

**Mohave County, Arizona**  
**SINGLE AUDIT REPORTING PACKAGE**  
**Year Ended June 30, 2023**

Mohave County, Arizona  
Single Audit Reporting Package  
Year Ended June 30, 2023  
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**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***

The Arizona Auditor General  
The Board of Supervisors of  
Mohave County, Arizona

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Mohave County (the County) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 28, 2024. Our report includes a reference to other auditors who audited the financial statements of the Mohave County Self-Insured Trust Fund and Employee Benefits Trust Fund, 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 reports of the other auditors.

**Report on 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 the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our 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 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 were not identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2023-001 and 2023-002 that we consider to be significant deficiencies.

## **Report on 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*.

## **Mohave County's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the County's responses to the findings identified in our audit and presented in the 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 other 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.

*Fester & Chapman, PLLC*

March 28, 2024



**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**

The Arizona Auditor General  
The Board of Supervisors of  
Mohave County, Arizona

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Mohave County's compliance with the types of compliance requirements identified as subject to audit 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, 2023. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Mohave County complied, in all material respects, with the 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, 2023.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the U.S. Comptroller General, 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Mohave County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Mohave County's compliance with the compliance requirements referred to above.

***Management's Responsibilities for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Mohave County's federal programs.

## ***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Mohave County's compliance based on our audit. Reasonable assurance is a high level of assurance, but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with U.S. generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the County's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with U.S. generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the County's internal control over compliance. Accordingly, we express no such opinion.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### ***Other Matters***

The results of our auditing procedures disclosed 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 item 2023-101. Our opinion on each major federal program is not modified with respect to these matters.

### **Report on Internal Control over Compliance**

Our consideration of internal control over compliance was for the limited purpose described in the auditors' responsibilities for the audit of compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weakness or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be 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. 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 deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-101 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

### **Mohave County's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the County's response to the noncompliance and internal control over compliance findings that 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 other 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 governmental activities, business-type activities, each major fund, and aggregate remaining fund information of the County as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated March 28, 2024, that contained unmodified opinions on those financial statements. Our audit was performed 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 auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

*Fester & Chapman, PLLC*

March 28, 2024

Mohave County  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2023

Federal agency/ Assistance Listings	Federal program name	Cluster title	Pass-through grantor	Pass-through grantor's number(s)	Program expenditures	Amount provided to subrecipient
<b>Department of Agriculture</b>						
10 553	School Breakfast Program	Child Nutrition Cluster	Arizona Department of Education	ADE Contract ED09-0001	\$ 10,709	
10 555	National School Lunch Program	Child Nutrition Cluster	Arizona Department of Education	ADE Contract ED09-0001	17,643	
	<i>Total Child Nutrition Cluster</i>				<u>28,352</u>	
10 557	Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)		Arizona Department of Health Services	ADHS19-207426-2	578,137	
10 561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	SNAP Cluster	Arizona Department of Health Services	RFGA2020-001-003	167,564	
10 664	Cooperative Forestry Assistance		Arizona Department of Forestry and Fire Management	WBBI 18-602	1,464	
10 665	Schools and Roads - Grants to States	Forest Service Schools and Roads Cluster			4,490	
	<b>Total Department of Agriculture</b>				<u>780,007</u>	
<b>Department of Housing and Urban Development</b>						
14 228	Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii		Arizona Department of Housing	106-21, 111-21, 113-21, 120-23, 130-23, 131-23	247,227	\$ 5,579
14 239	Home Investment Partnerships Program		Arizona Department of Housing	300-23, 301-21	116,370	
14 241	Housing Opportunities for Persons with AIDS		Arizona Department of Housing	504-21, 505-21, 506-22	200,427	
14 241	Housing Opportunities for Persons with AIDS - COVID 19		Arizona Department of Housing	501-21	15,117	
	<i>Total 14.241</i>				<u>215,544</u>	
14 267	Continuum of Care Program		Arizona Department of Housing	503-23, 504-23, 531-23	352,264	
14 871	Section 8 Housing Choice Vouchers	Housing Voucher Cluster		AZ043VO	3,305,891	
14 879	Mainstream Voucher Program (MV)	Housing Voucher Cluster		AZ043VO	971,107	
	<i>Total Housing Voucher Cluster</i>				<u>4,276,998</u>	
	<b>Total Department of Housing and Urban Development</b>				<u>5,208,403</u>	<u>5,579</u>
<b>Department of Justice</b>						
16 554	National Criminal History Improvement Program		Arizona Criminal Justice Commission	NCHIP-21-23-005, NCHIP-21-23-007	29,709	
16 575	Crime Victim Assistance		Arizona Department of Public Safety	2020-124, 2020-179	276,244	
16 606	State Criminal Alien Assistance Program				5,005	
16 607	Bulletproof Vest Partnership Program				4,586	
16 738	Edward Byrne Memorial Justice Assistance Grant Program		Arizona Criminal Justice Commission	DC-22-028	59,898	
16 738	Edward Byrne Memorial Justice Assistance Grant Program			15PBJA-22-GG-02937-JAGX, 2020-DJ-BX-0267	14,983	
	<i>Total 16.738</i>				<u>74,881</u>	
16 838	Comprehensive Opioid, Stimulant, and Substance Abuse Program		Institute for Intergovernmental Research (IRR)	YH23-0063	60,068	
16 838	Comprehensive Opioid, Stimulant, and Substance Abuse Program				18,557	
	<i>Total 16.838</i>				<u>78,625</u>	
16 Unknown	US Marshals Service District Fugitive Apprehension Task Force		Arizona Supreme Court, Arizona Administrative Office of the Court	MMO-M-18-D08-0-0000	6,418	
	<b>Total Department of Justice</b>				<u>475,468</u>	
<b>Department of Labor</b>						
17 258	WIOA Adult Program	WIOA Cluster	Arizona Department of Economic Security	DI21-002284	1,386,663	
17 259	WIOA Youth Activities	WIOA Cluster	Arizona Department of Economic Security	DI21-002284	1,100,405	
17 278	WIOA Dislocated Worker Formula Grants	WIOA Cluster	Arizona Department of Economic Security	DI21-002284	337,993	
	<i>Total WIOA Cluster</i>				<u>2,825,061</u>	
	<b>Total Department of Labor</b>				<u>2,825,061</u>	
<b>Department of Transportation</b>						
20 600	State and Community Highway Safety	Highway Safety Cluster	Governor's Office of Highway Safety	2023-405d-026	19,740	
	<b>Total Department of Transportation</b>				<u>19,740</u>	

See accompanying notes to schedule

Mohave County  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2023

Federal agency/ Assistance Listings		Federal program name	Cluster title	Pass-through grantor	Pass-through grantor's number(s)	Program expenditures	Amount provided to subrecipient
<b>Department of Treasury</b>							
21	023	Emergency Rental Assistance Program - COVID 19		Arizona Department of Economic Security	DS22-003150, DI21-002311	76,121	
21	027	Coronavirus State and Local Fiscal Recovery Funds - COVID 19		Arizona Criminal Justice Commission	VC-23-009	41,999	
21	027	Coronavirus State and Local Fiscal Recovery Funds - COVID 19		Arizona Administrative Office of the Court	220800CB01	10,304	
21	027	Coronavirus State and Local Fiscal Recovery Funds - COVID 19				9,215,149	1,931,251
		<i>Total 21.027</i>				9,267,452	1,931,251
21	032	COVID-19 Local Assistance and Tribal Consistency				4,000,000	
		<b>Total Department of Treasury</b>				13,343,573	1,931,251
<b>Environmental Protection Agency</b>							
66	463	Water Quality Cooperative Agreements		Arizona Department of Environmental Quality	EV2020-0002	3,885	
		<b>Total Environmental Protection Agency</b>				3,885	
<b>Department of Education</b>							
84	013	Title I State Agency Program for Neglected and Delinquent Children and Youth		Arizona Supreme Court	IGA #KR13-0137	6,500	
84	027A	Special Education- Grants to States (IDEA, Part B)	Special Education Cluster	Arizona Supreme Court	IGA #KR13-0137	7,570	
84	425D	Elementary and Secondary School Emergency Relief Fund - COVID 19		Arizona Department of Education	IGA #KR13-0137	52,487	
		<b>Total Department of Education</b>				66,557	
<b>Election Assistance Commission</b>							
90	404	2018 HAVA Election Security Grants		Arizona Secretary of State		47,626	
		<b>Total Election Assistance Commission</b>				47,626	
<b>Department of Health and Human Services</b>							
93	008	Medical Reserve Corps Small Grant Program		National Association of County and City Officials	MRC 14 1145	4,586	
93	045	Nutrition Services and CARES Act for Nutrition Services under Title III-C	Aging Cluster	Western Arizona Council of Governments	E86-6000539-401-01-22	561,331	
93	053	Nutrition Services Incentive Program	Aging Cluster	Western Arizona Council of Governments	E86-6000539-401-01-22	60,066	
		<i>Total Aging Cluster</i>				621,397	
93	069	Public Health Emergency Preparedness		Arizona Department of Health Services	CTR055215	276,269	
93	069	Public Health Emergency Preparedness - COVID 19		Arizona Department of Health Services	CTR055215	125,788	
		<i>Total 93.069</i>				402,057	
93	136	Injury Prevention and Control Research and State and Community Based Programs		Arizona Department of Health Services	CTR063747	310,655	
93	268	Immunization Cooperative Agreements		Arizona Department of Health Services	CTR060050	327,847	
93	268	Immunization Cooperative Agreements - COVID 19		Arizona Department of Health Services	CTR060274	22,344	
		<i>Total 93.268</i>				350,191	
93	323	Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)		Arizona Department of Health Services	ADHS17-163349	31,047	
93	323	Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) - COVID 19		Arizona Department of Health Services	CTR055637	66,384	
		<i>Total 93.323</i>				97,431	
93	354	Public Health Crisis Response - Opioid - COVID 19		Arizona Department of Health Services	CTR055215	27,916	
93	563	Child Support Enforcement		Arizona Department of Economic Security	DI18-002149, DI18-002167	139,373	
93	597	Grants to States for Access and Visitation Programs		Arizona Department of Economic Security	DE111148001	35,531	
93	658	Foster Care Title VI-E		Arizona Administrative Office of the Court		192,379	
93	667	Social Services Block Grant		Western Arizona Council of Governments	E86-6000539-401-01-22	111,382	
93	788	Opioid STR		Arizona Department of Health Services	YH17-0003-02, CTR063747	80,234	
93	870	Maternal, Infant and Early Childhood Home Visiting Grant		Arizona Department of Health Services	CTR050596	96,986	

See accompanying notes to schedule

Mohave County  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2023

Federal agency/ Assistance Listings	Federal program name	Cluster title	Pass-through grantor	Pass-through grantor's number(s)	Program expenditures	Amount provided to subrecipient
93 940	HIV Prevention Activities - Health Department Based		Arizona Department of Health Services	CTR037770	65,018	
93 967	Centers for Disease Control and Prevention Collaboration with Academia to Strengthen Public Health		Arizona Department of Health Services	CTR064799	21,313	
93 977	Sexually Transmitted Diseases (STD) Prevention and Control Grants		Arizona Department of Health Services	CTR043050	69,681	
93 994	Maternal and Child Health Services Block Grant to the States		Arizona Department of Health Services	CTR055274	162,026	
<b>Total Department of Health and Human Services</b>					<u>2,788,156</u>	
<b>Office of National Drug Control Policy</b>						
95 001	High Intensity Drug Trafficking Areas Program		City of Tucson Police Department	HT-21-2936	103,078	
<b>Total Office of National Drug Control Policy</b>					<u>103,078</u>	
<b>Department of Homeland Security</b>						
97 024	Emergency Food and Shelter National Board Program - COVID 19				2,700	
97 042	Emergency Management Performance Grants		Arizona Department of Emergency and Military Affairs	EMF-2022-EP-00009-S01	337,268	
97 045	Cooperating Technical Partners			EMF-2020-CA-00010, EMF-2021-CA-00014	345,152	
97 067	Homeland Security Grant Program		Arizona Department of Homeland Security	EMW-2022-SS-00010-S01	19,129	2,150
<b>Total Department of Homeland Security</b>					<u>704,249</u>	<u>2,150</u>
<b>Total Expenditures of Federal Awards</b>					<u>\$ 26,365,803</u>	<u>\$ 1,938,980</u>

See accompanying notes to schedule

Mohave County, Arizona  
Notes to Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2023

**NOTE 1 - Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards includes Mohave County's federal grant activity for the year ended June 30, 2023. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

**NOTE 2 - Summary of Significant Accounting Policies**

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

**NOTE 3 - Federal Assistance Listings Number**

The program titles and Federal Assistance Listings numbers were obtained from the federal or pass-through grantor or the June 30, 2023 *Federal Assistance Listings*. When no Federal Assistance Listings number had been assigned to a program, the two digit federal agency identifier and the federal contract number were used. When there was no federal contract number, the 2-digit federal agency identifier and the word "unknown" were used.

**NOTE 4 - Indirect Cost Rate**

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

Mohave County, Arizona  
 Schedule of Findings and Questioned Costs  
 Year Ended June 30, 2023

**Summary of Auditors' Results**

***Financial Statements:***

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with generally accepted accounting principles	Unmodified	
	Yes	No
Is there a going concern emphasis-of-matter paragraph included in the auditors' report?		X
Internal control over financial reporting:		
Material weakness(es) identified?		X
Significant deficiency(ies) identified?	X	
Noncompliance material to the financial statements noted?		X

***Federal Awards:***

Internal control over major programs:		
Material weakness(es) identified?		X
Significant deficiency(ies) identified?	X	
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)?	X	

**Identification of major programs:**

Federal Assistance Listings Number	Name of Federal Program or Cluster
21.027 COVID-19	Coronavirus State and Local Fiscal Recovery Funds
21.032 COVID-19	Local Assistance and Tribal Consistency Fund
93.069,	Public Health Emergency Preparedness
93.069 COVID-19	

Mohave County, Arizona  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2023

**Summary of Auditors' Results (continued)**

Dollar threshold used to distinguish between Type A and Type B programs:	\$	<u>790,974</u>	
		<u>Yes</u>	<u>No</u>
Auditee qualified as low-risk auditee?		<u>X</u>	<u>          </u>

***Other Matters***

Auditee's summary schedule of prior audit findings required to be reported in accordance with 2 CFR §200.511 (b)?		<u>X</u>	<u>          </u>
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Mohave County, Arizona  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2023

**Financial Statement Findings**

2023-001 Financial Reporting Process (Significant Deficiency in Internal Control)

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 an overall risk assessment process that included analyzing and responding to the County-wide information technology (IT) risks, such as potential harm from excessive access, disruption, modification, or destruction of IT systems and data.

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

Cause: The County's administration and IT management focused efforts on compensating controls in place of a risk assessment framework and did not prioritize ensuring sensitive 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. An effective risk assessment process helps the County determine the risks it faces as the County seeks to achieve its objectives to not only report accurate financial information and protect its IT systems and data but to also carry out its overall mission and service objectives. Additionally, an effective risk management process provides the County the basis for developing appropriate responses based on identified risk tolerances and specific potential risks to which it might be subjected. To help ensure the County's objectives can be met, an effective annual risk assessment considers and identifies IT risk in the County's operating environment, analyzes and prioritizes each identified risk, and develops a plan to respond to each risk within the context of the County's defined objectives and risk tolerances.

Recommendation: The County's administration and IT management should:

1. Identify, analyze, and reduce risks to help prevent undesirable incidents and outcomes that would impact business functions and IT systems and data.
2. Perform an annual entity-wide IT risk assessment process that includes evaluating and documenting risks and safeguards. Such risks may include inappropriate access that would affect financial data, system changes that could adversely impact or disrupt system operations, and inadequate or outdated system security.

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.

Mohave County, Arizona  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2023

**Financial Statement Findings (continued)**

2023-002 Financial Reporting Process (Significant Deficiency in Internal Control)

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:

- 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 increase in 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 focused its efforts on compensating controls in place of a risk assessment framework 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:

- Ensure 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.

Recommendation: The County should:

Ensure operations continue—To ensure operations continue and implement processes to:

1. Update the 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.
2. Test the contingency plan.
3. Train staff responsible for implementing the contingency plan.

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.

Mohave County, Arizona  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2023

**Federal Award Findings and Questioned Costs**

2023-101 Reporting (Compliance, Significant Deficiency in Internal Control over Compliance)

Federal assisting number and name: 21.032 COVID-19 Local Assistance and Tribal Consistency

Award numbers and years: N/A and 2023

Federal agency: U.S. Department of the Treasury

Compliance requirements: Reporting

Questioned Costs: N/A

Condition: The cumulative expenditure amounts disclosed in the LATCF annual report for the fiscal year ended June 30, 2023 were inadvertently overstated by \$2,000,000.

Effect: The cumulative expenditures was overreported by \$2,000,000 than actual expenditures.

Cause: The County lacked proper internal controls over preparing and reviewing the required report.

Criteria: The Local Assistance and Tribal Fund requires the submission of the LATCF annual report. The recipient-reported obligations and expenditures are tested as a required key line item.

Recommendation: It is recommended that reports are reviewed and approved by a management team member who is not involved in preparation.

# MOHAVE COUNTY FINANCIAL SERVICES

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Luke G. Mournian, CPA  
Chief Financial Officer

700 West Beale Street, 3<sup>rd</sup> Floor  
P.O. Box 7000  
Kingman, AZ 86402-7000

Phone: (928) 753-0735  
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March 28, 2024

Lindsey A. Perry  
Arizona Auditor General  
2910 N. 44<sup>th</sup> 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 auditing 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 the corrective action, the corrective action planned, and the anticipated completion date.

Sincerely,

A handwritten signature in blue ink, appearing to read "Luke G. Mournian, CPA".

Luke G. Mournian, CPA  
Chief Financial Officer

## Financial Statement Findings

### **2023-001 Financial Reporting Process (Significant Deficiency in Internal Control)**

Recommendation: The County's administration and IT management should:

1. Identify, analyze, and reduce risks to help prevent undesirable incidents and outcomes that would impact business functions and IT systems and data.
2. Perform an annual entity-wide IT risk assessment process that includes evaluating and documenting risks and safeguards. Such risks may include inappropriate access that would affect financial data, system changes that could adversely impact or disrupt system operations, and inadequate or outdated system security.

Contact Person(s): Nathan McDaniel, Chief Information Officer

Anticipated Completion Date: June 30, 2024

#### **County Discussion**

Items 1-2: Disagree, Mohave County, specifically the Information Technology department, has identified risks based on the knowledge of its specific I.T. infrastructure. These risks are categorized as either an internal or external, and the department deploys employee resources to address these risks. Specific employee activities are designed to prevent and detect threats and/or breaches to the County's I.T. infrastructure and include Monitoring and Logging, Strict Access Controls, annual and ongoing Employee Training and Awareness Programs, an Incident Response Plan, and Regular Patch Maintenance. The County also carries Cybersecurity Insurance through ACIP and utilizes ACIP's recommended Loss Control Procedures.

**Auditor's comment on the County Discussion Items 1 and 2:** The County should establish comprehensive and documented policies and procedures concerning risk assessment, encompassing all relevant departments.

### **2023-002 Financial Reporting Process (Significant Deficiency in Internal Control)**

Recommendation: The County should:

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

1. Update the 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.
2. Test the contingency plan.
3. Train staff responsible for implementing the contingency plan.

Contact Person(s): Nathan McDaniel, Chief Information Officer

Anticipated Completion Date: June 30, 2024

## **County Discussion**

Items 1-2: Concur, Continuity of operations planning does occur within the county. Information Technology, Risk and Emergency Management departments will be updating the overall county COOP plan to include tabletop exercises and appropriate training for personnel.

Item 3: Concur, Additional training for specific IT members relative to roles within the continuity of operations plans needs to be planned and performed on a more regular basis.

## **Federal Award Finding and Questioned Costs**

### **2023-101 Federal Awards Process (Significant Deficiency in Internal Control)**

Assistance Listings number and program name: 21.032 COVID-19 Local Assistance and Tribal Consistency

Recommendation: It is recommended that reports are reviewed and approved by a management team member who is not involved in preparation.

Contact Person(s): Luke Mournian, Chief Financial Officer

Anticipated Completion Date: June 30, 2024

## **County Discussion**

Agreed. The County will implement enhanced review for all external reporting. The reporting deficiency for the LATCF program arose from differences between the offline Excel-based reporting template and the data keyed into the online reporting portal (which was ultimately submitted to the U.S. Department of the Treasury). In the future, both the reporting template and the final submission will be reviewed by a member of management who is not involved in report preparation.

# MOHAVE COUNTY FINANCIAL SERVICES

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Luke G. Mournian, CPA  
Chief Financial Officer

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March 28, 2024

Lindsey A. Perry  
Arizona 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.

Sincerely,

A handwritten signature in blue ink, appearing to read "Luke G. Mournian, CPA".

Luke G. Mournian, CPA  
Chief Financial Officer

### **Status of Financial Statement Findings**

The County should evaluate its year-end financial closing process and develop comprehensive policies and procedures to help ensure its financial reports are accurate and prepared in accordance with GAAP. It is also recommended that management review its general ledger regularly.

Finding No.: 2022-001, initially reported in FY2022

Status: Fully corrected