

Santa Cruz County

Single Audit Report

Year Ended June 30, 2020



A Report to the Arizona Legislature

Lindsey A. Perry
Auditor General





The Arizona Auditor General's mission is to provide independent and impartial information and specific recommendations to improve the operations of State and local government entities. To this end, the Office provides financial audits and accounting services to the State and political subdivisions, investigates possible misuse of public monies, and conducts performance audits and special reviews of school districts, State agencies, and the programs they administer.

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Audit Staff

Donna Miller, Director
Victoria Fisher, Manager

Contact Information

Arizona Auditor General
2910 N. 44th St., Ste. 410
Phoenix, AZ 85018-7271

(602) 553-0333

contact@azauditor.gov

www.azauditor.gov



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Comprehensive Annual 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
Santa Cruz 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, business-type activities, each major fund, and aggregate remaining fund information of Santa Cruz County as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated May 25, 2021.

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.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2020-01, that we consider to be a significant deficiency.

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 disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 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 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

May 25, 2021



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
Santa Cruz County, Arizona

Report on compliance for each major federal program

We have audited Santa Cruz 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, 2020. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's responsibility

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

Auditors' responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on each major federal program

In our opinion, 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 major federal programs for the year ended June 30, 2020.

Report on internal control over compliance

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

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

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

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

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

We have audited the financial statements of the County's governmental activities, business-type activities, each major fund, and aggregate remaining fund information as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated May 25, 2021, that contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming our opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of the County's management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other

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

Lindsey A. Perry

Lindsey A. Perry, CPA, CFE
Auditor General

May 25, 2021



SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Summary of auditors' results

Financial statements

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

Internal control over financial reporting

Material weaknesses identified? No

Significant deficiencies identified? Yes

Noncompliance material to the financial statements noted? No

Federal awards

Internal control over major programs

Material weaknesses identified? No

Significant deficiencies identified? None reported

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

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

Identification of major programs

Assistance Listings number	Name of federal program or cluster
20.106	Airport Improvement Program
21.019	Coronavirus Relief Fund
95.001	High Intensity Drug Trafficking Areas Program

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

Auditee qualified as low-risk auditee? No

Financial statement findings

2020-01

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 adequate 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.
- **Ensuring operations continue**—Contingency plan lacked key elements related to restoring operations in the event of a disaster or other system interruption.

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. It also increases the County's risk of not being able to effectively continue daily operations and completely and accurately recover vital IT systems and data in the event of a disaster or system interruption.

Cause—The County relied on informal processes while it develops and documents formal policies and procedures. In addition, some formal policies and procedures were not implemented as of June 30, 2020.

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

- **Restricting access through logical controls**—Help to ensure systems and data are accessed by users who have a need, systems and data access granted is appropriate, and key systems and data access is monitored and reviewed.
- **Managing 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.
- **Securing 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.
- **Ensuring operations continue through a comprehensive, documented, and tested contingency plan**—Provides the preparation necessary to place the plan in operation and helps to ensure business operations continue and systems and data can be recovered in the event of a disaster, system or equipment failure, or other interruption.

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.

Restricting access—To restrict access to its IT systems and data, develop, 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. Enhance authentication requirements for IT systems.

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

6. Establish and follow a documented change and patch management process.
7. Review proposed changes for appropriateness, justification, and security impact.
8. Document changes, testing procedures and results, change approvals, and post-change review.
9. Develop and document a plan to roll back changes in the event of a negative impact to IT systems.
10. Test changes prior to implementation.
11. Maintain configurations for all system services, assets, and infrastructure; manage configuration changes; and monitor the system for unauthorized or unintended configuration changes.

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

12. Perform proactive key user and system activity logging and log monitoring, particularly for users with administrative access privileges.
13. Prepare and implement a security incident response plan clearly stating how to report and handle such incidents.
14. Provide all employees ongoing training on IT security risks and their responsibilities to ensure systems and data are protected.

Ensuring operations continue—To ensure operations continue, develop, document, and implement processes to:

15. Evaluate and determine the critical organizations functions and IT systems that would need to be restored quickly given the potential impact disasters or other IT system interruptions could have on the organization's operations, such as public safety and payroll and accounting, and determine how to prioritize and plan for recovery.
16. Develop and implement a contingency plan, and ensure it includes all critical elements to restore critical operations, including being prepared to move critical operations to a separate alternative site if necessary.
17. Test the contingency plan.
18. Train staff responsible for implementing the contingency plan.

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

This finding is similar to prior-year finding 2019-02.

Federal award findings and questioned costs

None reported.

COUNTY SECTION

SANTA CRUZ COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Fiscal Period 7/1/2019 - 6/30/2020

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									
SCHOOLS AND ROADS - GRANTS TO STATES	10.665					\$28,750	\$28,750	FOREST SERVICE SCHOOLS AND ROADS CLUSTER	\$28,750
TOTAL DEPARTMENT OF AGRICULTURE						<u>\$28,750</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	117-18 121-20 122-20 127-20		\$324,393	\$324,393	N/A	\$0
TOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT						<u>\$324,393</u>			
DEPARTMENT OF THE INTERIOR									
DISTRIBUTION OF RECEIPTS TO STATE AND LOCAL GOVERNMENTS	15.227					\$3,113	\$3,113	N/A	\$0
TOTAL DEPARTMENT OF THE INTERIOR						<u>\$3,113</u>			
DEPARTMENT OF JUSTICE									
CRIME VICTIM ASSISTANCE	16.575		ARIZONA DEPARTMENT OF PUBLIC SAFETY	2018-331		\$59,698	\$59,698	N/A	\$0
CRIME VICTIM ASSISTANCE/DISCRETIONARY GRANTS	16.582		NORTHERN ARIZONA UNIVERSITY	2017VFGX130AZ		\$54,767	\$54,767	N/A	\$0
TOTAL DEPARTMENT OF JUSTICE						<u>\$114,465</u>			
DEPARTMENT OF LABOR									
WIA ADULT PROGRAM	17.258		ARIZONA DEPARTMENT OF ECONOMIC SECURITY	D19-002207 A1 D19-002207 A2		\$230,353	\$230,353	WIOA CLUSTER	\$708,530
WIA YOUTH ACTIVITIES	17.259		ARIZONA DEPARTMENT OF ECONOMIC SECURITY	D19-002207 A1 D19-002207 A2		\$299,183	\$299,183	WIOA CLUSTER	\$708,530
WIA DISLOCATED WORKER FORMULA GRANTS	17.278		ARIZONA DEPARTMENT OF ECONOMIC SECURITY	D19-002207 A1 D19-002207 A2		\$178,994	\$178,994	WIOA CLUSTER	\$708,530
TOTAL DEPARTMENT OF LABOR						<u>\$708,530</u>			
DEPARTMENT OF TRANSPORTATION									
AIRPORT IMPROVEMENT PROGRAM	20.106					\$1,220,164	\$1,225,020	N/A	\$0
AIRPORT IMPROVEMENT PROGRAM	20.106	COVID 19				\$4,856	\$1,225,020	N/A	\$0
STATE AND COMMUNITY HIGHWAY SAFETY INTERAGENCY HAZARDOUS MATERIALS PUBLIC SECTOR TRAINING AND PLANNING GRANTS	20.600		ARIZONA GOVERNOR'S OFFICE OF HIGHWAY SAFETY	2019-AL-026 2019-PTS-048 2020-AL-030 2020-PTS-055 2020-0R-016		\$12,499	\$12,499	HIGHWAY SAFETY CLUSTER	\$12,499
ENVIRONMENTAL QUALITY	20.703		ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY	HM-HMP-0583-16-01-00		\$26,964	\$26,964	N/A	\$0
TOTAL DEPARTMENT OF TRANSPORTATION						<u>\$1,264,483</u>			
DEPARTMENT OF TREASURY									
CORONAVIRUS RELIEF FUND	21.019	COVID 19	ARIZONA GOVERNOR'S OFFICE	ERMT-20-078		\$1,055,038	\$1,055,038	N/A	\$0
TOTAL DEPARTMENT OF TREASURY						<u>\$1,055,038</u>			
DEPARTMENT OF EDUCATION									
ADULT EDUCATION - BASIC GRANTS TO STATES	84.002		ARIZONA DEPARTMENT OF EDUCATION	20FAEWF-013397-01 20FAEABE-013397-01A 20FAEEL-013397-01A 20FAEET-013397-01A 20FAEWA-013397-01A		\$154,580	\$154,580	N/A	\$0
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	84.010		ARIZONA DEPARTMENT OF EDUCATION	20FAEAPL-013397-01A 19FLCCL-913341-02A 20FLCCL-013341-02A 20FESCBG-010731-09A 19FESCBG-910731-09A 20FESCBG-010725-09A 19FESCBG-910725-09A		\$7,487	\$7,487	N/A	\$0
SPECIAL EDUCATION GRANTS TO STATES	84.027		ARIZONA DEPARTMENT OF EDUCATION	19FT17H-913341-03A 20FT17H-013341-03A		\$1,309	\$1,309	SPECIAL EDUCATION CLUSTER (IDEA)	\$1,309
GAINING EARLY AWARENESS AND READINESS FOR UNDERGRADUATE PROGRAMS	84.334		ARIZONA DEPARTMENT OF EDUCATION	19FT17H-913341-03A 20FT17H-013341-03A	\$55,097	\$598,316	\$598,316	N/A	\$0
IMPROVING TEACHER QUALITY STATE GRANTS	84.367		ARIZONA DEPARTMENT OF EDUCATION	19FT17H-913341-03A 20FT17H-013341-03A		\$161	\$161	N/A	\$0
EDUCATION STABILIZATION FUND	84.425	D COVID-19	ARIZONA DEPARTMENT OF EDUCATION	20FERFNT-013341-01-A		\$5,263	\$5,263	N/A	\$0
TOTAL DEPARTMENT OF EDUCATION					\$55,097	<u>\$767,116</u>			
DELTA REGIONAL AUTHORITY or DENALI COMMISSION or ELECTION ASSISTANCE COMMISSION or JAPAN U.S. FRIENDSHIP COMMISSION									
2018 HAVA ELECTION SECURITY GRANTS	90.404		ARIZONA SECRETARY OF STATE	AZ18101001		\$38,980	\$38,980	N/A	\$0
TOTAL DELTA REGIONAL AUTHORITY or DENALI COMMISSION or ELECTION ASSISTANCE COMMISSION or JAPAN U.S. FRIENDSHIP COMMISSION						<u>\$38,980</u>			
DEPARTMENT OF HEALTH AND HUMAN SERVICES									
PUBLIC HEALTH EMERGENCY PREPAREDNESS	93.069		ARIZONA DEPARTMENT OF HEALTH SERVICES	ADHS17-133199		\$161,730	\$161,730	N/A	\$0
FOOD AND DRUG ADMINISTRATION RESEARCH	93.103		ASSOCIATION OF FOOD AND DRUG OFFICIALS	G-SP-1611-04294 G-F-1810-06398		\$882	\$882	N/A	\$0
IMMUNIZATION COOPERATIVE AGREEMENTS	93.268		ARIZONA DEPARTMENT OF HEALTH SERVICES	ADHS18-177689-2	\$35,557	\$35,557	\$35,557	N/A	\$0
EPIDEMIOLOGY AND LABORATORY CAPACITY FOR INFECTIOUS DISEASES (ELC)	93.323		ARIZONA DEPARTMENT OF HEALTH SERVICES	ADHS17-163253		\$3,136	\$3,136	N/A	\$0
PUBLIC HEALTH EMERGENCY RESPONSE: COOPERATIVE AGREEMENT FOR EMERGENCY RESPONSE: PUBLIC HEALTH CRISIS RESPONSE	93.354	COVID 19	ARIZONA DEPARTMENT OF HEALTH SERVICES	ADHS 17-133199		\$107,464	\$107,464	N/A	\$0
PHPH CAPACITY BUILDING ASSISTANCE TO STRENGTHEN PUBLIC HEALTH IMMUNIZATION INFRASTRUCTURE AND PERFORMANCE FINANCED IN PART BY PREVENTION AND PUBLIC HEALTH FUNDS	93.539		ARIZONA DEPARTMENT OF HEALTH SERVICES	ADHS18-177689-2	\$203,055	\$203,055	\$203,055	N/A	\$0
CHILD SUPPORT ENFORCEMENT	93.563		ARIZONA DEPARTMENT OF ECONOMIC SECURITY	G1804A24004 D18-002158		\$65,323	\$65,323	N/A	\$0
VOTING ACCESS FOR INDIVIDUALS WITH DISABILITIES, GRANTS TO STATES	93.617		ARIZONA SECRETARY OF STATE	NONE		\$9,133	\$9,133	N/A	\$0
SOCIAL SERVICES BLOCK GRANT	93.667		SOUTHEASTERN ARIZONA GOVERNMENTS ORGANIZATION	121-20		\$35,000	\$35,000	N/A	\$0
RURAL HEALTH CARE SERVICES OUTREACH, RURAL HEALTH NETWORK DEVELOPMENT AND SMALL HEALTH CARE PROVIDER QUALITY IMPROVEMENT	93.912		MARIPOSA COMMUNITY HEALTH CENTER	D06RH21674		\$11,334	\$11,334	N/A	\$0
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES						<u>\$238,612</u>	<u>\$632,614</u>		
EXECUTIVE OFFICE OF THE PRESIDENT									
HIGH INTENSITY DRUG TRAFFICKING AREAS PROGRAM	95.001		CITY OF TUCSON	HT-18-2830 HT-19-2931 HT-20-2951 HT-18-2831 HT-19-2932		\$365,835	\$365,835	N/A	\$0
TOTAL EXECUTIVE OFFICE OF THE PRESIDENT						<u>\$365,835</u>			
DEPARTMENT OF HOMELAND SECURITY									
DISASTER GRANTS - PUBLIC ASSISTANCE (PRESIDENTIALLY DECLARED DISASTERS)	97.036	COVID 19	ARIZONA DEPARTMENT OF EMERGENCY AND MILITARY AFFAIRS	4524-DR-AZ		\$41,884	\$41,884	N/A	\$0
EMERGENCY MANAGEMENT PERFORMANCE GRANTS	97.042		ARIZONA DEPARTMENT OF EMERGENCY AND MILITARY AFFAIRS	EMF-2019-EP-00010		\$147,194	\$147,194	N/A	\$0

			18-AZDOHS-HSGP-180404-01					
			19-AZDOHS-HSGP-190403-01					
			18-AZDOHS-OPSG-180432-01					
			18-AZDOHS-OPSG-180432-02					
			19-AZDOHS-OPSG-190427-01					
			19-AZDOHS-OPSG-190427-02					
HOMELAND SECURITY GRANT PROGRAM	97.067	ARIZONA DEPARTMENT OF HOMELAND SECURITY			5638,457	5638,457	N/A	50
TOTAL DEPARTMENT OF HOMELAND SECURITY						<u>5827,535</u>		
TOTAL EXPENDITURE OF FEDERAL AWARDS					<u>5293,709</u>	<u>56,130,852</u>		

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.

SANTA CRUZ COUNTY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Fiscal Period 7/1/2019 - 6/30/2020

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 elected 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 Santa Cruz County's federal grant activity for the year ended June 30, 2020. 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 2020 *Federal Assistance Listings* .

Donated Personal Protective Equipment

The County received \$11,372 in donated Personal Protective Equipment (PPE) from Public Health Emergency Response (Federal Assistance Listings #93.354) passed through the Arizona Department of Health Services and \$4,975 of the donated PPE was passed through to the Mariposa Community Health Clinic.

COUNTY RESPONSE



ADMINISTRATIVE SERVICES
SANTA CRUZ COUNTY

Mauricio A. Chavez, CMPI
Director of Finance &
Administrative Services

May 25, 2021

Lindsey Perry
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 "Mauricio A. Chavez", is written over a light blue horizontal line.

Mauricio A. Chavez
Director of Finance & Administrative Services

Santa Cruz County
Corrective action plan
Year ended June 30, 2020

Financial statement findings

2020-01

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

Juan Balderas, IT Director

Anticipated completion date: July 1, 2022

Corrective Action: The County concurs with the finding and to ensure data integrity and accuracy, Santa Cruz County has begun developing Policies and Procedures that will govern its internal IT Systems controls and the procedures are planned to be implemented before July 1, 2022. These Policies will be based on NIST SP 800-53 rev 5.



ADMINISTRATIVE SERVICES
SANTA CRUZ COUNTY

Mauricio A. Chavez, CMPI
Director of Finance &
Administrative Services

May 25, 2021

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

Dear Ms. Perry:

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

Sincerely,

Mauricio A. Chavez
Director of Finance & Administrative Services

Santa Cruz County
Summary schedule of prior audit findings
Year ended June 30, 2020

Status of financial statement findings

Managing risk

Finding number: 2019-01 This finding initially occurred in fiscal year 2017.

Status: Fully corrected

Information technology (IT) controls—access, configuration and change management, security, and contingency planning

Finding number: 2019-02 This finding initially occurred in fiscal year 2015.

Status: Partially corrected

The County continues to develop policies and procedures to help prevent and detect unauthorized access or use of IT resources. The County implemented a software solution to assist with logging, monitoring, and classifying its data.

Public Fiduciary

Finding number: 2018-05 This finding initially occurred in fiscal year 2018.

Status: Fully corrected

