



# Single Audit Report Year Ended June 30, 2025

## Cochise County

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**Lindsey A. Perry**  
Auditor General

# Arizona Auditor General's mission

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The Arizona Auditor General's mission is to provide independent and impartial information, impactful recommendations, and stakeholder education to improve Arizona government for its citizens. To this end, the Office conducts financial statement audits and provides certain accounting services to the State and political subdivisions, investigates possible criminal violations involving public officials and public monies, and conducts performance audits and special reviews of school districts, State agencies, and the programs they administer.

## The Joint Legislative Audit Committee

The Joint Legislative Audit Committee consists of 5 Senate members appointed by the Senate President and 5 House members appointed by the House Speaker. The Committee is responsible for overseeing the Office, including (1) overseeing all audit functions of the Legislature and State agencies, including sunset, performance, special, and financial audits; special research requests; and the preparation and introduction of legislation resulting from audit report findings; (2) requiring State agencies to comply with audit findings and recommendations; (3) receiving status reports regarding the progress of school districts to implement recommendations; and (4) scheduling hearings to review the status of State agencies and school districts.

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Representative **Michael Carbone**

Representative **Michele Peña**

Representative **Stephanie Stahl-Hamilton**

Representative **Betty Villegas**

Representative **Steve Montenegro** (ex officio)

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Annual Financial Report



**ARIZONA  
AUDITOR  
GENERAL**

Lindsey A. Perry, Auditor General

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

Members of the Arizona State Legislature

The Board of Supervisors of  
Cochise 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, business-type activities, discretely presented component unit, each major fund, and aggregate remaining fund information of Cochise County as of and for the year ended June 30, 2025, 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 30, 2026. Our report includes a reference to other auditors who audited the financial statements of the Housing Authority, Accommodation School District, and Cochise Private Industry Council, Inc., as described in our report on the County's financial statements. This report includes our consideration of the results of the other auditors' testing of internal control over financial reporting and compliance and other matters that are reported on separately by those other auditors. However, this report, insofar as it relates to the results of the other auditors, is based solely on the reports of the other auditors.

**Report on internal control over financial reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we and the other auditors did not identify any deficiencies in internal control that we consider to be material weaknesses. We and the other auditors identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2025-01, 2025-02, and 2025-03 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.

*Lindsey A. Perry*

Lindsey A. Perry, CPA, CFE  
Auditor General

March 30, 2026



**ARIZONA  
AUDITOR  
GENERAL**

Lindsey A. Perry, Auditor General

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

Members of the Arizona State Legislature

The Board of Supervisors of  
Cochise County, Arizona

**Report on compliance for each major federal program**

***Qualified and unmodified opinions***

We have audited Cochise 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, 2025, except for the Housing Voucher Cluster (Assistance Listings number 14.871), a major federal program administered by the County's Housing Authority. This major federal program was audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to those major federal programs' compliance with the types of compliance requirements described in the OMB Compliance Supplement, is based solely on the other auditors' report. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

*Qualified opinion on WIC Special Supplemental Nutrition Program for Women, Infants, and Children*

In our opinion, except for the noncompliance described in the basis for qualified and unmodified opinions section of our report, the County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the WIC Special Supplemental Nutrition Program for Women, Infants, and Children program (Assistance Listings number 10.557) for the year ended June 30, 2025.

*Unmodified opinion on each of the other major federal programs*

In our opinion, based on our audit and the report of the other auditors, 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 other major federal programs identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2025.

### ***Basis for qualified and unmodified opinions***

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 qualified and unmodified opinions 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.

#### *Matters giving rise to qualified opinion on WIC Special Supplemental Nutrition Program for Women, Infants, and Children*

As described in the accompanying schedule of findings and questioned costs, the County did not comply with requirements regarding WIC Special Supplemental Nutrition Program for Women, Infants, and Children program (Assistance Listings number 10.557) for eligibility as described in item 2025-101. Compliance with such requirements is necessary, in our opinion, for the County to comply with the requirements applicable to that program.

### ***Other matter—Federal expenditures not included in the compliance audit***

The County's basic financial statements include the operations of the Cochise Private Industry Council, Inc., which expended \$1,799,755 in federal awards that is not included in the County's schedule of expenditures of federal awards during the year ended June 30, 2025. Our compliance audit, described in the opinion on each major federal program qualified and unmodified opinions section, does not include the operations of the Cochise Private Industry Council, Inc., because it engaged other auditors to perform its audit.

### ***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**

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. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a material weakness.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies,

in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2025-101 to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement 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 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, business-type activities, discretely presented component unit, each major fund, and aggregate remaining fund information as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated March 30, 2026, that contained unmodified opinions on those financial statements. Our report also included a reference to our reliance on other auditors. 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 by us and the

other auditors. In our opinion, based on our audit, the procedures performed as described previously, and the report of the other auditors, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

*Lindsey A. Perry*

Lindsey A. Perry, CPA, CFE  
Auditor General

March 30, 2026

# SCHEDULE OF FINDINGS AND QUESTIONED COSTS

## Summary of auditors' results

### Financial statements

**Type of auditors' report issued on whether the financial statements audited were prepared in accordance with U.S. 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? No

Significant deficiencies identified? Yes

Noncompliance material to the financial statements noted? No

### Federal awards

#### Internal control over major federal program(s)

Material weaknesses identified? Yes

Significant deficiencies identified? None reported

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

#### Identification of major federal program(s) and types of auditors' reports issued on compliance

Assistance Listings number(s)	Name of federal program or cluster	Auditors' report type
10.557	WIC Special Supplemental Nutrition Program for Women, Infants, and Children	 <b>Qualified</b>
14.871/14.871 COVID-19	Housing Voucher Cluster	 <b>Unmodified</b>

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

Auditee qualified as low-risk auditee? No

## **The County did not ensure \$1,552 of public monies spent on food and beverages and other purchasing card expenditures were for authorized purposes and did not timely pay the financial institution, resulting in risk of misuse of public monies, possible violation of the Arizona Constitution, and \$1,162 in penalties and interest**

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### **Condition**

Contrary to its policies, the County did not ensure \$1,552 of public monies its employees spent on food and beverages and other purchasing card expenditures were for authorized purposes necessary for official County business for 4 of 37 fiscal year 2025 purchasing card transactions we tested, including:

- ▶ \$1,105 for food and beverages and a meeting space to host a monthly Mayor Manager Meeting luncheon to discuss County issues, priorities, and opportunities for collaboration at Gunny's BBQ in Sierra Vista, Arizona, for 22 people, costing over \$50 per attendee. There was not an official list of attendees, but the County administrator, local mayors, city managers, and local and State elected officials were invited (2 transactions).
- ▶ \$307 for a Visa gift card to purchase candy at Costco Warehouse for the National Night Out event that promotes police-community partnerships (1 transaction).
- ▶ \$140 for a Google writing application that an employee purchased using their personal email address rather than a County email address (1 transaction).

We also found that the County's Finance Department (Department) did not timely pay the financial institution for the January 2025 purchasing card transactions. Specifically, the Department sent a check 3 days before the payment was due, and the bank did not receive the payment until after the due date.

### **Effect**

The County put public monies at risk of being misspent or being misused through purchasing card expenditures, which could also be a possible violation of the Arizona Constitution's ban on gifts or loans of public monies. Further, when public monies are misspent or misused, less monies are available for uses that benefit the County and its residents, such as for public safety and health and welfare programs.

The County's not timely paying the financial institution for purchasing card transactions resulted in \$1,162 in penalties and interest.<sup>1</sup>

## Cause

Although the County administrator approved the luncheon, the County's food and beverage policy did not specifically address the allowability of business luncheons or specify how much was allowed to be spent per person or the maximum amounts that may be spent on specific activities or events. In addition, the County's review of the underlying documentation supporting the costs of the gift card and Google writing application was not sufficient to detect the noncompliance with County policy.

Regarding the late purchasing card payment, the Department reported that staff were out of the office until the beginning of January and did not complete the necessary purchasing card reconciliations to obtain approval from the Board of Supervisors and make the payment to the financial institution prior to the payment date.

## Criteria

The County's purchasing card policy requires cardholders to ensure purchases are for authorized County business purposes and to submit all applicable documentation supporting the purchases. The policy also prohibits the purchase of personal items and gift cards and requires the department liaison to review and approve all charges prior to submitting the documentation to the Department for payment. Lastly, the policy requires corrective action for policy violations, which could include mandatory training, reimbursement of unallowable transactions, and revocation and cancellation of purchasing card privileges.<sup>2</sup>

In addition, the County's food and beverage policy requires the cardholder to obtain County administrator or designee approval prior to making food and beverage purchases, prepare and retain a meeting agenda, and document the estimated amount, expected participants, event description, and public benefit to the County to purchase food and beverage.<sup>3</sup>

Further, developing and implementing policies and procedures for purchasing cards is an essential part of internal control standards, such as the *Standards for Internal Control in the Federal Government* issued by the Comptroller General of the United States, and integral to ensuring the State's financial reporting and related compliance objectives are achieved.<sup>4</sup>

Finally, State law bans gifts or loans of public monies by counties to individuals, which could potentially include purchasing card expenditures not authorized by County policies (Arizona Constitution, Art. IX, Sec. 7).

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<sup>1</sup> The County originally paid \$2,324 in late fees to the financial institution. However, the Department worked with the financial institution, and half, or \$1,162 was credited back to the County.

<sup>2</sup> Cochise County. (2024). *Cochise County Purchasing Card Policy*. Retrieved 2/23/2026 from <https://www.cochise.az.gov/DocumentCenter/View/2412/Purchasing-Card-Pcard-Policy-PDF>

<sup>3</sup> Cochise County. (2018). *Cochise County Food and Beverage Purchases Administrative Procedure 1600-1*. Retrieved 2/23/2026 from <https://www.cochise.az.gov/DocumentCenter/View/2409/Administrative-Procedure-Food-and-Beverages-Purchases-PDF>

<sup>4</sup> U.S. Government Accountability Office. (2014). *Standards for Internal Control in the Federal Government*. Washington, DC. Retrieved 2/23/2025 from <https://www.gao.gov/assets/670/665712.pdf>

## Recommendations to the County

Follow its existing policies and procedures for purchasing card expenditures to:

1. Review supporting documentation thoroughly to ensure all purchasing card purchases and payments are for authorized purposes necessary for official County business.
2. Enforce corrective action for policy violations, which could include mandatory training, reimbursement of unallowable transactions, and revocation and canceling the purchasing card.

Improve its existing food and beverage policy to:

3. Specify and define how much is allowed to be spent per person or the maximum amounts that may be spent on each type of activity or event.
4. Address the allowability of County business luncheons, including time frames when lunch may be purchased and where lunches are allowed to be held.
5. Develop and implement processes to ensure Board of Supervisor approval of purchasing card payments is obtained prior to the payment date to avoid penalties and interest.
6. Require its Finance Department to develop and implement a process to monitor County departments' compliance with the County's purchasing card policy to ensure that the County does not pay for purchases that do not have the required invoices, receipts, or other documentation supporting that they are for authorized County business.
7. Continue to train all County employees who are purchasing cardholders and department supervisors approving purchasing card transactions on its purchasing card policies and procedures. Specifically, training should address prohibited items and how to ensure procurement card purchases are for authorized County business purposes and comply with constitutional provisions.

## Views of responsible officials

County management concurs with this finding. The County's corrective action plan at the end of this report includes the views and planned corrective action of its responsible officials regarding these recommendations. 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.

## 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

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### Condition

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

### Effect

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

### Cause

The County's IT management reported they have not completed inventorying all the County's data because of time constraints, and they are currently developing a process to complete the data inventory.

### 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 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.

### Recommendations to the County

1. Develop, document, and implement a data inventory process to identify, classify, and inventory the County's sensitive information.
2. Evaluate and manage the risks of holding sensitive information by identifying, classifying, and inventorying the information the County holds to assess where stronger access and security controls may be needed to protect data in accordance with State statutes and federal regulations.

## Views of responsible officials

County management concurs with this finding. The County's corrective action plan at the end of this report includes the views and planned corrective action of its responsible officials regarding these recommendations. 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.

## The County's control procedures over IT systems and data were insufficient, increasing the risk that the County may not adequately protect those systems and data

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### Condition

The County's control procedures were not sufficiently implemented to respond to risks associated with its information technology (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.

▶ **Securing systems and data**

IT security policies and procedures lacked controls to prevent unauthorized or inappropriate access or use, manipulation, damage, or loss.

### Effect

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

### Cause

The County's IT management reported that they were still working on implementing new policies and procedures to ensure that all employees' access is appropriate and to revoke employees' IT access when required training is not performed.

### 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 to achieve its financial reporting, compliance, and operational objectives.

Effective internal controls include the following:

▶ **Restrict access through logical controls**

Help to ensure systems and data are accessed by users who have a need, systems and data access granted is appropriate, and key systems and data access are monitored and reviewed.

▶ **Secure systems and data through IT security internal control policies and procedures**

Help prevent, detect, and respond to instances of unauthorized or inappropriate access or use, manipulation, damage, or loss to its IT systems and data.

## Recommendations to the County

1. Make it a priority to implement its comprehensive IT policies and procedures over access controls and 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, implement processes to:

3. Enhance authentication requirements for IT systems.

### Secure systems and data

To secure IT systems and data, implement processes to:

4. Require all employees to complete ongoing training on IT security risks and their responsibilities to ensure systems and data are protected.

## Views of responsible officials

County management concurs with this finding. The County's corrective action plan at the end of this report includes the views and planned corrective action of its responsible officials regarding these recommendations. 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.

## The County did not perform eligibility certification requirements, resulting in an increased risk of program participants receiving benefits they are not eligible to receive

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**Assistance Listings number(s) and name(s):**

10.557 WIC Special Supplemental Nutrition Program for Women, Infants, and Children

**Award number(s) and year(s):**

CTR067930 October 1, 2023 through September 30, 2028

**Federal agency:** U.S. Department of Agriculture

**Pass-through grantor(s):** Arizona Department of Health Services

**Compliance requirement(s):** Eligibility

**Questioned costs:** Unknown

### Condition

Contrary to federal regulations and State policies, the County's Health and Social Services Department (Department) issued program benefits without requiring each program participant to complete and sign a rights and obligations form during the eligibility certification process agreeing to provide current and truthful information, abide by program rules, and not share WIC benefits cards or other benefits. Specifically, for 17 of 60 participants tested, the Department did not require the participants to complete and sign a rights and obligations form for 9 participants' initial certifications and 8 participants' recertification for ongoing benefits.

In addition, for 5 of 60 participants tested, the Department did not properly separate duties and allowed the same employee to determine eligibility and issue benefits to participants. Further, we found that 2 of 13 WIC employees responsible for determining a participant's eligibility did not complete mandatory annual training.

### Effect

The Department's not requiring program participants to acknowledge their rights and obligations increases the risk of participants providing inaccurate information required for eligibility determinations, such as erroneous residency and income data that could allow program

participants to receive benefits they are not eligible to receive.<sup>1</sup> Further, there is an increased risk of misuse of program benefits received as the participants may not be aware of the program's rules and could allow others to use their WIC benefits cards or inappropriately sell, trade, or give away benefits received, such as food, formula, or breast pumps. Finally, the Department's not properly separating duties or providing mandatory annual training increases the risk of fraud and awarding benefits to ineligible participants.

## Cause

Department management reported that there was misdirection by the previous WIC director who communicated to staff that only the participation consent form, not the rights and obligations form, was required to be signed. In addition, Department management reported that for part of the fiscal year when 2 employees were updating a participant's information at the same time, the employees did not properly save who completed a participant's eligibility determination and who approved it in the State's eligibility system. Further, the Department did not perform periodic monitoring to ensure (1) Department clinic site staff required participants to sign the rights and obligations form prior to issuing benefits and that the forms were maintained in the State's eligibility system, (2) separation of duties was properly documented in the State's eligibility system, or (3) WIC employees responsible for determining a participant's eligibility completed mandatory annual training.

## Criteria

Federal regulation and State policies require participants to sign a rights and obligations statement as part of the eligibility-certification process (7 CFR §246.7[i][10]).<sup>2</sup> Specifically, State eligibility-certification policies require the Department's staff who are responsible for the eligibility-certification process to inform participants of their rights and obligations prior to issuing benefits during the participant's initial certification and recertifications for ongoing benefits.

Also, the participants must complete and sign the form acknowledging their rights and obligations, including:

- ▶ Providing the most current and truthful information that WIC staff may verify.
- ▶ Following the WIC program's rules to avoid being prosecuted, disqualified, and/or asked to repay the program.
- ▶ Allowing only the approved authorized recipient or proxy to use the WIC benefits card and reporting lost or stolen WIC benefits cards.

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<sup>1</sup> WIC recipients receive WIC benefits cards to use at designated vendors, such as a grocery store, that are preloaded with eligible food packages. A food package contains items by description and provides only specific quantities for fruits and vegetables. For example, 2 dozen eggs, 32 ounces of yogurt, 1 pound of cheese, etc. The recipient can purchase only the eligible items and specific quantities outlined in their designated food package. Unused benefits expire at the end of the month. For the errors identified, auditors were unable to determine the potential questioned cost as there is not a specific amount designated for each food package awarded to the recipients. The vendors who supplied food to the recipient bill the Arizona Department of Health Services for the benefits provided.

<sup>2</sup> Arizona Department of Health Services. (2024). *Arizona WIC Program Policy and Procedure Manual* Chapter 2, Section H. Retrieved 3/2/2026 from <https://www.azdhs.gov/documents/prevention/azwic/manuals/policy/chapter-02-certification.pdf?v=20240221>

- ▶ Being honest and not selling, trading, or giving away WIC benefits cards, food, formula, or breast pumps, and acknowledging that doing so will disqualify the recipient from benefits.

In addition, policies and procedures over WIC certifications completed at a local agency should prohibit 1 employee from determining eligibility for all certification criteria and issuing benefits to participants or provide effective alternative policies and procedures when separation of duties is not possible (7 CFR §246.4[a][27][iii]). Further, State pass-through entity grant award requires the Department to provide training to all WIC employees responsible for determining a participant's eligibility. Finally, federal guidelines require establishing and maintaining effective internal control over federal awards that provides reasonable assurance that federal programs are being managed in compliance with all applicable laws, regulations, and award terms (2 CFR §200.303).

## Recommendations to the Department

1. Follow the State's eligibility certification policies that require program participants to complete and sign a rights and obligations form prior to the Department issuing benefits during initial certifications and recertifications for ongoing benefits.

Train Department staff, who are responsible for the eligibility certification process, as required by the State pass-through, regarding the following requirements:

2. Participants must be informed of their rights and obligations prior to issuing benefits during the participant's initial certification and recertifications for ongoing benefits.
3. Participants must sign the rights and obligations form during the eligibility certification process agreeing to provide current and truthful information, abide by program rules, and not share WIC benefits cards or other benefits.
4. Department staff must maintain the forms in its eligibility system.
5. Separate job responsibilities in policies and procedures to prohibit 1 employee from determining eligibility for all certification criteria and issuing benefits to participants or provide effective alternative policies and procedures when separation of duties is not possible.

Perform periodic monitoring at its clinic sites to ensure:

6. Department clinic site staff require participants to sign the rights and obligations form prior to issuing benefits and that the forms are maintained in the State's eligibility system.
7. Separation of duties is properly documented in the State's eligibility system.
8. WIC employees responsible for determining a participant's eligibility complete mandatory training.

This finding is similar to prior-year finding 2024-101 and was initially reported in fiscal year 2024.

### **Views of responsible officials**

County management concurs with this finding. The County's corrective action plan at the end of this report includes the views and planned corrective action of its responsible officials regarding these recommendations. 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.

## The County prepared the subsequent pages of this document.

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### Schedule of expenditures of federal awards and related notes

This schedule includes the County's federal grant activity for the fiscal year and the related notes, which are an integral part of the schedule and describe the significant accounting policies used in preparing the schedule and other disclosures as required by 2 Code of Federal Regulations (CFR) §200.510(b).

The results of our auditing procedures on this schedule are described in the 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.

### County response and corrective action plan

The County response and corrective action plan includes the County's response to each finding identified in our audit, including the County's corrective action plan and anticipated completion date to implement our audit finding recommendations, as required by 2 CFR §200.511(c).

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.

### Summary schedule of prior audit findings

The summary schedule of prior audit findings includes the County's status of implementing audit finding recommendations from the prior year's audit in addition to the status of any older audit findings that were not reported as fully corrected in the prior year's summary schedule of prior audit findings as required by 2 CFR §200.511(b).

We performed auditing procedures to follow up on prior audit findings, including assessing the reasonableness of the summary schedule of prior audit findings as required by 2 CFR §200.514(e).

**COCHISE COUNTY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
 Fiscal Period 7/1/2024 - 6/30/2025

Federal Awarding Agency/Program Title	Assistance Listings Number	Additional Award Identification (Optional)	Name of Funder Pass-Through Entity	Identifying Number Assigned By Funder Pass-Through Entity	Total Amount Provided to Sub-Recipients	Federal Expenditures	Federal Program Total	Cluster Name	Cluster Total
<b>DEPARTMENT OF AGRICULTURE</b>									
WIC SPECIAL SUPPLEMENTAL NUTRITION PROGRAM FOR WOMEN, INFANTS, AND CHILDREN	10.557		ARIZONA DEPARTMENT OF HEALTH SERVICES	CTR067930, CTR067930 A1		\$648,381	\$648,381	N/A	\$0
SCHOOLS AND ROADS - GRANTS TO STATES	10.665					\$103,252	\$103,252	FOREST SERVICE SCHOOLS AND ROADS CLUSTER	\$103,252
NATIONAL FOREST SYSTEM-LAW ENFORCEMENT	10.001	23-LE-11030500-048				\$10,576	\$10,576	N/A	\$0
<b>TOTAL DEPARTMENT OF AGRICULTURE</b>						<b>\$762,209</b>			
<b>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>									
COMMUNITY DEVELOPMENT BLOCK GRANTS/STATE'S PROGRAM AND NON-ENTITLEMENT GRANTS IN HAWAII	14.228		ARIZONA DEPARTMENT OF HOUSING	106-24, 131-25		\$343,615	\$343,615	N/A	\$0
HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS	14.241					\$252,384	\$252,384	N/A	\$0
SECTION 8 HOUSING CHOICE VOUCHERS	14.871					\$5,430,497	\$5,666,205	HOUSING VOUCHER CLUSTER	\$5,666,205
SECTION 8 HOUSING CHOICE VOUCHERS	14.871	COVID-19				\$235,708	\$5,666,205	HOUSING VOUCHER CLUSTER	\$5,666,205
FAMILY SELF-SUFFICIENCY PROGRAM	14.896					\$91,006	\$91,006	N/A	\$0
<b>TOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>						<b>\$6,353,010</b>			
<b>DEPARTMENT OF JUSTICE</b>									
CRIME VICTIM ASSISTANCE	16.575		ARIZONA DEPARTMENT OF PUBLIC SAFETY	2024-242		\$85,357	\$85,357	N/A	\$0
PROJECT SAFE NEIGHBORHOODS	16.609		ARIZONA CRIMINAL JUSTICE COMMISSION	PSN-25-003		\$242,459	\$242,459	N/A	\$0
PUBLIC SAFETY PARTNERSHIP AND COMMUNITY POLICING GRANTS	16.710					\$682,356	\$682,356	N/A	\$0
EDWARD BYRNE MEMORIAL JUSTICE ASSISTANCE GRANT PROGRAM	16.738		ARIZONA CRIMINAL JUSTICE COMMISSION	DC-25-021, DC-25-003		\$104,044	\$104,044	N/A	\$0
STOP SCHOOL VIOLENCE	16.839					\$11,581	\$11,581	N/A	\$0
<b>TOTAL DEPARTMENT OF JUSTICE</b>						<b>\$1,125,797</b>			
<b>DEPARTMENT OF TRANSPORTATION</b>									
AIRPORT IMPROVEMENT PROGRAM, INFRASTRUCTURE INVESTMENT AND JOBS ACT PROGRAMS, AND COVID-19 AIRPORTS PROGRAMS	20.106					\$417,452	\$417,452	N/A	\$0
HIGHWAY PLANNING AND CONSTRUCTION	20.205					\$475,907	\$640,746	N/A	\$0
HIGHWAY PLANNING AND CONSTRUCTION	20.205		ARIZONA DEPARTMENT OF TRANSPORTATION	JPA/IGA 11-121-1-A2		\$164,839	\$640,746	N/A	\$0
STATE AND COMMUNITY HIGHWAY SAFETY	20.600		ARIZONA GOVERNOR'S OFFICE OF HIGHWAY SAFETY	2024-PTS-077 A1, 2025-AL-014, 2025-PTS-014		\$16,531	\$16,531	HIGHWAY SAFETY CLUSTER	\$26,929
NATIONAL PRIORITY SAFETY PROGRAMS	20.616		ARIZONA GOVERNOR'S OFFICE OF HIGHWAY SAFETY	2024-AL-014, 2025-405b-502		\$10,398	\$10,398	HIGHWAY SAFETY CLUSTER	\$26,929
<b>TOTAL DEPARTMENT OF TRANSPORTATION</b>						<b>\$1,085,127</b>			
<b>DEPARTMENT OF TREASURY</b>									
CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027	COVID-19	ARIZONA SUPREME COURT	NONE		\$69,496	\$2,127,619	N/A	\$0
CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027	COVID-19	ARIZONA SUPREME COURT	NONE		\$529,393	\$2,127,619	N/A	\$0
CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027	COVID-19	ARIZONA DEPARTMENT OF PUBLIC SAFETY	2023-302		\$22,256	\$2,127,619	N/A	\$0
CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027	COVID-19	ARIZONA SECRETARY OF STATE'S OFFICE	PO97487, ISA-ARPA-SOS-110123-01		\$16,923	\$2,127,619	N/A	\$0
CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027	COVID-19	ARIZONA CRIMINAL JUSTICE COMMISSION	VC-25-002A		\$62,706	\$2,127,619	N/A	\$0
CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027	COVID-19	WATER INFRASTRUCTURE FINANCE AUTHORITY	WCF-229-2024		\$180,622	\$2,127,619	N/A	\$0
CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027	COVID-19				\$566,800	\$1,246,223	N/A	\$0
LOCAL ASSISTANCE AND TRIBAL CONSISTENCY FUND	21.032	COVID-19				\$749,035	\$749,035	N/A	\$0
<b>TOTAL DEPARTMENT OF TREASURY</b>						<b>\$566,800</b>	<b>\$2,876,654</b>		
<b>ENVIRONMENTAL PROTECTION AGENCY</b>									
BROWNFIELDS MULTIPURPOSE, ASSESSMENT, REVOLVING LOAN FUND, AND CLEANUP COOPERATIVE AGREEMENTS	66.818					\$327,361	\$327,361	N/A	\$0
<b>TOTAL ENVIRONMENTAL PROTECTION AGENCY</b>						<b>\$327,361</b>			
<b>DEPARTMENT OF EDUCATION</b>									
SPECIAL EDUCATION GRANTS TO STATES	84.027	84.027A	ARIZONA DEPARTMENT OF EDUCATION	25ICSGBA-510784-01A, 24ICSGBA-410825-01A		\$56,148	\$56,148	SPECIAL EDUCATION CLUSTER (IDEA)	\$56,148
SCHOOL SAFELY NATIONAL ACTIVITIES	84.184	84.184H				\$4,340	\$4,340	N/A	\$0
EDUCATION STABILIZATION FUND	84.425	COVID-19, 84.425D	ARIZONA DEPARTMENT OF EDUCATION	23-14-ED A1		\$81,270	\$81,270	N/A	\$0
<b>TOTAL DEPARTMENT OF EDUCATION</b>						<b>\$141,758</b>			
<b>DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>									
PUBLIC HEALTH EMERGENCY PREPAREDNESS	93.069		ARIZONA DEPARTMENT OF HEALTH SERVICES	CTR055207 A3, CTR055207 A4		\$213,539	\$213,539	N/A	\$0
FOOD AND DRUG ADMINISTRATION RESEARCH	93.103					\$3,616	\$3,616	N/A	\$0
INJURY PREVENTION AND CONTROL RESEARCH AND STATE AND COMMUNITY BASED PROGRAMS	93.136		ARIZONA DEPARTMENT OF HEALTH SERVICES	CTR070113 A1, CTR070113 A2		\$73,646	\$73,646	N/A	\$0
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES PROJECTS OF REGIONAL AND NATIONAL SIGNIFICANCE	93.243		ARIZONA DEPARTMENT OF EDUCATION	25-03-ED		\$27,051	\$27,051	N/A	\$0
IMMUNIZATION COOPERATIVE AGREEMENTS	93.268		ARIZONA DEPARTMENT OF HEALTH SERVICES	CTR060579		\$28,993	\$232,956	N/A	\$0
IMMUNIZATION COOPERATIVE AGREEMENTS	93.268	COVID-19	ARIZONA DEPARTMENT OF HEALTH SERVICES	CTR060269 A2		\$203,963	\$232,956	N/A	\$0
PUBLIC HEALTH EMERGENCY RESPONSE: COOPERATIVE AGREEMENT FOR EMERGENCY RESPONSE: PUBLIC HEALTH CRISIS RESPONSE	93.354	COVID-19	ARIZONA DEPARTMENT OF HEALTH SERVICES	CTR055207 A4		\$24,594	\$24,594	N/A	\$0
CHILD SUPPORT SERVICES	93.563		ARIZONA DEPARTMENT OF ECONOMIC SECURITY	D18-002171 A3, D18-002162 A1		\$6,881	\$6,881	N/A	\$0
GRANTS TO STATES FOR ACCESS AND VISITATION PROGRAMS	93.597		ARIZONA DEPARTMENT OF ECONOMIC SECURITY	D16-002163 A2		\$18,764	\$18,764	N/A	\$0
FOSTER CARE_TITLE IV-E	93.658		ARIZONA DEPARTMENT OF CHILD SAFETY	DC20-000036 A3, DC20-000036 A4		\$52,026	\$60,355	N/A	\$0
FOSTER CARE_TITLE IV-E	93.658		ARIZONA SUPREME COURT	2024-242		\$8,329	\$60,355	N/A	\$0
OPIOID STR	93.788		ARIZONA DEPARTMENT OF HEALTH SERVICES	CTR063847 A1, CTR063847 A2		\$208,982	\$208,982	N/A	\$0
MATERNAL, INFANT AND EARLY CHILDHOOD HOME VISITING GRANT	93.870		ARIZONA DEPARTMENT OF HEALTH SERVICES	CTR050594 A5		\$174,909	\$174,909	N/A	\$0
SEXUALLY TRANSMITTED DISEASES (STD) PREVENTION AND CONTROL GRANTS	93.977		ARIZONA DEPARTMENT OF HEALTH SERVICES	CTR068849 A1, CTR068849 A2		\$29,204	\$29,204	N/A	\$0
PREVENTIVE HEALTH AND HEALTH SERVICES BLOCK GRANT	93.991		ARIZONA DEPARTMENT OF HEALTH SERVICES	CTR055256 A5		\$51,344	\$51,344	N/A	\$0
MATERNAL AND CHILD HEALTH SERVICES BLOCK GRANT TO THE STATES	93.994		ARIZONA DEPARTMENT OF HEALTH SERVICES	CTR055256 A5		\$93,341	\$93,341	N/A	\$0
<b>TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>						<b>\$1,219,182</b>			
<b>EXECUTIVE OFFICE OF THE PRESIDENT</b>									
HIGH INTENSITY DRUG TRAFFICKING AREAS PROGRAM	95.001		CITY OF TUCSON	HT-23-2909, HT-24-2909, HT-23-2912, HT-24-2912		\$224,957	\$224,957	N/A	\$0
<b>TOTAL EXECUTIVE OFFICE OF THE PRESIDENT</b>						<b>\$224,957</b>			

DEPARTMENT OF HOMELAND SECURITY							
EMERGENCY MANAGEMENT PERFORMANCE GRANTS	97.042	ARIZONA DEPARTMENT OF EMERGENCY AND MILITARY AFFAIRS	EMF-2023-APP-00008-S01, EMF-2024-EP-05013	\$136,716	\$136,716	N/A	\$0
<i>BRIC: BUILDING RESILIENT INFRASTRUCTURE AND COMMUNITIES</i>	97.047	ARIZONA DEPARTMENT OF EMERGENCY AND MILITARY AFFAIRS	EMF-2022-BR-005-0001, EMF-2022-BR-005	\$118,097	\$118,097		
HOMELAND SECURITY GRANT PROGRAM	97.067	ARIZONA DEPARTMENT OF EMERGENCY AND MILITARY AFFAIRS	240403-02	\$9,099	\$422,579	N/A	\$0
HOMELAND SECURITY GRANT PROGRAM	97.067	ARIZONA DEPARTMENT OF HOMELAND SECURITY	24-AZDOHS-HSGP-240400-01, 24-AZDOHS-OPSG-240419-01, 23-AZDOHS-OPSG-230411-02 A1, 22-AZDOHS-OPSG-220420-01 A1, 23-AZDOHS-OPSG-230411-01, 22-AZDOHS-HSPG-220400-02, 24-AZDOHS-HSGP-240401-01	\$413,480	\$422,579	N/A	\$0
<b>TOTAL DEPARTMENT OF HOMELAND SECURITY</b>					<u>\$677,392</u>		
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>				<u>\$566,800</u>	<u>\$14,793,447</u>		

**Please Note:**

*Italicized award lines indicate pass-through funding.*

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

**COCHISE COUNTY**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Fiscal Period 7/1/2024 - 6/30/2025**

**Significant Accounting Policies Used in Preparing the SEFA**

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

**15% De Minimis Cost Rate**

The County did not elect to use the 15 percent de minimis indirect cost rate as covered in 2 CFR §200.414.

**Basis of presentation**

The accompanying schedule of expenditures of federal awards (schedule) includes Cochise County's federal grant activity for the year ended June 30, 2025. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

**Federal Assistance Listings number**

The program titles and Federal Assistance Listings numbers were obtained from the federal or pass-through grantor or the 2025 *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.

**Coronavirus State & Local Fiscal Recovery Funds Revenue Loss**

The County elected to claim the \$10 million revenue loss standard allowance rather than using the calculated revenue loss option. The expenditure amount reported on this schedule is the aggregate expenditure amount for all four eligible use categories and not the result of the revenue loss calculation or standard allowance.



**Cochise County  
Finance Department**

*Public Programs...Personal Service*  
www.cochise.az.gov

**Monica Miranda**  
Finance Director

March 30, 2026

Lindsey 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,

Monica Miranda  
Cochise County Finance Director

1415 Melody Lane, Building G  
Bisbee, Arizona 85603  
520-432-8370  
520-432-8398 fax  
mmiranda@cochise.az.gov

## Cochise County

Corrective Action Plan  
Year ended June 30, 2025

### Financial statement findings

#### 2025-01

The County did not ensure \$1,552 of public monies spent on food and beverages and other purchasing card expenditures were for authorized purposes and did not timely pay the financial institution, resulting in risk of misuse of public monies, possible violation of the Arizona Constitution, and \$1,162 in penalties and interest

Contact: Monica Miranda

Completion date: May 31, 2026

#### **Corrective Action:**

*The Cochise County recognizes its fiduciary responsibility to act in a fiscally responsible manner and places significant importance on upholding this duty.*

*One of the transactions identified in this finding relates to a Mayor/Manager Meeting luncheon hosted by the County Board of Supervisors. The Mayor/Manager Meeting serves as a collaborative forum where local leaders within Cochise County—including the Board of Supervisors, City Managers, Mayors, and other invited stakeholders—convene to discuss public issues, shared priorities, and economic development initiatives. These meetings are intended to promote coordination and support efforts to enhance the economic well-being and overall quality of life for County residents. The meetings are publicly noticed due to the potential for a quorum of the Board of Supervisors. Members of the public, and the press, have attended in the past and are not restricted from doing so. Attendees RSVP to the Clerk of the Board and an attendance list was provided. To address the finding, the Clerk of the Board's Office will ensure that all such meetings include a formal agenda documenting the public purpose. Additionally, the County will revise the Food and Beverage Policy to ensure the allowability of business luncheons, including clearly defined limits on per-person expenditures and maximum allowable costs for specific activities to ensure consistency and compliance going forward.*

*In June 2024, the Cochise County Board of Supervisors approved updates to the Purchasing Card Policy. Since implementation, the Finance Department has enforced the policy through consistent monitoring, documentation, and tracking of all violations. The policy explicitly prohibits the purchase of gift cards, and this requirement is communicated regularly to County staff through monthly notifications issued by the Clerk of the Board's Office and reinforced during purchasing card training sessions. Finance staff conduct monthly reviews of purchasing card transactions to ensure compliance and timely identification of any violations. Any exceptions are reported to the Purchasing Card Administrator, who maintains a formal violation log and ensures that each instance is addressed in accordance with policy. The employee previously responsible for monitoring the transactions related to this finding is no longer employed with the County. Current staff assigned to this function are adhering to established review procedures and strengthened oversight practices to ensure ongoing compliance.*

*To ensure compliance, violations of the Purchasing Card Policy are subject to enforcement actions, including progressive discipline, suspension, or revocation of purchasing card privileges. Cardholders may also be required to reimburse the County for any unallowable expenditure, as determined by the Purchasing Card Administrator or Finance Director.*

*Regarding the late payment identified in this finding, the Finance Department has reinforced procedures to ensure timely submission of purchasing card payments. The delay was an isolated incident caused by a timing oversight during the holiday period when staff were on leave. This issue has been addressed, and expectations for timely processing have been clearly communicated to staff.*

*To prevent recurrence, the Finance Department has implemented strengthened internal controls to ensure continuity of operations during staff absences. Employees are required to coordinate coverage for critical processing functions before leave is approved. When coverage is not available, purchasing card invoices must be fully processed and incorporated into the accounts payable batch for timely submission to the Board prior to leave. These corrective measures are designed to ensure timely payment processing and continued compliance with established deadlines.*

## **2025-02**

**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**

**Contact: Alan Gordon**

Completion date: November - December 2026

### **Corrective Action:**

*The County has initiated a comprehensive, multi-year data governance program to enhance its processes for identifying, classifying, and managing information, including sensitive data, across departments and systems. This effort includes collaboration with external consultants and coordination across multiple departments to ensure a structured and consistent approach to data classification and inventory.*

*As part of this initiative, the County is formalizing data classification standards and aligning those classifications across existing systems and tools. This program is focused on establishing a centralized and sustainable process for identifying, classifying, and inventorying information across the organization. These efforts include strengthening processes to ensure consistent enforcement of policy requirements. The County is working to:*

- a. Develop and document a standardized data inventory and classification process.*
- b. Establish clear roles and responsibilities for data ownership and classification.*
- c. Align system-level implementations with defined data classification categories.*
- d. Apply appropriate access and security controls based on data sensitivity.*

*The County will continue to advance these efforts as part of its ongoing IT security program, with a focus on improving consistency, accountability, and visibility across its control environment.*

## 2025-03

The County's control procedures over IT systems and data were insufficient, increasing the risk that the County may not adequately protect those systems and data

Contact: Alan Gordon

Completion date: December 2026

### **Corrective Action:**

*The County continues to enhance and mature its IT security control environment, with a focus on strengthening the implementation, enforcement, and monitoring of access controls, authentication requirements, and user security awareness practices across systems.*

*As part of these efforts, the County is working to improve consistency in how IT security policies and procedures are applied and monitored, ensuring alignment between policy requirements and operational practices.*

*The County is working to:*

- a. Strengthen enforcement of IT security policies and procedures across systems and departments.*
- b. Enhance authentication requirements based on system sensitivity and risk considerations.*
- c. Improve processes for monitoring and reviewing user access to ensure appropriateness and alignment with job responsibilities.*
- d. Implement and refine processes to ensure completion of required security awareness training and enforce associated requirements.*
- e. Implement and refine processes to ensure controls are consistently applied and maintained.*

*The County will continue to advance these efforts as part of its ongoing IT security program, with a focus on improving consistency, accountability, and visibility across its control environment.*

## 2025-101

**Assistance Listings number and name:** 10.557 WIC Special Supplemental Nutrition Program for Women, Infants, and Children

**Award number and years:** CTR067930, October 1, 2023 through September 30, 2028

**Federal agency:** U.S. Department of Agriculture  
**Pass-through grantor:** Arizona Department of Health Services  
**Compliance requirement:** Eligibility  
**Questioned costs:** Unknown

The County did not perform eligibility certification requirements, resulting in an increased risk of program participants receiving benefits they are not eligible to receive

**Contact: Barbara Lang**

Completion date: March 2026

**Corrective Action:**

*Cochise County WIC leadership and staff are committed to full adherence with WIC policy and will continue to implement training, monitoring, and communication to ensure compliance with federal and state regulation.*

*This audit timeframe produced findings primarily related to issues that have already been corrected through the departure of staff that contributed to the findings (to include the previous Directors), hiring of new staff with a more thorough and comprehensive training plan implemented, and staff effort to retroactively collect all required signatures at subsequent appointments to ensure all WIC clients have current signatures and understanding of Rights & Obligations and Consents for their certification period. We recognize that these new processes were not put into plan until June 2025, due to the timing of the previous audit, and therefore did not reflect on the July 1, 2024 – June 30, 2025 audit period.*

*In addition to the above resolved issues, a new WIC director was hired in September 2025 and new policies and procedures were immediately developed and put into place. These new policies and procedures that serve as our already implemented corrective action plan are as follows:*

**Staff Training**

- a. All staff are required to complete the full ADHS WIC-sponsored live cohort training courses upon hire, and every 3 years of their employment to ensure competencies are maintained over time.*
- b. All staff complete their annual Civil Rights, Conflict of Interest, and Confidentiality upon hire and annually. Last annual training was completed Fall 2025.*
- c. A staff dedicated as Training Coordinator monitors training logs and ensure all training requirements are met, with additional oversight by the WIC Director and the ADHS WIC State office.*
- d. In-person staff meetings are held monthly, with a significant portion of time dedicated to staff training on programmatic expectations to ensure all staff obtain the same information so that tasks are carried out in a standardized method.*
- e. Weekly team huddles to review any timely findings or discuss issues as a group.*
- f. Weekly 1:1's with each staff to discuss areas where the employee may need additional training or to discuss any deficiencies the WIC manager has noticed, (i.e. note-taking/documentation, single income verifications, chart review findings, etc.).*

**Separation of Duties**

- g. Cert List for Audits report run every 2 weeks for each clinic/staff person to review adherence to Separation of Duties.*
- i. Follow up with certain percentage of clients per policy to assess how the certification went and verify client information.*

*ii. Follow up with staff if any issues are identified.*

*h. Staff have been training on during staff meetings in July 2025, August 2025, October 2025, and during new employee training on how to properly use the HANDS system to ensure the system accurately records who completed the 2<sup>nd</sup> income verification.*

*i. Revision of Separation of Duties policy and implementation of new “protected time” procedure to ensure there is a staff person available at almost all times of day to complete the 2<sup>nd</sup> IV.*

*\*Since approval of this policy the ADHS WIC state office on 1/5/2026 and implementation of this policy/procedure, the Cert List for Audit report of single-income verifications has decreased substantially (from 60 in 2 weeks, to 5), all with documented reasons why 2<sup>nd</sup> IV was unable to be obtained during certification appointment and notes verifying 2<sup>nd</sup> IV was completed on another date.*

### **Rights and Obligations and Consent Forms**

*a. All staff received a refresher training on 8/26/25, will be retrained annually, and are regularly reminded to obtain both required signatures at certification*

*b. If staff are unable to obtain digital signatures due to tech issues, they are required to obtain e-document signatures via the clients email, or written signatures the staff then scans into the client file*

*c. Chart reviews and staff observations are completed on a monthly-bimonthly basis to ensure ongoing staff compliance with policy and procedure*



**Cochise County  
Finance Department**

*Public Programs...Personal Service*  
www.cochise.az.gov

**Monica Miranda**  
Finance Director

March 30, 2026

Lindsey A. Perry  
Arizona Auditor General  
2910 N. 44th St., Ste. 410

Dear Ms. Perry:

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

Sincerely,

Monica Miranda  
Cochise County Finance Director

1415 Melody Lane, Building G  
Bisbee, Arizona 85603  
520-432-8370  
520-432-8398 fax  
mmiranda@cochise.az.gov

## Status of financial statement findings

Finding number 2024-01 Fiscal year finding initially occurred: 2024

Status: Corrected

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

Finding number 2024-02 Fiscal year finding initially occurred: 2024

Status: Corrected

**The County paid \$43,703 for food and beverage, lodging, and conference costs using travel cards without complying with policies, resulting in risk of misuse of public monies**

Finding number 2024-03 Fiscal year finding initially occurred: 2024

Status: Corrected

**The other auditors who audited the County's Accommodation School District reported the following finding:**

**The Accommodation School District (District) did not retain supporting documentation for all expenditures transactions to support that the amount paid with public monies was appropriate. The District is recorded in the County's aggregate remaining fund information.**

Finding number 2024-101 Fiscal year finding initially occurred: 2024

Status: Not corrected

**Assistance Listings number and name: 10.557 WIC Special Supplemental Nutrition Program for Women, Infants, and Children**

*Cochise County WIC leadership and staff are committed to full adherence with WIC policy and will continue to implement training, monitoring, and communication to ensure compliance with federal and state regulation.*

This recurrence is due to the fact that, (1) the timing of the audit report release, which occurred on May 30, 2025, did not allow for adequate time to correct the finding for fiscal year 2025, and (2) this finding cannot be fully corrected as we do not have the ability to change information entered into the WIC HANDS system for a past appointment date. To mitigate this issue moving forward, signatures were obtained at later appointments and the trainings noted below were conducted and will be continued annually.

In place of the attestation confirming training a tracking document was created and signed by those completing the training. Income Verification, Breast Pump Education and Tracking, and Food Package training were conducted at staff meeting on 7/29/25. The Rights and Obligations refresher training was conducted on 8/26/25. The staff also completed the state required Conflict of Interest and Confidentiality Training and Civil Right Training in the fall of 2025. These 2 training courses are tracked both internally and by state WIC.

The Cert for Audit Report is generated more consistently to identify income verification status. WIC Manager audits random client files. Also, a different tracking system was implemented by the new WIC Manager. The new system was reviewed and approved by State WIC on 1/5/2026. Audits are being done moving forward rather than going backwards. Procedures are being put in place by new WIC Director.

Weekly, Virtual Huddles are scheduled, and staff are asked to sign-in. In addition, weekly one-on-one meetings are scheduled with each employee to discuss areas where the employee may need additional training or to discuss any deficiencies the WIC manager has noticed, i.e. note-taking/documentation.

Finding number 2024-102 Fiscal year finding initially occurred: 2024

Status: Corrected

**Assistance Listings number and name: N/A**

**The County did not submit its June 30, 2024, Single Audit Report to the federal audit clearinghouse until May 30, 2025, which was 60 days later than required.**