required by our payroll procedures. We believe the risk level and materiality is minimal once compared to the total yearly process.

As discussed, when required to approve timecards for others, the Payroll division performed due diligence by checking each timecard and ensuring hours charged were reasonable. Department supervisors and/or timecard approvers always had and continue to have the ability to check timecard after the approval process, and are able to submit correcting memos if any inaccuracies were found. Our Fiscal Year End 2021 and current Payroll system, issues notifications when timecards are due

With the ERP migration to the Cloud (January 2022), the Payroll division stopped approving timecards for other departments except for:

- 1) A few Elected Officials for whom the payroll supervisor is the designated approver.
- 2) Changes to timecards to enter donated hours to other employees (Extended Illness Bank).
- 3) Emergencies situations, when an approver cannot be found within 30 minutes after the deadline.

In all circumstances, designated approver is notified (e-mailed) of the timecard approved and requested a written acknowledgement. All these changes have been incorporated to our internal payroll process written procedures. Finally, as recommended, department heads have been reassigned to a different approver, as new County Administrator agreed to the new process.

2021-02

Heading: County failed to provide key financial information, which delayed financial statements issuance.

Name(s) of contact person(s): Gil Villegas, Jr., Chief Financial Officer

Anticipated completion date: December 31st, 2022.

The Financial Services department (Finance), responsible for the audit and timely issuance of the Annual Comprehensive Financial Report (ACFR), acknowledges submitting the first drafts after the set deadline. Finance did what was possible, given the circumstances, to meet deadlines. Yuma County understands the process to complete the audit process and we are very respectful of it, nevertheless, consideration should be given that the Schedule of Expenditures of Federal Awards was available on January 2022 and the original Annual Expenditure Limitation Report was available February 2022. However, because this report cannot be completed until the ACFR is finalized and modifications were made late June, the report was also delayed.

Fiscal year 2020–2021 was a very challenging year for our department; In addition to dealing with the pandemic, staff shortages, implementation of new federal programs, new GASB implementations, required migration of our ERP system to the Cloud, the change to an almost complete remote audit, multiple drafts required, and additional field work; added to the financial statements be delayed. Yuma County Finance believes some of the misstatements, as well as our plans to deal with the current year audit, were properly communicated in advance, for example the payroll accrual adjustment and the new fiduciary statements.

2021-02 (concluded)

Regarding the others, County appreciates the auditors bringing to our attention the misclassifications in net position and the change in the accrual process of the State shares sales tax.

Finance continues with the same plan and audit strategy to complete audit and issue the financial statement package within six (6) months after the end of the fiscal year. Following and implementing auditors' financial review recommendations; now that department is fully staffed; and system migration is completed, we are confident we are going to accomplish our goal.

2021-03

Heading: Information and Technology- Managing and Documenting Risk

Name(s) of contact person(s): Clif Summers, Chief Information Officer.

Gil Villegas, Jr., Chief Financial Officer

Anticipated completion date: June 30, 2023

The County's Department of Information and Technology (County IT) continues to formalize its written plan to determine the business functions that would need additional security. With the completed migration to the cloud of two of the County's main ERP systems (Oracle and Tyler), County IT believes the County's risk exposure has been significantly reduced.

As planned during previous fiscal years, additional resources have been allocated during the current budget process to provide County IT with additional tools to mitigate risk and strengthen internal controls. Although County IT currently has processes (i.e. enterprise risk management assessment tools and other security software to be acquired) in place to identify additional opportunities for risk mitigation, County IT is also aware of the additional recommended requirements. County IT will use the National Institute of Standards and Technology (NIST) framework as a baseline to assess, classify, and inventory sensitive information. This includes writing internal controls as needed and determining the proper access levels for each user with the responsible data owner. It should also be noted County IT will be working with the County Records Management Office to finalize and implement a proper data classification system organization-wide. At this time the classification and audit of data are still in process.

2021-04

Heading: Information and Technology- County's control procedures over IT systems and data were not sufficient or adequate to protect those systems and data.

Name(s) of contact person(s): Clif Summers, Chief Information Officer.

Gil Villegas, Jr., Chief Financial Officer

Anticipated completion date: June 30, 2023

The County's Department of Information and Technology (County IT) is fully aware that additional written policies and procedures are needed. Using the National Institute of Standards and Technology (NIST) framework, County IT continues its efforts to develop and implement control procedures that are adequate and sufficient. As stated in previous years, County IT acknowledges the importance of written procedures and strives to always have updated and completed policies, however, time and other immediate needs have delayed their full review, development, and implementation. County IT continues to make progress in creating these written policies and procedures as this year they were able to address various concerns ensuring the continuation of operations.

Restricted Access, with the migration of our ERP system to the cloud, security has been enhanced for users. Although some policies and procedures exist, they are not properly documented to satisfy NIST framework requirements.

2021-04 (concluded)

Managing System Configuration and Changes, again with the migration and implementation of our ERP to the cloud, it is now necessary to review and revise existing internal policies. County IT will now be working on them.

Securing System and Data, Statements of Controls (SOC/ SSAE 18) reports were obtained to ensure third-party providers comply with industry requirements and guidelines; however, we did not receive them until after the auditors requested the reports. We will obtain and review these reports every year going forward. This includes the qualification of their contracts and service. County IT believes this item is to be completed once written procedures are completed. County IT will be using the current vendor management system, Security Studio, to track and document vendor security assessments. It should be noted that Security Studio was already in use for security assessments and review.

2021-05

Heading: Sheriff, Heath District and Housing- Public monies on food and beverages

Name(s) of contact person(s): Gil Villegas, Jr., Chief Financial Officer

Anticipated completion date: June 30, 2023. New policy to be completed

Yuma County believes, after conversations with department heads, these transactions were needed to successfully conduct regular operations. However, County does agree that a written policy is needed to provide additional guidance on the application of The Arizona Constitution Article IX Section 7 and documentation on the public purpose of the purchases. According to our department heads these transactions were needed as part of regular operations and to continue providing services to our constituents, refer to their comments below:

Sheriff, believes the procurement of coffee and miscellaneous condiments for employees and inmates, helps with the execution of the daily operations. Items incentivize employees in their daily work duties by providing the necessary tools to do their work, which in turn reflects on a better service to its community.

Health District director, expressed lunches during the pandemic were necessary to continue with health care services to the community. These lunches were provided at community events servicing the Yuma County community. Due to limitations on staff and the additional hours needed to provide services, lunches to staff and volunteers were needed and justified. As result of lunches provided, community received a faster and better service.

Yuma County Recorder reports lunches were provided prior and during the presidential election. Consider the elections department is also under the supervision of the County recorders. During the pandemic as election workers tested positive, available election workers and staff were not allowed to leave the voting centers to keep the voting service open. Also, prior to the election there was a need to train replacements and in order to maximize training time lunches were provided. Elected official believes the expenditure was required to continue serving the community.

During the last 2 years, Yuma County Financial Services has been working on a policy to provide additional guidance on the implementation of Article IX section 7 of the Arizona Constitution. Financial services have contacted other local governments and procured current State guidance to the subject to create our own policy. Policy is scheduled to go before the board by the end of the fiscal year.

Federal award findings and questioned costs

2021-101

Assistance Listings number and program name: 93.323 COVID-19 Epidemiology and Laboratory Capacity for infectious Diseases.

Name(s) of contact person(s): Diana Gomez, Chief Health Officer/ Director
Gil Villegas, Jr., Chief Financial Officer

Completion date: August 31, 2022

Yuma County Financial Services department (Finance) is responsible for enforcing adopted County procurement policies; due to the decentralized purchasing system the County has, multiple compliance and procurement trainings are offered to all County agencies throughout the year. Unfortunately, during the pandemic, the trainings were suspended and Finance limited to answer direct questions, but continued with reviews. During these trying times, the compliance officer, primary responsible for the procurement enforcement, retired (October, 2021), causing the workload to be temporarily distributed among the Deputy-CFO and a Clerk who was not most versed in the procurement process.

Our current Comprehensive Purchasing Policy, under the "Legal Requirements" section, guidance and requirements about Sole Source Procurement is provided; the Compliance officer is responsible for enforcing and reviewing this and all types of procurement. Also, as noted above, all departments are trained in the use and application of the procurement policy.

During the pandemic the Arizona Department Health Services provided test kits to Yuma at no cost. These test kits were from the one vendor, it only made sense to purchase the equipment from the same manufacturer.

Now the department is fully staffed Finance is confident we'll ensure information in complete and accurate when sole-source purchasing is utilized.

2021.102

Assistance Listing number and program name: 14.871 COVID-19 Section 8 Housing Choice Vouchers.
14.871 Section 8 Housing Choice Vouchers

Name(s) of contact person(s): Jesus Roldan, Housing Director
Gil Villegas, Jr., Chief Financial Officer

Completion date: January 31, 2022.

Audited files identified with inaccurate data have been corrected to match supporting documentation on files. The Inaccurate data found on audited files did not have any effect in HAP payments.

Housing Department has procedures in place to perform quality control on quarterly family reports. Department uses the tools **EIV**(*Enterprise Income Verification*) and **IVT**(*Income Validation Tool*) required by HUD on all files to identify and reduce administrative and subsidy payments errors, fraud, waste and abuse in HUD's Rental Assistance Programs. Such reports provide validation of tenant reported wages and all other sources of Income or any other discrepancies. If discrepancies are found Housing Department follow the proper steps to correct the issues before transmitting the data to **PIC**(*Public and Indian Housing Information Center*).

2021.103

Assistance Listings number and program name: 14.850 COVID-19 Public and Indian Housing.
14.850 Public and Indian Housing.

Name(s) of contact person(s): Jesus Roldan, Housing Director
Gil Villegas, Jr., Chief Financial Officer

Anticipated completion date: November 30, 2022.

All Housing Accounts are now into interest-bearing accounts. After recent changes made by our Treasurer office. Also, a depository agreement will be presented to the Board of Directors for approval and a copy will be send to HUD Office at the next Board Meeting available.

As far as the three bank accounts that were not in the Depository Agreement, HUD is well aware of the funding in those accounts. All the funding on this accounts gets reported to HUD on a monthly/annually via **VMS**(*Voucher Management System*) report and/or the **FDS**(*Financial Data Schedule*) report. It was an oversight from the Housing Department not updating the Depository Agreement. For reference all of the accounts in questions were before the current administration. The accounts not found in the depository agreement were opened as follows: **X8165** = October 14, 1999, **X5137** = June 5, 1998, **X5153** = June 5, 1998. A depository agreement was not found with our financial institution or HUD when these accounts were opened.

FINANCIAL
SERVICES
DEPARTMENT



Gilberto Villegas, Jr.
Chief Financial Officer
Leonardo Tanory
Deputy Chief Financial Officer

Accountability, Integrity, Innovation, Teamwork

23 September, 2022

Lindsay A. Perry
Arizona Auditor General
2910 N. 44th St., Ste. 410
Phoenix, AZ 85018

Dear Ms. Perry:

We have prepared the accompanying summary 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,

A handwritten signature in blue ink, appearing to read "Gilberto", is written over a horizontal line.

Gilberto Villegas, Jr.
Chief Financial Officer / Director
Yuma County, Arizona.

Yuma County
Summary schedule of prior audit findings
Year ended June 30, 2021

Status of financial statement findings

Title: Information and technology- Managing and Documenting Risk.

Finding number: 2020-01. This finding is similar to finding 2019-01

Status: Partially corrected

County continues to make progress in fully addressing this item. The identification, classification and inventorying of information was delayed to implement other improvements to County's security systems, for example: completion of email phishing alerts and procedures, the "KnowBe4" security and notifications procedures, and the recent ERP Migration (January 2022) to the cloud. Data security has been a priority to Yuma County's Chief Information Officer, County believes additional security systems added is helping mitigate the risk exposure and factor.

Title: Information and Technology- Procedures over Systems and Data.

Finding number: 2020-02. This finding is similar to finding 2019-02

Status: Partially corrected

County has developed internal control procedures, however, in the auditors' assessment they are not sufficient to respond to the possible risks. County completed another sections of this item which had to do with ensuring continuation of operations.

Regarding Access, with the migration of our ERP system to the cloud, security has been enhanced to system access. Also, user accounts are now deactivated according to internal procedures. Temporarily full access (Super Users) to system administrators are now evaluated to determine when it is to be terminated.

Regarding System Configuration and Changes, County continues to develop new policies and strengthen the ones in place to provide detail guidance on this topic. However, with change in ERP system it is now necessary to recreate most of them.

Regarding Securing System and Data, Statements of Controls (SOC/ SSAE 18) reports were obtained to ensure third party providers are in compliance and qualified with contract and service. County believes this item is to be completed once written procedures are completed.

Title: Procurement Cards (PCards) use to obtain gift cards by the Juvenile Courts department.

Finding number: 2020-03

Status: Fully Corrected.

The Financial Services department conducted meeting and surveys with the different departments that utilize a "gift card" program to incentivize and reward the constituent in need and as allowed by their funding programs. It was concluded, the "gift card" program works to motivate juveniles and adults in problems as well as to increases the participation in important health program. So rather than eliminating their successful programs we changed the method of procuring for those "gift cards" and its use. County saw no need to change PCard policy as section III: Policy; Item D(i). "Unauthorized Uses" addressed this item. Additionally, The Note "Other restrictions may be imposed by the Department Head" along with proper communications, also supports the prohibition of using PCards for the acquisition of gift cards.

The Juvenile Court department continued with the "gift card" program in fiscal year 2021 and developed and implemented written procedures about acquisition, disbursement, and inventory of such cards. No gift cards were acquired using PCards from them or any other department.

Status of federal award findings and questioned costs

Assistance Listings number and program name: 17.258 WIOA Adult Program; 17.259 WIOA Youth Activities; 17.278 WIOA Dislocated Workers Formula Grants.

Finding number: 2020-101.

Status: Fully Corrected.

Financial Services department Audit was never meant to be omitted as originally stated, but was postponed for health and security reasons. Audit completed as previously noted.

Assistance Listings number and program name: 14.871 Section 8 Housing Choice Vouchers.

Finding number: 2020-102.

Status: **Assistance Listings number and program name:** 17.258 WIOA Adult Program; 17.259 WIOA Youth Activities; 17.278 WIOA Dislocated Workers Formula Grants.

Finding number: 2020-101.

Status: Partially Corrected as of June 30, 2021. Fully Corrected as of June 30, 2022.

Audited files identified with inaccurate data have been corrected to match supporting documentation on files. The Inaccurate data found on audited files did not have any effect in HAP payments.

Housing staffing levels are tied to funding, which most of the times is not enough. All efforts have been made to maintain the adequate staffing levels to ensure all family reports received are thoroughly and independently reviewed, however when the service demand is high, and resources are limited, misspelling errors do occur and are hard to catch. The Yuma County Housing Department is committed to increase quality control on reviews to ensure complete and accurate information is included on the Family Report (HUD-50058).

