

Greenlee County, Arizona
Single Audit Reporting Package
June 30, 2023

Greenlee County, Arizona

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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
Greenlee County, Arizona

We have audited, in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and aggregate remaining fund information of Greenlee County, Arizona (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 May 21, 2025.

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 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 of the effectiveness of the County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County's basic financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item **2023-003** to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items **2023-001**, **2023-002**, **2023-004** and **2023-005** 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*.

Greenlee County Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Greenlee 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.

Snyder & Brown CPAs, PLLC

Tempe, Arizona
May 21, 2025

**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
Greenlee County, Arizona

Report on Compliance for Each Major Federal Program

Opinion on each major federal program

We have audited Greenlee 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, the 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.

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 items **2023-101** and **2023-102**. 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 weaknesses 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 that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items **2023-101** and **2023-102** to be significant deficiencies.

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.

County response to findings

Government Auditing Standards requires the auditor to perform limited procedures on the County's responses 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 County's governmental activities, each major fund, and aggregate remaining fund information 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 May 21, 2025, 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.

Snyder & Brown CPAs, PLLC

Tempe, Arizona
May 21, 2025

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

Section I - 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
Is a going concern emphasis-of-matter paragraph included in the auditors' report?	No
Internal control over financial reporting:	
Material weaknesses identified?	Yes
Significant deficiencies identified?	Yes
Non-Compliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies identified?	Yes

Identification of major programs and type of auditor's report issued on compliance for major programs:

<u>Assistance Listings Number</u>	<u>Name of Federal Program or Cluster</u>	<u>Type of Auditors' Report</u>
10.904	Watershed Protection and Flood Prevention	Unmodified
21.027	COVID-19-Coronavirus State and Local Fiscal Recovery Funds	Unmodified
21.032	COVID-19-Local Assistance and Tribal Consistency Fund	Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	Yes
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

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

Section II-Financial Statement Findings

2023-001- Cash Monitoring (Significant Deficiency: Repeat Finding)

Criteria: Pursuant to the Uniform Accounting Manual for Arizona Counties, Section VI-B-4 – *Reconciliation to the County Treasurer*, Counties should develop written policies to reconcile their cash balances by fund to the county treasurer's records at least monthly, and at the fiscal year-end. Policies and procedures should also be established to ensure that cash activity relating to County departments is appropriately understood as to the availability of these resources, and that these accounts are appropriately reconciled and recorded in the County's general ledger.

Condition: During 2023, the following was noted with respect to cash monitoring and reconciliations:

- There was a total overall unreconciled and unresearched difference of \$32,048 between the calculated reconciled balance and the balance reported in the general ledger. Various cash balances by fund also differed between the Treasurer's records and the County's records at fiscal year-end. The cash reconciliations were also not performed monthly.
- The cash on deposit at the courts totaling \$72,583 and various other accounts totaling \$60,972, including the Sheriff's Commissary fund and other accounts are not recorded by the County on an ongoing basis. Rather, the activity for these accounts are only recorded when cash is deposited with the County Treasurer and any remaining cash balances have become part of the overall reconciliation at year end.

Cause and Effect: The County has not established appropriate policies and procedures to monitor and reconcile certain decentralized cash accounts on an ongoing, monthly, basis. Because the cash is not recorded in the County's general ledger and periodically reconciled, County management has indicated that the County does not have a full listing of the individuals for which the Sheriff's Commissary funds are held.

Auditors' Recommendations: The County should perform an analysis of all cash accounts at decentralized departments and at the County Treasurer to ensure that balances are properly recorded in the County funds and to ensure that these accounts are reconciled throughout the year, on a monthly basis.

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

This finding is similar to prior-year finding 2022-001 and was initially reported in fiscal year 2019.

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

2023-002- Credit Card Approval (Significant Deficiency: Repeat Finding)

Criteria: To help ensure that credit card purchases are appropriate and benefit the County as required by Arizona State law, policies should be established that require documentation of the legitimate purpose for all credit card purchases and these transactions should be approved prior to the transaction. The County's policy is that County employees should complete the "Greenlee County Visa Charges" form and obtain prior approval from the County Administrator, Deputy County Administrator or the Chief Financial Officer (CFO) before incurring the credit card charge. These forms should also be completed to include a description and purpose of the credit card charges as well as include the supervisor's signature.

Condition: Thirty-five credit card transactions were selected for testing. For three of these transactions there were missing prior approvals on the Greenlee County Visa Charges form. For two of these thirty-five transactions there was no indication of final approval indicated on the Greenlee County Visa Charges form and for four transactions the supervisor's approval was not indicated on the form. The County policy does not require prior approval for the County Administrator's credit card purchases but these policies should be modified to ensure that a final approval or review by a second individual is performed and documented by signing the Greenlee County Visa Charges form. Further, the County's policy did not require the employee making the credit card purchase to sign the document asserting that the purchases were in accordance with County policy.

Cause and Effect: Various exceptions have been granted to employees relating to the pre-approval and final approval processes, but these exceptions were not documented on the Greenlee County Visa Charges forms, when applicable. Further, the County policy does not consider that all charges, regardless of the position of the person making the charge, should have a documented second reviewer and the employee should sign attesting that the charges align with County policy. As a result of the weaknesses in County policy with regard to credit card purchases, it is more likely that purchases can be made that are not in the best interest of the County or otherwise violate County policy.

Auditors' Recommendations: The County should analyze its credit card policies and ensure that these policies are appropriate and adequately communicated to each credit card user. The credit card transactions should then be monitored for compliance with County policies.

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

This finding is similar to prior-year finding 2022-002 and was initially reported in fiscal year 2020.

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

**2023-003- Timely Account Reconciliation and Financial Statement Preparation
(Material Weakness)**

Criteria: To help ensure that financial reports, including audited financial statements and the Schedule of Expenditures of Federal Awards, are accurate and prepared timely enough to meet filing requirements and to provide useful information for decision making, general ledger accounts should be reconciled monthly and annual financial statements should be prepared within a reasonable amount of time after year-end.

Condition: The fiscal year ending June 30, 2023 general ledger accounts were not fully closed and reconciled with prepared financial statements until September 2024. As a result, the audit did not begin until well after the County's reporting deadlines for fiscal year 2023 and the County may have not had timely and accurate financial information from which to make strategic decisions.

Cause and Effect: The County has a limited staff within the finance and accounting department. As such, it is difficult for the department to close each year's books and reconcile all accounts in a timely manner. Without timely and accurate financial information it is difficult to accurately prepare the following year's budgets and to make other strategic decisions. In addition, the County does not file its financial statements within the legally required reporting deadlines.

Auditors' Recommendations: The County should dedicate additional resources to ensure that the accounting records are closed and accurate financial statements are prepared within three to six months after year end.

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.

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

2023-004- 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	During fiscal year 2023 the County's process for managing and documenting its risks did not include an overall risk assessment process that included identifying, analyzing, and responding to the County-wide information technology (IT) risks, such as potential harm from unauthorized access, improper use, disclosure, disruption, modification, or destruction of IT systems and data. Also, it did not include identifying, classifying, and inventorying sensitive information, including 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 to be impacted by disasters or other system interruptions. Also, the County had not developed corresponding policies and procedures and/or framework for the risk assessment process.
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 reported that they had begun to develop and subsequently implement policies and procedures but prior to fiscal year 2023 had not implemented these policies.
Criteria	Establishing a process for managing risk that follows a credible industry source, such as the National Institute of Standards and Technology (NIST), helps the County effectively manage risk related to IT systems and data. Effective risk management involves 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, compliance, and service objectives. 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.

Recommendations The County's administration and IT management should:

1. Prioritize developing, documenting, and implementing written IT policies and procedures; developing a process to manage risks; planning where to allocate resources; and determining where to implement critical controls.

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

2. Perform an annual entity-wide IT risk-assessment process that includes evaluating and documenting risks and safeguards. Such risks may include unauthorized access that would affect financial data, system changes that could adversely impact or disrupt system operations, and inadequate or outdated system security.
3. 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.
4. Evaluate and determine the critical County 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 County's operations, such as public safety and payroll and accounting, and determine and document how to prioritize and plan for recovery.

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.

2023-005- 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.
- Contingency Planning – There was no up-to-date contingency plan 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's administration and IT management reported that they have started developing and implementing written policies and procedures but did not prioritize them due to limited IT personnel during fiscal year 2023.

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 it seeks

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

to achieve its financial reporting, compliance, and operational objectives. Effective internal controls include the following:

- 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.

Recommendations The County's administration and IT management should:

1. Make it a priority to develop, document, and implement comprehensive IT policies and procedures and develop a process to ensure the procedures are being consistently followed. To help achieve these control objectives, the County should:
- Restrict access—To restrict access to its IT systems and data, *develop, document, and implement* processes to:
 2. Assign and periodically review employee user access ensuring appropriateness and compatibility with job responsibilities.
 3. Remove terminated employees' access to IT systems and data.
 4. Evaluate the use and appropriateness of accounts shared by 2 or more users and manage the credentials for such accounts.
 5. Review data center physical access periodically to determine appropriateness.
 6. Review all other account access to ensure it remains appropriate and necessary.
 7. Enhance authentication requirements for IT systems.
 - Manage system configurations and changes – To configure IT systems securely and manage system changes, develop, document, and implement processes to:
 8. Establish and follow a documented change-management process.
 9. Review proposed changes for appropriateness, justification, and security impact.
 10. Document changes, testing procedures and results, change approvals, and post-change review.

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

11. Develop and document a plan to roll back changes in the event of a negative impact to IT systems.
 12. Test changes prior to implementation.
 13. Separate responsibilities for the change-management process or, if impractical, perform a postimplementation review to ensure the change was implemented as approved.
 14. 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:
 15. Perform proactive key user and system activity logging and log monitoring, particularly for users with administrative access privileges.
 16. Prepare and implement a security incident response plan clearly stating how to report and handle such incidents.
 17. Provide all employees with ongoing training on IT security risks and their responsibilities to ensure systems and data are protected.
 18. 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.
 19. Develop an information security plan to protect the integrity of the financial reporting systems and data.
 - Ensure operations continue – To ensure operations continue, develop, document, and implement processes to:
 20. Develop and implement an up-to-date 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.
 21. Test the contingency plan.
 22. Train staff responsible for implementing the contingency plan.
 23. Back up and securely maintain backups of systems and data.

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.

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

Section III-Federal Award Findings and Questioned Costs

2023-101- Single Audit Reporting Package Not Filed Timely (Repeat Finding; Significant deficiency, Compliance Finding)

Federal program information:

Funding agencies:	U.S. Department of Agriculture; U.S. Department of Treasury
Titles:	Watershed Protection and Flood Prevention; Coronavirus State and Local Fiscal Recovery Funds; Local Assistance and Tribal Consistency Fund.
Assistance Listings Number:	10.904; 21.027; 21.032
Award numbers and years	NR229457XXXXC004; None; None; July 1, 2022 through June 30, 2023; March 1, 2021 through December 31, 2024; July 1, 2022 through June 30, 2023
Compliance Requirements:	Reporting
Questioned Costs:	Not applicable

Criteria: 2 CFR 200.512 of the Uniform Guidance requires that the County submit an annual single audit reporting package and submit the data collection form prior to nine months after the end of the audit period.

Condition: The County did not submit its single audit reporting package or data collection form within the required deadline. The fiscal year ending June 30, 2023 general ledger accounts were not fully closed and reconciled with prepared financial statements until September 2024. As a result, the audit did not begin until well after the County's reporting deadlines for fiscal year 2023. This finding is similar to prior year finding 2022-101 and was initially reported in fiscal year 2021.

Cause and Effect: The County has a limited staff within the finance and accounting department. As such, it is difficult for the department to close each year's books and reconcile all accounts in a timely manner. As a result the County was unable to meet the nine-month reporting guideline required by the Uniform Guidance.

Auditors' Recommendations: The County should dedicate additional resources to ensure that the accounting records are closed and accurate financial statements are prepared within three to six months after year end.

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.

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

2023-102- Reporting (Significant Deficiency, Compliance Finding)

Federal program information:

Funding agencies:	U.S. Department of Treasury
Titles:	State and Local Fiscal Recovery Funds
Assistance Listings Number:	21.027
Award numbers and years:	None; March 1, 2021 through December 31, 2024
Compliance Requirements:	Reporting
Questioned Costs:	None

Criteria: The County is required to submit quarterly and annual Compliance Reports, which includes current period expenditures, cumulative expenditures and a project description along with certain other required information.

Condition: During fiscal year 2023, the quarterly and annual Compliance Reports submitted indicated no expenditures incurred. However, expenditures totaling \$331,609 were intended to be funded by this program and were ultimately reported within the subsequent fiscal year (2024) Compliance Reports. As a result, the 2023 Compliance Reports were incorrect.

Cause and Effect: The County misunderstood the reporting requirements when the Compliance Reports were initially submitted in fiscal year 2023. Upon discovering the error, County personnel contacted the grantor and was informed that expenditures should be reported on the next period's report. However, the reports submitted for fiscal year 2023 were ultimately incorrect and not in compliance with Treasury guidelines.

Auditors' Recommendations: The County should establish policies to ensure that all federal expenditures are reported in the correct period to the grantor and that the reporting requirements are fully understood.

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

County's Section

Greenlee County Arizona

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2023

Federal Grantor/Program Title	Assistance Listings Number	Additional Award Identification (Optional)	Name of Funder Pass-Through Entity	Identifying Number(s) Assigned by Funder Pass-Through Entity	Amount provided to subrecipients	Federal expenditures	Federal Program Total	Cluster Name	Cluster Total
<u>U.S. Department of Agriculture</u>									
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557		Arizona Department of Health Services	ADHS19-206550	\$ -	\$ 123,200	\$ 123,200	N/A	
Schools and Roads - Grants to States	10.665				396,228	696,228	696,228	Forest Service Schools and Roads Cluster	\$ 696,228
Watershed Protection and Flood Prevention	10.904				-	222,275	\$ 222,275	N/A	
Total U.S. Department of Agriculture					<u>396,228</u>	<u>1,041,703</u>			
<u>U.S. Department of Justice</u>									
State Criminal Alien Assistance Program	16.606		Arizona Criminal Justice Commission	None		4,000	4,000	N/A	
Bulletproof Vest Partnership Program	16.607		Arizona Criminal Justice Commission	None		6,849	6,849	N/A	
COVID-19 Coronavirus Emergency Supplemental Funding	16.034	COVID-19	Arizona Criminal Justice Commission	ACESF-22-004		11,756	11,756	N/A	
Edward Byrne Memorial Justice Assistance Grant Program	16.738		Arizona Criminal Justice Commission	DC-23-006; DC-23-025	-	40,448	40,448	N/A	-
Total U.S. Department of Justice					<u>-</u>	<u>63,053</u>			
<u>U.S. Department of Transportation</u>									
State and Community Highway Safety	20.600		Governor's Office of Highway Safety	2022-PTS-032		10,101	10,101	Highway Safety Cluster	10,101
Total U.S. Department of Transportation					<u>-</u>	<u>10,101</u>			
<u>U.S. Department of Treasury</u>									
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	COVID-19				331,609	331,609	N/A	
COVID-19 Local Assistance and Tribal Consistency Fund	21.032	COVID-19				750,000	750,000	N/A	-
Total U.S. Department of Treasury					<u>-</u>	<u>1,081,609</u>			
<u>The Institute of Museum and Library Services</u>									
Grants to States	45.310		Arizona Secretary of State	2022-0260-C1; 2022-0260-016	-	13,587	13,587	N/A	-
Total Institute of Museum and Library Services					<u>-</u>	<u>13,587</u>			
<u>U.S. Department of Health and Human Services</u>									
Public Health Emergency Preparedness	93.069		Arizona Department of Health Services	CTR055212	-	85,676	85,676	N/A	-
Immunization Cooperative Agreements	93.268		Arizona Department of Health Services	CTR060586	-	65,564	65,564	N/A	-
COVID-19 Epidemiology and laboratory capacity for infectious diseases	93.323	COVID-19	Arizona Department of Health Services	CTR05556		97,728	97,728	N/A	
COVID-19 Public health emergency response	93.354	COVID-19	Arizona Department of Health Services	CTR055212		284,093	284,093	N/A	
Foster Care Title IV-E	93.658		Arizona Department of Child Safety	None		610	610	N/A	-
Maternal and Child Health Services Block Grant to the States	93.994		Arizona Department of Health Services	CTR055257	-	94,211	94,211	N/A	-
Total U.S. Department of Health and Human Services					<u>-</u>	<u>627,882</u>			
<u>U.S. Department of Homeland Security</u>									
Emergency Management Performance Grants	97.042		Arizona Department of Emergency and Military Affairs	EMF-2020-EP-00009	-	23,116	23,116	N/A	-
Total U.S. Department of Homeland Security					<u>-</u>	<u>23,116</u>			
Total expenditures of federal awards					<u>\$ 396,228</u>	<u>\$ 2,861,051</u>			

See Accompanying Notes to Schedule.

Greenlee 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 Greenlee 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 – Assistance Listing Number

The program titles and Assistance Listing numbers were obtained from the federal or pass-through grantor or the 2023 Federal Assistance Listings.

Note 4 - Indirect cost rate

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

Corrective Action Plan

DEREK D. RAPIER
County Administrator

BIANCA CASTAÑEDA
Clerk of the Board

(928) 865-2072
FACSIMILE (928) 865-9332



BOARD OF SUPERVISORS
P.O. BOX 908
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CLIFTON, AZ 85533

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Chairman - District 1

RON CAMPBELL
District 2

WILLIAM WEARNE
District 3

Corrective Action Plan

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 (Uniform Guidance). Specifically, for each finding we are providing you with the name of the contact individual responsible for corrective action, the corrective action planned, and the anticipated completion date. The findings below are consistently numbered with the finding numbers assigned in the schedule of findings and questioned costs.

Financial Statement Findings

2023-001- Cash Monitoring (Significant Deficiency: Repeat Finding)

Contact Name: Rene Ontiveros

Corrective Action Planned: The County will continue developing the plan transitioning from annual to monthly reconciliations. The County will identify and perform detailed research on the small variances noted during reconciliations. The County will also implement the regular review process to address and resolve identified variances promptly. The County is searching for the correct way to account for the fiduciary bank accounts that are managed by the offices to include in the cash balance for the County. The County's accounting system does not allow for that information to be included in the cash balance.

Anticipated Completion Date: March 31, 2026

2023-002- Credit Card Approval (Significant Deficiency: Repeat Finding)

Contact Name: Rene Ontiveros

Corrective Action Planned: The County will ensure each signature required is there for the approval process on the forms submitted. The County can ensure all transactions are approved/reviewed by several employees, but due to verbal communication not noted in policy, an additional preapproval signature is required.

Anticipated Completion Date: March 31, 2026

2023-003- *Timely Account Reconciliation and Financial Statement Preparation (Material Weakness)*

Contact Name: Rene Ontiveros

Corrective Action Planned: The County will continue to work/develop better plans on getting financial statements/single audit submitted and reviewed in a timely manner to meet requirements for submittal.

Anticipated Completion Date: March 31, 2026

2023-004- Financial Reporting Process (Significant Deficiency in Internal Control)

Contact Name: Rene Ontiveros

Corrective Action Planned: The County IT office will continue to develop, address, and implement processes, procedures and policies to better manage and document for the security of the County's data. The County also understands as we are addressing the requirements to improve our IT operations that the findings will continue to be noted until all have been established. The County will be addressing the auditors' recommendations to meet the requirements of the findings and meet the Auditor General checklist requirements.

Anticipated Completion Date: March 31, 2027

023-005- Financial Reporting Process (Significant Deficiency in Internal Control)

Contact Name: Rene Ontiveros

Corrective Action Planned: The County IT office will continue to develop, address, implement processes, procedures and policies to manage the control procedures over the IT systems and data for the security of the County's data. The County also understands as we are addressing the requirements to improve our IT operations that the findings will continue to be noted until all have been established. The County will be addressing the auditors' recommendations to meet the requirements of the findings and meet the Auditor General checklist requirements.

Anticipated Completion Date: March 31, 2027

Federal Award Findings and Questioned Costs

2023-101- Single Audit Reporting Package Not Filed Timely (Repeat Finding; Significant deficiency, Compliance Finding)

Federal program information:

Funding agencies:	U.S. Department of Agriculture; U.S. Department of Treasury
Titles:	Watershed Protection and Flood Prevention; Coronavirus State and Local Fiscal Recovery Funds; Local Assistance and Tribal Consistency Fund.
Assistance Listing Number:	10.904; 21.027; 21.032
Award numbers and years	NR229457XXXXC004; None;None; July 1, 2022 through June 30, 2023; March 1, 2021 through December 31, 2024; July 1, 2022 through June 30, 2023
Compliance Requirements:	Reporting
Questioned Costs:	Not applicable

Contact Name: Rene Ontiveros

Corrective Action Planned: The County will continue to work/develop better plans on getting financial statements/single audit submitted and reviewed in a timely manner to meet requirements for submittal.

Anticipated Completion Date: March 31, 2026

2023-102- Allowable Costs/Cost Principles (Significant Deficiency, Compliance Finding)

Federal program information:

Funding agencies:	U.S. Department of Treasury
Titles:	State and Local Fiscal Recovery Funds
Assistance Listing Number:	21.027
Award numbers and years:	None; March 1, 2021 through December 31, 2024
Compliance Requirements:	Reporting
Questioned Costs:	None

Contact Name: Rene Ontiveros

Corrective Action Planned: The reporting submittal has been corrected, and all funds were reported for 2024 reporting requirements.

Anticipated Completion Date: March 31, 2025

DEREK D. RAPIER
County Administrator

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Summary Schedule of Prior Audit Findings

We have prepared the accompanying summary schedule of prior year findings as required by the audit 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). Specifically, we are reporting the status of audit findings included in the prior audit's schedule of findings and questioned costs. This schedule also includes the status of audit findings reported in the prior audit's summary schedule of prior audit findings that were not corrected.

The findings below are numbered with the finding numbers assigned in the 2022 schedule of findings and questioned costs.

Financial Statement Finding

Finding 2022-001(This finding initially occurred in fiscal year 2019) – Cash Monitoring and Reconciliations

Status – not corrected

Contact Name: Rene Ontiveros

Corrective Action Planned: The County will continue developing the plan transitioning from annual to monthly reconciliations. The County will identify and perform detailed research on the small variances noted during reconciliations. The County will also implement the regular review process to address and resolve identified variances promptly. The County is searching for the correct way to account for the fiduciary bank accounts that are managed by the offices to include in the cash balance for the County. The County's accounting system does not allow for that information to be included in the cash balance.

Anticipated Completion Date: March 31, 2026

Finding 2022-002(This finding initially occurred in fiscal year 2020) – Credit Card Approval and Purpose

Status – not corrected

Contact Name: Rene Ontiveros

Corrective Action Planned: The County will ensure each signature required is there for the approval process on the forms submitted. The County can ensure all transactions are approved/reviewed by several employees, but due to verbal communication not noted in policy, an additional preapproval signature is required.

Anticipated Completion Date: March 31, 2026

Finding 2022-003(This finding initially occurred in fiscal year 2021) - Federal and State Grants and Contracts Reconciliations

Status – Corrected

Contact Name: Rene Ontiveros

Federal Award Findings

Finding 2022-101(This finding initially occurred in fiscal year 2021)– 10.665; 10.904; 20.106; 21.027 21.019, 93.069; Forest Service Schools and Roads Cluster, Watershed Protection and Flood Prevention, Airport Improvement Program, Coronavirus State and Local Fiscal Recovery Funds, COVID-19 Coronavirus Relief Fund, Public Health Emergency Preparedness and COVID-19 Public Health Emergency

Status – not corrected

Contact Name: Rene Ontiveros

Corrective Action Planned: The County will continue to improve in providing financial statements and single audit report in a timely matter for submittal by required deadline.

Anticipated Completion Date: March 31, 2026

Finding 2022-102(This finding initially occurred in fiscal year 2020) – 10.665 Forest Service Schools and Roads, U.S. Department of Agriculture

Status – Not corrected

Contact Name: Rene Ontiveros

Corrective Action Planned: The County will develop a budget for the Public Works Road Department to specifically identify the use of Forest Service Schools and Roads funds distributed to the County. The County will create a function code that will be utilized to identify the transactions in relation to the budget created for the funds received.

Anticipated Completion Date: March 31, 2024

Finding 2021-101 (This finding initially occurred in fiscal year 2021)– 93.069, Public Health Emergency Preparedness and COVID-19 Public Health Emergency Preparedness, U.S. Department of Health and Human Services

Status – Not corrected

Contact Name: Rene Ontiveros

Corrective Action Planned: The Health department currently only has a consolidated time sheet to track time spent by each employee working on each federal grant or funding source. Because a more detailed system for tracking hours does not currently exist, the finance department will work with the Health Department to establish a time tracking system to account daily for time spend working on each individual program. The Health department will now create a form showing employees and assigned hours for each grant program assigned to position.

Anticipated Completion Date: March 31, 2024

Finding 2021-102 (This finding initially occurred in fiscal year 2021)– 93.069, Public Health Emergency Preparedness and COVID-19 Public Health Emergency Preparedness, U.S. Department of Health and Human Services

Status – Corrected

Contact Name: Rene Ontiveros