

Yuma County, Arizona

SINGLE AUDIT REPORTING PACKAGE

Year Ended June 30, 2023

Yuma 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
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 U.S. Comptroller General, the financial statements of the governmental activities, discretely presented component unit, each major fund, and aggregate remaining fund information of Yuma 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 27, 2024. Our report includes a reference to other auditors who audited the financial statements of 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.

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 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 controls 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. However, we identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2023-001 through 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, and those of the other auditors, disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

County 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 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 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 27, 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
Yuma County, Arizona

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Yuma 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, Yuma 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 U.S. generally accepted auditing standards, 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 the 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 the 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 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 the 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 audit's planned scope and timing and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 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 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 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 over compliance that we consider to be a material weakness, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited 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, 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 27, 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 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.

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.

Fester & Chapman, PLLC

March 27, 2024

YUMA 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 subrecipients
Department of Agriculture						
10.555	National School Lunch Program <i>Total Child Nutrition Cluster</i>	Child Nutrition Cluster	Arizona Department of Education	ED09-0001	\$ 24,352	-
10.557	WIC Special Supplemental Nutrition Program for Women, Infants, and Children		Arizona Department of Health Services	CTR040333	1,213,529	-
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program <i>Total SNAP Cluster</i>	SNAP Cluster	Arizona Department of Health Services	ADHS16-106310	386,967	-
10.760	Water and Waste Technical Assistance and Training Grants		United States Department of Agriculture	121-121	386,967	-
	Total Department of Agriculture				<u>474,465</u>	<u>-</u>
					<u>2,099,313</u>	<u>-</u>
Department of Housing and Urban Development						
14.228	Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii		Arizona Department of Health Services	115-21;107-21;139-22; 122-23;123-23;124-23121-21	730,805	-
14.239	Home Investment Partnerships Program		City of Yuma	302-21;505-20;510-22;305-22S	150,165	-
14.850	Public and Indian Housing			N/A	1,179,970	-
14.871	Section 8 Housing Choice Vouchers	Housing Voucher Cluster		N/A	2,816,439	-
14.872	Public Housing Capital Fund			N/A	446,051	-
14.896	Family Self-Sufficiency Program			N/A	248,355	-
	Total Department of Housing and Urban Development				<u>5,571,785</u>	<u>-</u>
Department of the Interior						
15.916	Outdoor Recreation Acquisition, Development and Planning		National Park Service	04-00782	313,688	-
	Total Department of the Interior				<u>313,688</u>	<u>-</u>
Department of Justice						
16.034	COVID-19 Coronavirus Emergency Supplemental Funding Program		Arizona Criminal Justice Commission	2020-VD-BX-0309	24,188	-
16.575	Crime Victim Assistance		Arizona Department of Public Safety	2020-210	468,114	-
16.576	Crime Victim Compensation		Arizona Criminal Justice Commission		124,990	-
16.585	Drug Court Discretionary Grant Program		United States Department of Justice	2020-VC-BX-0089	142,287	-
16.606	State Criminal Alien Assistance Program		United States Department of Justice		167,886	-
16.738	Edward Byrne Memorial Justice Assistance Grant Program		Arizona Criminal Justice Commission	DC-22-035; DC-23-014	240,007	-
	Total Department of Justice				<u>1,167,472</u>	<u>-</u>
Department of Labor						
17.258	WIOA Adult Program	WIOA Cluster	Arizona Department of Economic Security	DI21-002291	3,985,314	\$ 3,985,314
17.259	WIOA Youth Activities	WIOA Cluster	Arizona Department of Economic Security	DI21-002291	4,536,016	4,536,016
17.278	WIOA Dislocated Worker Formula Grants <i>Total WIOA Cluster</i>	WIOA Cluster	Arizona Department of Economic Security	DI21-002291	1,466,937	1,466,937
	Total Department of Labor				<u>9,988,267</u>	<u>9,988,267</u>
					<u>9,988,267</u>	<u>9,988,267</u>
Department of Transportation						
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants		Arizona Division of Emergency and Military Affairs	693JK31940003HMEP	11,719	-
	Total Department of Transportation				<u>\$ 11,719</u>	<u>-</u>

YUMA 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 subrecipients
Department of Treasury						
21.023	COVID-19 Emergency Rental Assistance Program			N/A	3,529,763	
21.027	COVID-19 Coronavirus State and Local Fiscal Recovery Funds			N/A	8,289,655	
21.032	COVID-19 Local Assistance and Tribal Consistency Fund			N/A	3,018,843	
	Total Department of Treasury				<u>14,838,261</u>	<u>-</u>
Institute of Museum and Library Services						
45.310	Grants to States		Arizona State Library Archives	2022-0170-T7;20222-0010-05; 2022-0170-08	23,589	-
	Total Institute of Museum and Library Services				<u>23,589</u>	<u>-</u>
Department of Education						
84.013A	Title I State Agency Program for Neglected & Delinquent Children & Youth	Special Education Cluster (IDEA)	Arizona Department of Education	21FLCCL-111577-02A	57,288	
84.027A	Special Education--Grants to States (IDEA, Part B)		Arizona Department of Education	21FESCBG-110681-09A; 21FESCBG-110208-09A	1,008	
	<i>Total Special Education Cluster (IDEA) Cluster</i>				<u>1,008</u>	<u>-</u>
84.367A	Improving Teacher Quality State Grants		Arizona Department of Education	21FT1TH-110208-03A	167	
84.425D	Education Stabilization Fund		Arizona Department of Education	20FERNT-01577-01A; 20FESSER-010208-01A	5,807	
	<i>Total 84.425</i>				<u>5,807</u>	
	Total Department of Education				<u>64,270</u>	<u>-</u>
Election Assistance Commission						
90.404	2018 HAVA Election Security Grants		Arizona Secretary of State	AZ18101001	37,445	
	Total Election Assistance Commission				<u>37,445</u>	<u>-</u>
Department of Health and Human Services						
93.069	Public Health Emergency Preparedness		Arizona Department of Health Services	ADHS17-133162; CTR055221	274,343	-
93.092	Affordable Care Act (ACA) Personal Responsibility Education Program		Arizona Department of Health Services	RFGA2022-005-03	22,077	-
93.116	Project Grants and Cooperative Agreements for Tuberculosis Control Programs		Arizona Department of Health Services	ADHS18-188133; CTR062120	90,815	-
93.135	Centers for Research and Demonstration for Health Promotion and Disease Prevention		University of Arizona	CTR#540895	3,445	-
93.137	Community Programs to Improve Minority Health Grant Program		Arizona Department of Health Services	1 CPIMP211272-01-00	357,528	-
93.235	Affordable Care Act (ACA) Abstinence Education Program		Arizona Department of Health Services	ADHS17-00006630	65,024	-
93.261	National Diabetes Prevention Program: Preventing Type 2 Diabetes Among People at High Risk		Association of Diabetes Care & Education	17NU58DP006361-01-00	14,099	-
93.268	Immunization Cooperative Agreements		Arizona Department of Health Services	ADHS18-177693/CTR060049/CTR037852/CTR060270	398,893	-
93.323	COVID-19 Epidemiology and Laboratory Capacity for Infectious(ELC)		Arizona Department of Health Services	IGA2021-075	92,697	-
93.354	Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response		Arizona Department of Health Services	CTR055221	76,722	-
93.391	COVID-19 Activities to Support State, Tribal, Local and Territorial Health Department Response to Public Health of Healthcare Crisis		Arizona Department of Health Services		464,587	-
93.495	Community Health Workers for Public Health Response and Resilient		Arizona Department of Health Services	1 NU58DP007051-01-00	417,164	-
93.563	Child Support Enforcement		Arizona Department of Economic Security	D119-00229	180,891	-
93.597	Grants to State for Access and Visitation Programs		Arizona Department of Economic Security	2101AZSAVP	21,582	-
93.658	Foster Care Title IV-E		Arizona Supreme Court	1004-020	58,973	-
93.667	Social Services Block Grant		Arizona Department of Economic Security	ADES D18-002138	48,008	\$ 48,008
93.788	Opioid STR		Arizona Department of Health Services	CTR042317	98,636	-
93.917	HIV Care Formula Grants		Arizona Department of Health Services	ADHD18-193952	196,756	-

YUMA 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 subrecipients
93.940	HIV Prevention Activities Health Department Based		Arizona Department of Health Services	ADHS-18-188832	\$ 19,367	
93.977	Preventive Health Services - Sexually Transmitted Diseases Control Grant		Arizona Department of Health Services	CTR040483	21,240	
93.991	Preventive Health and Health Services Block Grants		Arizona Department of Health Services	IGA2020-025	53,408	-
93.994	Maternal and Child Health Services Block Grant to the States		Arizona Department of Health Services	IGA2020-025	240,917	
	Total Department of Health and Human Services				<u>3,217,172</u>	<u>\$ 48,008</u>
Executive Office of the President						
95.001	High Intensity Drug Trafficking Areas Program		City of Tucson	HT-20-2984; G21SA0007A	292,962	
	Total Executive Office of the President				<u>292,962</u>	<u>-</u>
Department of Homeland Security						
97.042	Emergency Management Performance Grants		AZ Department of Emergency Affairs	20-AZDOHS-HSGP-200604-01	154,746	-
97.067	Homeland Security Grant Program		State of Arizona Department of Homeland Security	21-AZDOHS-HSGP-210406-01 22-AZDOHS-HSGP-220408-01 19-AZDOHS-OPSG-190407-05 21-AZDOHS-OPSG-210415-01 21-AZDOHS-OPSG-210415-02 22-AZDOHS-OPSG OPSG 200437-03		
	Total Department of Homeland Security				<u>2,625,956</u>	
	Total expenditures of federal awards				<u>2,780,702</u>	<u>-</u>
					<u>\$ 40,406,645</u>	<u>\$ 10,036,275</u>

Yuma 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 (schedule) includes Yuma 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*.

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 2023 *Federal Assistance Listings*. When no Federal Assistance Listings number had been assigned to a program, the 2-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.

Yuma 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
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Is a going concern emphasis-of-matter paragraph included in the auditors' report?

	X
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Internal control over financial reporting:

Material weakness(es) identified?

	X
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Significant deficiency(ies) identified?

X	
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Noncompliance material to the financial statements noted?

	X
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Federal Awards:

Internal control over major programs:

Material weakness(es) identified?

	X
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Significant deficiency(ies) identified?

	X (none reported)
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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
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Identification of major programs:

Federal Assistance Listings Number	Name of Federal Program or Cluster
14.850	Public and Indian Housing
14.872	Public Housing Capital Fund (PHC)
15.916	Outdoor Recreation Acquisition, Development and Planning
21.023	COVID-19: Emergency Rental Assistance Program
21.027	COVID-19: Coronavirus State and Local Fiscal Recovery Funds
21.032	COVID-19: Local Assistance and Tribal Consistency Fund

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

Dollar threshold used to distinguish between Type A and Type B programs:	\$	1,212,200
	Yes	No
Auditee qualified as low-risk auditee?		X

Other Matters

Auditee's Summary Schedule of Prior Audit Findings required to be reported in accordance with 2 CFR §200.511 (b)?	X	
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Yuma 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 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. Also, it did not include identifying, classifying, and inventorying sensitive information that might need stronger access and security controls and evaluating and determining the business functions and IT systems that would need to be restored quickly if the County were impacted by disasters or other system interruptions.

Effect: The County's administration and IT management may put the County's 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. Finally, effectively managing risk includes the County's process for identifying, classifying, and inventorying sensitive information that might need stronger access and security controls to address the risk of unauthorized access and use, modification, or loss of that sensitive information and the process of evaluating risk of losing the continuity of business operations in the event of a disaster or system interruption.

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

Financial Statement Findings (continued)

Recommendation:

The County's administration and IT management should:

1. Plan for where to allocate resources and where to implement critical controls.
2. Ask responsible administrative officials and management over finance, IT, and other entity functions for input in the County's process for managing risk.
3. 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.
4. 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.
5. Evaluate and determine the critical organization 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.

Yuma 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:

- 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 focused its efforts on the day-to-day operations and had not prioritized addressing the risks associated with its IT systems.

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

Financial Statement Findings (continued)

- 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.
 - 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.

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

Financial Statement Findings (continued)

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

1. Make it a priority to develop a process to ensure the procedures are being consistently followed.
2. Monitor County employees’ adherence to the IT policies and procedures on a periodic basis to ensure they are consistently followed and inform employees of updates to the policies and procedures throughout the year.

Restrict access—To restrict access to its IT systems and data to:

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

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

9. Establish and follow a documented change management process.
10. Review proposed changes for appropriateness, justification, and security impact.
11. Document changes, testing procedures and results, change approvals, and post-change review.
12. Develop and document a plan to roll back changes in the event of a negative impact to IT systems.
13. Test changes prior to implementation.
14. Separate responsibilities for the change management process or, if impractical, perform a post-implementation review to ensure the change was implemented as approved.
15. Maintain configurations for all system services, assets, and infrastructure; manage configuration changes; and monitor the system for unauthorized or unintended configuration changes.

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

Financial Statement Findings (continued)

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

16. Perform proactive key user and system activity logging and log monitoring, particularly for users with administrative access privileges.
17. Adopt and enforce an official employee acceptable use agreement that addresses protecting confidential and sensitive information and consequences for sharing access or inappropriately accessing data.
18. Ensure awarding and subsequent monitoring of IT vendor contracts is adequately conducted to ensure vendor qualifications and adherence to the vendor contract.

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

19. Update 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.
20. Test 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.

FINANCIAL
SERVICES
DEPARTMENT



Gilberto Villegas, Jr.
Chief Financial Officer

Leonardo Tanory
Deputy Chief Financial Officer

Accountability, Integrity, Innovation, Teamwork

March 27, 2024

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- (FYE 2023)

Financial Statement Findings

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

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

1. Plan for where to allocate resources and where to implement critical controls.
2. Ask responsible administrative officials and management over finance, IT, and other entity functions for input in the County's process for managing risk.
3. 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.
4. 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.
5. Evaluate and determine the critical organization 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.

Contact Person(s): Clif Summers, Chief Information officer
Gil Villegas, Jr. Chief Financial Officer

Anticipated

Completion Date: June 30, 2024

County Discussion:

Yuma County continues to make progress addressing the managing and documenting risk. Resources continue to be requested and allocated to increase security in our network and mitigate exposure risk. Administration and Financial services continue to work with the Information and Technology department to address the recommendation provided. Yuma County feels that the implementation of new security software "Varonis" on June 2023 and the migration of the County's-ERP system to the cloud, will not only help with the inventorying and cataloguing of our data, but will also enhance security and reduce risk. County understand that changes were implemented late in the fiscal year therefore this item was disclosed.

The information and technology department has been encouraged to continue participating in the County-wide risk assessment program as managed by the Risk Management division within administration.

Data security has been and continue to be a priority to Yuma County, proof of that are the additional investments done in cyber-security and data classification systems as listed.

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

Recommendation: The County should:

1. Make it a priority to develop a process to ensure the procedures are being consistently followed.
2. Monitor County employees' adherence to the IT policies and procedures on a periodic basis to ensure they are consistently followed and inform employees of updates to the policies and procedures throughout the year.

Restrict access—To restrict access to its IT systems and data to:

3. Assign and periodically review employee user access ensuring appropriateness and compatibility with job responsibilities.
4. Remove terminated employees' access to IT systems and data.
5. Review all other account access to ensure it remains appropriate and necessary.
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10. Review proposed changes for appropriateness, justification, and security impact.
11. Document changes, testing procedures and results, change approvals, and post-change review.
12. Develop and document a plan to roll back changes in the event of a negative impact to IT systems.
13. Test changes prior to implementation.
14. Separate responsibilities for the change management process or, if impractical, perform a post-implementation review to ensure the change was implemented as approved.
15. Maintain configurations for all system services, assets, and infrastructure; manage configuration changes; and monitor the system for unauthorized or unintended configuration changes.

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

16. Perform proactive key user and system activity logging and log monitoring, particularly for users with administrative access privileges.
17. Adopt and enforce an official employee acceptable use agreement that addresses protecting confidential and sensitive information and consequences for sharing access or inappropriately accessing data.
18. Ensure awarding and subsequent monitoring of IT vendor contracts is adequately conducted to ensure vendor qualifications and adherence to the vendor contract.

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

19. Update 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.
20. Test the contingency plan.

Contact Person(s): Clif Summers, Chief Information officer
Gil Villegas, Jr. Chief Financial Officer

Anticipated

Completion Date: June 30, 2024

County Discussion:

Yuma County welcomes the additional detail information on the item and although the County feels a number of these items have been addressed, County is aware of the additional work needed, especially in documentation, to fully satisfy the requirement.

As mentioned above, late in the fiscal year 2023, a significant investment was done to enhance cybersecurity, data classification, and data inventorying (Varonis). This in addition to the already implemented strategies (knowbe4, okta, forticlient) for Multi-Factor Authentication (MFA) and security solutions, County is confident item will be fully addressed in fiscal year end 2024.

The County, however, realizes that now the technology is in place, additional emphasis needs to be placed in the writing of policies and the documenting of procedures and testing performed. Unfortunately, the department feels it is not sufficiently staffed. Therefore, the Information and Technology department has requested additional funding for staff and resources to take on this full time task.

The County feels there is now a strong MFA solution in place that perhaps needs to be enhanced, but it is now functioning. There is also a user access and termination protocol among the internal services departments (Information and Technology, Financial Services and Human Resources) to provide and remove ERP access to new and existing employees. Employees are properly terminated after notifications have been received, again, perhaps the documentation is not in place, but internally, the County thinks the established protocols are followed.

Internal controls are already in place to address system configuration and management changes, but the County is aware of the need to formalize the internal controls or develop a County-Wide policy. Currently a policy is being developed to provide guidance and document the change in management and system software. Since the migration to the cloud, all ERP's software changes are mandated and implemented by the provided, after being tested by the county's system users.

County will continue to work on the testing, monitoring, and documenting of all the systems and data protection procedures currently in place. This to satisfy the audit requirement and for stronger internal control. However, it should be acknowledged that significant improvements have been done regarding the listed items and although policies and procedures exist, the deficiency is that the testing and monitoring are not properly documented to satisfy this finding.

FINANCIAL
SERVICES
DEPARTMENT



Gilberto Villegas, Jr.
Chief Financial Officer

Leonardo Tanory
Deputy Chief Financial Officer

Accountability, Integrity, Innovation, Teamwork

March 27, 2024

Lindsay 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 "Gilberto", is written over a light blue rectangular background.

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

YUMA COUNTY- Prior Year (FYE 2023)

Status of Financial Statement Findings

The County did not issue its audited financial statements within the 9 months after fiscal year-end. In addition, we determined that the County overstated depreciation expenses by approximately \$1.4 million, which was subsequently corrected by the County.

Finding No.: 2022-001

Status: Fully corrected

County Discussion: Yuma County Financial Services Department has made additional efforts to complete audit and issue its audited financial statements within the 9 months after the fiscal year. Our goal continues to be 6 months after the fiscal year-end, however staff needs to be properly trained in their newly assigned financial statements related duties. The Department for the most of the year was fully staffed and with the new pronouncements fully implemented, County has focused on training. At the same time, additional internal procedures, mainly related to cross training, have been implemented to avoid this issue in the future. Now that the system migration and new pronouncements are fully revised and completed, we are confident this finding will not repeat in the future.

The County did not perform a formal county-wide IT risk assessment, including identification, classification and inventorying of information.

Finding No.: 2022-002

Status: Partially corrected

County Discussion: Yuma County continue to make significant progress in fully addressing this item. Additional software has been acquired to assist managing and documenting our IT risk. Additional robust security systems like the already implemented “KnowBe4” security and notification software has helped mitigating and reducing penetration risk. As previously discussed the migration of the County EPR system to the cloud has also helped increase the internal control security. The latest investment in risk assessments and data inventory is now fully installed and the monitoring has begun. The “Varonis” system data was acquired and implemented early June 2023. County believes this software will address this and other ITS access and security issues.

The County did not have a sufficiently developed, documented, and implemented control procedures to respond to risks associated with its IT systems and data.

Finding No.: 2022-003

Status: Not corrected

County Discussion: County priority has been to secure and properly develop internal network assessments and investment in security software to manage risk and inventory data. Now that technology is in place, County-IT will continue with the development and

implementation of written internal policies and procedures. Towards the end of fiscal year 2023, County-IT developed internal procedures, however, they were not properly implemented. County feels that recent internal controls, policy developments, and their implementation have made significant progress addressing this item; Unfortunately, in the auditors' assessment these improvements are not sufficient or completely written. Regarding System Configuration and Changes, County continues to develop new policies and strengthen the ones in place to provide detail guidance on this topic.

Although some policies and procedures exist, seems they are not properly documented to satisfy NIST framework and auditors requirements, County is committed to continue working and fully address this item by the end of fiscal year 2025.

Status of Federal Award Findings

The County did not submit its Single Audit Report to the federal audit clearinghouse by March 31, 2023 which is the federal reporting deadline.

Finding No.: 2022-101

Status: Fully corrected

County Discussion: Yuma County Financial Services Department has made additional efforts to complete audit and issue it audited financial statements within the 9 months after the fiscal-year. Our goal continues to be 6 months after the fiscal year-end, however staff needs to be properly trained in their newly assigned financial statements related duties. Now the department is fully staffed; the system migration and new pronouncements are fully revised and completed; we are confident this finding will not repeat in the future.