

**LA PAZ COUNTY, ARIZONA**  
**SINGLE AUDIT REPORT**  
**YEAR ENDED JUNE 30, 2025**



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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

The Arizona Auditor General and  
The Board of Supervisors  
La Paz County, Arizona  
Parker, Arizona

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of La Paz County, Arizona as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the La Paz County, Arizona's basic financial statements, and have issued our report thereon dated March 30, 2026.

We have issued a qualified opinion on the financial statements for the Governmental Activities related to the County's failure to adopt an acceptable methodology for accounting for gravel and dirt roads under Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. As a result, we were unable to obtain sufficient appropriate audit evidence to determine whether the reported amounts for infrastructure assets and related expenses are presented fairly in accordance with principles generally accepted in the United States of America.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered La Paz County, Arizona'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 financial statements, but not for the purpose of expressing an opinion on the effectiveness of La Paz County, Arizona's internal control. Accordingly, we do not express an opinion on the effectiveness of La Paz County, Arizona'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 entity's 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.

The Arizona Auditor General and  
The Board of Supervisors  
La Paz County, Arizona

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.

We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2025-001, 2025-002, 2025-003, 2025-004, 2025-005, 2025-006, 2025-007, 2025-008, 2025-009, 2025-010, and 2025-011 that we consider to be material weaknesses.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether La Paz County, Arizona's 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*.

We also noted certain additional matters that we reported to the County's management in a separate letter dated March 30, 2026.

### **La Paz County, Arizona's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the La Paz County, Arizona'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. La Paz County, Arizona'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 La Paz County, Arizona's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering La Paz County, Arizona's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**CliftonLarsonAllen LLP**

Tempe, Arizona  
March 30, 2026



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR  
FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND  
REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
REQUIRED BY THE UNIFORM GUIDANCE**

The Arizona Auditor General and  
The Board of Supervisors  
La Paz County, Arizona  
Parker, Arizona

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

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

We have audited La Paz County, Arizona'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 La Paz County, Arizona's major federal programs for the year ended June 30, 2025. La Paz County, Arizona'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, La Paz County, Arizona 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, 2025.

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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 La Paz County, Arizona 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 La Paz County, Arizona's compliance with the compliance requirements referred to above.

***Responsibilities of Management 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 La Paz County, Arizona's federal programs.

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

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on La Paz County, Arizona'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 GAAS, *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 La Paz County, Arizona's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *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 La Paz County, Arizona'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 La Paz County, Arizona'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 La Paz County, Arizona's internal control over compliance. Accordingly, no such opinion is expressed.

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

### **Report on Internal Control Over Compliance**

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

The Arizona Auditor General and  
The Board of Supervisors  
La Paz County, Arizona

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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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.

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of La Paz County, Arizona as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise La Paz County, Arizona's basic financial statements. We have issued our report thereon dated March 30, 2026, which contained a qualified opinion on the Governmental Activities financial statements and unmodified opinions for the remaining financial statements of the business-type activities, each major fund, and the aggregate remaining fund information. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the 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 management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



**CliftonLarsonAllen LLP**

Tempe, Arizona  
March 30, 2026

**LA PAZ COUNTY, ARIZONA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2025**

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**Section I – Summary of Auditors’ Results**

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**Financial Statements**

1. Type of auditors’ report issued on whether the financial statements audited were prepared in accordance with generally accepted accounting principles:

Unmodified on the business-type activities, each major fund, and the aggregate remaining fund information and Qualified on the governmental activities

2. Is a going concern emphasis-of-matter paragraph included in the auditors’ report? \_\_\_\_\_ yes        x   no

3. Internal control over financial reporting:

• Material weakness(es) identified?   x   yes      \_\_\_\_\_ no

• Significant deficiency(ies) identified? \_\_\_\_\_ yes        x   none reported

4. Noncompliance material to financial statements noted? \_\_\_\_\_ yes        x   no

**Federal Awards**

1. Internal control over major federal programs:

• Material weakness(es) identified? \_\_\_\_\_ yes        x   no

• Significant deficiency(ies) identified? \_\_\_\_\_ yes        x   none reported

2. Type of auditors’ report issued on compliance for major federal programs:

Unmodified

3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? \_\_\_\_\_ yes        x   no

**Identification of Major Federal Programs**

**Assistance Listing Number**

**Name of Federal Program or Cluster**

21.032

Local Assistance and Tribal Consistency Fund-ARPA

93.354

COVID-19 Public Health Workforce Supplement Grant

93.967

Public Health Infrastructure and Workforce Development Grant

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee? \_\_\_\_\_ yes        x   no

**LA PAZ COUNTY, ARIZONA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2025**

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***Section II – Financial Statement Findings***

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**2025-001 – IT Risk Assessment**

**Type of Finding:** Material Weakness in Internal Control over Financial Reporting  
(Repeated 2024-001, 2023-002, and 2022-006)

**Condition:** The County did not perform an IT risk assessment.

**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. NIST's Risk Management Framework (RMF) provides a comprehensive approach to integrating security, privacy, and cyber supply chain risk management activities into the system development life cycle

**Effect:** The absence of an IT risk assessment means that the County has not identified, ranked, or remediated potential IT risks. This oversight could lead to vulnerabilities in the IT infrastructure, exposing sensitive data and systems to threats.

**Cause:** According to County management, resource constraints and limitations in the current IT governance structure prevented the County from performing a comprehensive IT risk assessment during the audit period.

**Recommendation:** The County should conduct a comprehensive IT risk assessment to identify, prioritize, and remediate risks appropriately. This assessment should focus on the following key areas:

1. Risk Assessment: Conduct a thorough IT risk assessment to identify potential threats and vulnerabilities within the IT infrastructure.
2. Risk Prioritization: Rank the identified risks based on their potential impact and likelihood to ensure that the most critical risks are addressed first.
3. Risk Remediation: Develop and implement a remediation plan to address the identified risks, ensuring that appropriate measures are taken to mitigate or eliminate these risks.
4. Continuous Monitoring and Evaluation: Implement continuous monitoring and evaluation processes to keep the IT risk management framework up to date and ensure that new risks are promptly identified and addressed.

**Views of responsible officials and planned corrective action:** Management agrees with the findings. See corrective action plan.

**LA PAZ COUNTY, ARIZONA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2025**

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***Section II – Financial Statement Findings (Continued)***

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**2025-002 – Data Classification and Review (Compliance and Other Matters)**

**Type of Finding:** Material Weakness in Internal Control over Financial Reporting  
(Repeated 2024-002, 2023-004, and 2022-006)

**Condition:** The County did not review its inventoried data.

**Criteria:** Establishing a process for managing risk that follows a credible industry source, such as the National Institute of Standards and Technology, helps the District to effectively manage risk related to IT systems and data.

**Effect:** This oversight indicates that the County has not evaluated the sensitivity and security of the data it holds, potentially leaving sensitive information unprotected and vulnerable to breaches.

**Cause:** According to County management, resource constraints and limitations in the current IT governance structure prevented the County from performing a comprehensive IT risk assessment during the audit period.

**Recommendation:** The County should establish a comprehensive process to evaluate and manage the risks associated with holding sensitive information. This process should include identifying, classifying, and inventorying all data held by the County, with regular reviews to ensure data classifications remain current and accurate. Additionally, the County should assess and implement stronger access and security controls where needed to protect sensitive data in accordance with state statutes and federal regulations.

**Views of responsible officials and planned corrective action:** Management agrees with the findings. See corrective action plan.

**2025-003 – Policy Statements (Compliance and Other Matters)**

**Type of Finding:** Material Weakness in Internal Control over Financial Reporting  
(Repeated 2024-003, 2023-006, and 2022-007)

**Condition:** The County did not have formalized IT and IT security policies or procedures in place during the audit period. In addition to the absence of formally approved policies, the County also lacked documented procedures to guide the consistent execution of key IT and information security activities.

**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.

**LA PAZ COUNTY, ARIZONA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2025**

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***Section II – Financial Statement Findings (Continued)***

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**Effect:** The following required policy areas were entirely missing, resulting in unstructured, inconsistent, and undocumented practices:

- **Access Control and User Provisioning:** No formal process for approving new user access, no documentation of access authorization, and no defined requirements for least-privilege provisioning.
- **Password and Authentication Requirements:** No password policy governing password history, minimum or maximum age, or lockout thresholds, no documented or enforced workstation lockout requirements, and no documented processes for managing service and shared account credentials.
- **Data Classification and Handling:** No policy defining data sensitivity levels, handling requirements, or management-approved classifications.
- **Logging and Monitoring:** No policy establishing what events must be logged, privileged-user monitoring requirements, log review frequency, or retention expectations.
- **Disaster Recovery:** No disaster recovery plan documenting critical systems, recovery steps, communication plans, roles, or required testing.
- **Incident Response:** No documented incident response plan outlining how security incidents should be identified, reported, escalated, contained, or reviewed.
- **Information Security Standards and Risk Treatment:** No documented framework or standards defining baseline security requirements, risk assessment activities, or risk-treatment expectations for financial and operational systems.
- **Change Management:** No policy governing review, approval, testing, and documentation of changes to servers, networks, operating systems, or other infrastructure components.
- **Backup and Recovery:** No policy defining backup frequency, retention, encryption, storage requirements, responsibilities, or test-restore procedures.

The absence of these foundational policies results in inconsistent practices, increased security exposure, lack of accountability, and an inability to demonstrate compliance with state, federal, and audit requirements.

**Cause:** According to County management, resource constraints and lack of formal IT governance structure prevented the County from performing a comprehensive IT risk assessment during the audit period.

**LA PAZ COUNTY, ARIZONA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2025**

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***Section II – Financial Statement Findings (Continued)***

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**Recommendation:** CLA recommends the County formally develop, approve, implement, and maintain a complete IT policy framework that governs all critical areas of IT operations. At a minimum, the County should establish:

- **Access Control Policy:** Define access-request and approval requirements, roles and responsibilities, least-privilege standards, provisioning and deprovisioning procedures, and required documentation.
- **Password and Authentication Policy:** Establish requirements for password history, complexity, minimum/maximum age, lockout settings, MFA, workstation inactivity timeouts, and manage the credentials of service and shared accounts.
- **Data Classification and Handling Policy:** Define data categories, sensitivity levels, handling requirements, and management approval.
- **Logging and Monitoring Policy:** Specify required security and system event logging, log review procedures, privileged-access monitoring, retention periods, and responsible personnel.
- **Disaster Recovery Plan (DRP):** Document recovery objectives, critical systems, restoration steps, communication methods, roles, and annual testing requirements.
- **Incident Response Plan:** Document incident categories, reporting channels, escalation paths, containment steps, documentation requirements, and post-incident reviews.
- **Information Security Program:** Define the County's overall security framework, including risk assessments, risk treatment processes, administrative safeguards, and periodic review.
- **Change Management Policy:** Establish approval workflows, documentation standards, testing procedures, rollback plans, and emergency-change guidelines for infrastructure changes.
- **Backup and Recovery Policy:** Define backup schedules, retention requirements, encryption standards, off-site storage, roles and responsibilities, and regular test-restore procedures.

Implementing these policies will establish consistent governance, improve security posture, and provide the documentation necessary to support compliance and audit readiness.

**Views of responsible officials and planned corrective action:** Management agrees with the findings. See corrective action plan.

**2025-004 – Logical Access – Provisioning of Privileged Accounts (Compliance and Other Matters)**

**Type of Finding:** Material Weakness in Internal Control over Financial Reporting  
(Repeated 2024-004, 2023-005, and 2022-007)

**Condition:** La Paz County was unable to provide any supporting documentation to show the establishment of privileged or administrator accounts.

**Criteria:** Establishing and documenting a process for provisioning privileged accounts is a fundamental control aligned with industry standards such as those from the National Institute of Standards and Technology (NIST). This helps ensure that elevated access is granted appropriately and traceably.

**LA PAZ COUNTY, ARIZONA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2025**

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***Section II – Financial Statement Findings (Continued)***

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**Cause:** According to County management, resource constraints and inadequate IT governance have made recordkeeping and tracking of privileged account provisioning difficult.

**Effect:** Without documentation, the County cannot demonstrate proper control over privileged accounts, which could lead to unauthorized access and misuse of administrative privileges.

**Recommendation:** The County should maintain evidence of the process for establishing privileged or administrator accounts. Records should be completed at the time of activity and retained for a specific period, with designated staff responsible for maintaining them. Implementing a Privileged Access Management (PAM) system can help secure, manage, control, and audit the use of privileged accounts.

**Views of responsible officials and planned corrective action:** Management agrees with the findings. See corrective action plan.

**2025-005 – Periodic Reviews of User Access (Compliance and Other Matters)**

**Type of Finding:** Material Weakness in Internal Control over Financial Reporting  
(Repeated 2024-005, 2023-003, and 2022-007)

**Condition:** The County did not regularly review user accounts for appropriate access rights.

**Criteria:** Establishing a process for managing risk that follows a credible industry source, such as the National Institute of Standards and Technology, helps the District to effectively manage risk related to IT systems and data.

**Effect:** Not performing a regular, standardized user account audit increases the risk that the County may not identify all old and unused user accounts, users with improper access to the system, and/or unauthorized system users.

**Cause:** According to County management, resource constraints and inadequate IT governance have hindered their ability to perform a thorough periodic reviews of user access.

**Recommendation:** The County should conduct a formal review of all user accounts annually. The review process should be documented, and sign-off should be obtained from IT personnel completing the review. The review should ensure that all user accounts are assigned to current employees by comparing a system account listing to a current employee list from Human Resources. Additionally, a review of access levels should be performed by comparing the user's current access rights listed on the system to those listed on their access form, and by confirming the user's access rights with their departmental manager.

**Views of responsible officials and planned corrective action:** Management agrees with the findings. See corrective action plan.

**LA PAZ COUNTY, ARIZONA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2025**

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***Section II – Financial Statement Findings (Continued)***

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**2025-006 – Logical Access – Deprovisioning of User Accounts**

**Type of Finding:** Material Weakness in Internal Control over Financial Reporting  
(Repeated 2024-006, 2023-005, and 2022-007)

**Condition:** La Paz County did not disable or delete the user accounts for six terminated employees.

**Criteria:** Following formally documented deprovisioning policies/procedures are essential to ensure that access is revoked in a timely and controlled manner. This aligns with best practices for managing IT risk and supports compliance with standards such as those from NIST.

**Cause:** According to County management, they did not consistently documented and enforced processes to ensure timely deprovisioning of user accounts upon employee termination. In addition, coordination between Human Resources and Information Technology was insufficient to ensure termination events were promptly communicated and acted upon. As a result, user access reviews and account removals were not consistently performed or evidenced.

**Effect:** Failure to timely disable or remove user accounts for terminated employees increases the risk of unauthorized access to County systems and applications. This condition exposes the County to potential data breaches, unauthorized transactions, and misuse of sensitive or financial information, which could result in operational disruption, regulatory noncompliance, and reputational harm.

**Recommendation:** The County should implement a formal process to ensure system access is promptly revoked upon termination and establish periodic user access reviews to detect and remediate unauthorized accounts.

**Views of responsible officials and planned corrective action:** Management agrees with the findings. See corrective action plan.

**LA PAZ COUNTY, ARIZONA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2025**

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***Section II – Financial Statement Findings (Continued)***

---

**2025-007 – Enhance Authentication Requirements (Compliance and Other Matters)**

**Type of Finding:** Material Weakness in Internal Control over Financial Reporting  
(Repeated 2024-007, 2023-007, and 2022-007)

**Condition:** The current authentication requirements for the County's IT systems are insufficient to ensure robust security, leaving sensitive data and systems vulnerable to unauthorized access.

**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. NIST's guidelines emphasize the importance of strong authentication methods, including multi-factor authentication (MFA) and passwordless solutions.

**Effect:** The absence of enhanced authentication requirements exposes the County to increased risks of unauthorized access, data breaches, and potential loss of sensitive information. This vulnerability could lead to significant financial and reputational damage.

**Cause:** According to County management, while the need for enhanced authentication controls has been identified, the County has not prioritized the allocation of resources necessary to implement more robust authentication measures.

**Recommendation:** To address the need for more enhanced authentication, it is recommended to enhance controls over authentication, enforce strong password policies, integrate biometric authentication, conduct regular security reviews, provide comprehensive user training and awareness programs, allocate sufficient resources for security enhancements, and regularly monitor and audit authentication logs.

**Views of responsible officials and planned corrective action:** Management agrees with the findings. See corrective action plan.

**LA PAZ COUNTY, ARIZONA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2025**

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***Section II – Financial Statement Findings (Continued)***

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**2025-008 – Physical Access – Monitoring and Restriction of Facilities (Compliance and Other Matters)**

**Type of Finding:** Material Weakness in Internal Control over Financial Reporting

**Condition:** La Paz County did not consistently maintain adequate physical access controls over facilities housing information systems, including limitations in access management, monitoring, and documentation.

**Criteria:** Physical access controls must be designed and implemented to ensure that only authorized individuals have access to facilities housing IT systems. Such access must be monitored, logged, and periodically reviewed in accordance with established Physical Protection policies. Adequate documentation should be maintained to demonstrate that physical access controls are operating effectively and consistently.

**Cause:** According to County management, they do not have a formalized physical access control policy or procedure. In addition, responsibilities for maintaining and retaining evidence of physical access authorization and monitoring have not been clearly defined or consistently enforced.

**Effect:** Weaknesses in physical access controls and monitoring could create potential risks related to the protection and operation of systems supporting financial reporting.

**Recommendation:** The County should enhance the formalization and documentation of physical access controls to help ensure access to relevant facilities is appropriately managed and periodically reviewed.

**Views of responsible officials and planned corrective action:** Management agrees with the findings. See corrective action plan.

LA PAZ COUNTY, ARIZONA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2025

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***Section II – Financial Statement Findings (Continued)***

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**2025-009 – Backup Data Protection Controls (Compliance and Other Matters)**

**Type of Finding:** Material Weakness in Internal Control over Financial Reporting

**Condition:** The County was unable to demonstrate that its processes were sufficient to ensure that backup data containing sensitive financial system information was adequately secured. Management could not provide sufficient documentation or evidence to support that required backup protection controls were consistently implemented, documented, and monitored.

**Criteria:** The County's information security policies and applicable standards require that sensitive financial system data be protected through the use of appropriate security controls. These controls should be formally defined, documented, and subject to ongoing monitoring and periodic review to ensure they are operating as intended.

**Cause:** According to County management, processes to ensure that backup security controls were consistently applied and documented were not sufficiently formalized. In addition, responsibilities for oversight and validation of backup security controls had not been clearly defined.

**Effect:** When processes are not sufficient to ensure that backup data is adequately secured, the County lacks assurance that sensitive financial information is protected in accordance with established requirements. This condition may affect the County's ability to demonstrate compliance with information security and financial reporting control expectations.

**Recommendation:** The County should strengthen its processes to ensure that backup data is appropriately secured. Management should establish and enforce formal procedures, maintain documentation supporting the implementation and monitoring of backup security controls, and perform periodic reviews to confirm that controls are operating as intended.

**Views of responsible officials and planned corrective action:** Management agrees with the findings. See corrective action plan.

**LA PAZ COUNTY, ARIZONA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2025**

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***Section II – Financial Statement Findings (Continued)***

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**2025-010 – Segregation of Duties**

**Type of Finding:** Material Weakness in Internal Control over Financial Reporting (Repeated 2024-010, 2023-010, 2022-009, and 2021-007)

**Condition:** Adequate segregation of accounting duties was not in place in the Treasurer’s office as certain business-type County department personnel responsible for collecting various fees and charges for services are often also responsible for reconciling, depositing, and recordkeeping of these receipts. Independent verification and reconciliations of amounts collected to amounts deposited were not verified by the Treasurer’s office prior to collection of the deposit.

**Criteria:** To help ensure the accuracy of financial records and to help reduce the risk of misappropriation of assets, duties should be segregated to separate the responsibilities of custody of assets, authorizing the use of assets, recording the use of assets, and monitoring the use of assets between multiple people. The Uniform Accounting Manual for Arizona Counties (UAMAC), section VI-C, published by the State of Arizona Auditor General’s office requires Counties to develop and adhere to written policies and procedures to safeguard assets.

**Effect:** Policies have not been implemented to help ensure that duties are segregated, to the extent possible, to minimize control situations where individuals have the opportunity to misappropriate assets.

**Cause:** A detailed risk assessment was not performed for all County departments.

**Recommendation:** The County should perform a formal risk assessment considering the responsibilities of custody, authorization, recording, and monitoring the use of assets in each of its departments. In departments where more than one responsibility is held by one person, the County should implement additional procedures to mitigate the risk created by a lack of proper segregation of duties.

**Views of responsible officials and planned corrective action:** Management agrees with the findings. See corrective action plan.

**LA PAZ COUNTY, ARIZONA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2025**

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***Section II – Financial Statement Findings (Continued)***

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**2025-011 – Accounting for Infrastructure Assets**

**Type of Finding:** Material Weakness in Internal Control over Financial Reporting (Repeated 2024-011)

**Condition:** The County did not properly account for infrastructure assets in the government-wide financial statements. Specifically, the County failed to apply either depreciation or the modified approach for its gravel and dirt roads infrastructure assets reported at \$41.5 million as required by Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements-and Management’s Discussion and analysis-for State and Local Governments* (GASB Statement No.34).

**Cause:** County management did not establish adequate policies, procedures, and internal controls to ensure compliance with GASB 34 requirements for infrastructure reporting. There was a lack of training and oversight regarding the accounting treatment of infrastructure assets.

**Effect:** Failure to account for infrastructure assets in conformity with GASB 34 resulted in incomplete and inaccurate reporting of governmental activities capital assets. This increase the risk of material misstatement in the financial statements and may impair decision-making by stakeholders relying on accurate financial information.

**Recommendation:** We recommend that management implement formal policies and procedures to ensure compliance with GASB 34. This should include:

1. Developing and documenting an acceptable methodology to either depreciate infrastructure assets or apply the modified approach.
2. Establish an asset management system and performing regular condition assessments if modified approach is chosen.
3. Providing training to accounting staff and periodic internal review to verify compliance.

**Views of responsible officials and planned corrective action:** Management agrees with the findings. See corrective action plan.

LA PAZ COUNTY, ARIZONA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2025

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***Section III – Findings and Questioned Costs – Major Federal Programs***

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None reported.

**LA PAZ COUNTY, ARIZONA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2025**

Federal Agency, Pass Through Grantor/Program or Cluster	Federal Assistance Listings Number	Pass-Through Grantor Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<b>U.S. Department of Housing and Urban Development</b>				
Passed through Arizona Department of Housing				
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	104-19	\$ -	\$ 16,200
Total U.S. Department of Housing and Urban Development			-	16,200
<b>U.S. Department of Justice</b>				
Passed through Arizona Criminal Justice Commission				
Crime Victim Compensation	16.576	VC-24-007/VC-25-007A	-	20,662
Edward Byrne Memorial Justice Assistance Grant Program	16.738	DC-25-026	-	41,552
Edward Byrne Memorial Justice Assistance Grant Program	16.738	DC-24-007/DC-25-007	-	56,084
Total CFDA Number 16.738			-	97,636
Passed through Bureau of Justice Assistance				
Congressionally Recommended Awards	16.753	15PBJA-23-GG-00064-BRND	-	116,000
Bulletproof Vest Partnership Program	16.607	Direct		15,622
Public Safety Partnership and Community Policing Grants	16.710	Direct		86,514
Total U.S. Department of Justice			-	336,434
<b>U.S. Department of Transportation</b>				
Passed through Arizona Governor's Office of Highway Safety				
State and Community Highway Safety	20.600	2025-PTS-030	-	18,253
National Priority Safety Programs	20.616	2024-405B-502	-	3,266
National Priority Safety Programs	20.616	2024-405D-021	-	23,060
Total CFDA Number 20.616			-	26,326
Total Highway Safety Cluster			-	44,579
Total U.S. Department of Transportation			-	44,579
<b>U.S. Department of Treasury</b>				
Local Assistance and Tribal Consistency Fund - ARPA	21.032	Direct	-	472,400
Total Department of Treasury			-	472,400
<b>U.S. Election Assistance Commission</b>				
Passed through Arizona Department of Administration				
HAVA Election Security Grants	90.404	AZ20101001	-	10,363
Total U.S. Election Assistance Commission			-	10,363
<b>U.S. Department of Health and Human Services</b>				
Passed through Arizona Department of Health and Human Services				
Medical Reserve Corps Small Grant Program	93.008	CTR068539/MRC 23-0540/PO 623468	-	42,804
COVID-19 - Public Health Emergency Preparedness	93.069	ADHS 17-133193/CTR055213/PO 694770	-	138,034
COVID-19 - Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	CTR058096	-	(2,656)
COVID-19 - Testing & Monitoring	93.323	CTR055540/PO 370643	-	33,219
Total CFDA Number 93.323			-	30,563
COVID-19 Public Health Workforce Supplemental Grant	93.354	CTR055213/PO 627515	-	174,733
COVID-19 - Activities to Support State, Tribal, Local, and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises	93.391	CTR055998/PO 646029/PO 694683/PO 775144	-	83,942

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**LA PAZ COUNTY, ARIZONA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
YEAR ENDED JUNE 30, 2025**

Federal Agency, Pass Through Grantor/Program or Cluster	Federal Assistance Listings Number	Pass-Through Grantor Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<b>U.S. Department of Health and Human Services (Continued)</b>				
Passed through Arizona Department of Health and Human Services (Continued)				
PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance Financed in Part by Prevention and Public Health Funds	93.539	ADHS 18-177682;/CTR060584/PO 581697/PO 730563	\$ -	\$ 63,949
COVID-19 - PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance Financed in Part by Prevention and Public Health Funds	93.539	CTR060277/PO 533593/PO 546611,/PO 666041/PO 715930/PO 722281	-	69,939
Total CFDA Number 93.539			-	133,888
Opioid STR	93.788	ADHS 17-133193-A5/CTR048905-A3/PO 669680/PO 675566/PO 725235/PO	-	60,645
Preventive Health and Health Services Block Grant	93.991	CTR055273 Mod. 2/PO 604131/PO 680095/PO 714038	-	34,453
Maternal and Child Health Services Block Grant to the States	93.994	CTR055273 Mod. 2/PO 619933/PO 680112,/PO 726840	-	90,140
Public Health Infrastructure and Workforce Development Grant	93.967	CTR064798/PO 709735	-	239,953
Passed through Western Arizona Council of Governments				
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	E86-0445604-23	-	34,980
COVID-19 - Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	E86-0445604-23	-	30,000
Total CFDA Number 93.044			-	64,980
Social Services Block Grant	93.667	E86-0445604-23	-	45,506
Total U.S. Department of Health and Human Services			-	1,139,641
<b>U.S. Executive Office of the President</b>				
Passed through City of Tucson				
High Intensity Drug Trafficking Areas Program	95.001	24-58-2927-LPCNTF	-	110
Total U.S. Executive Office of the President			-	110
<b>U.S. Department of Homeland Security</b>				
Passed through Arizona Department of Homeland Security				
Homeland Security Grant Program	97.067	210417-03	-	3,772
Homeland Security Grant Program	97.067	220411-01, 230437-01	-	86,876
Homeland Security Grant Program	97.067	230503-01	-	21,400
Total CFDA Number 97.067			-	112,048
Total U.S. Department of Homeland Security			-	112,048
Total Expenditures of Federal Awards			\$ -	\$ 2,131,775

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**LA PAZ COUNTY, ARIZONA**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2025**

**NOTE 1 REPORTING ENTITY**

The accompanying schedule of expenditures of federal awards presents the activity or expenditure of all federal awards programs of the La Paz County, Arizona for the year ended June 30, 2025. The County's reporting entity is defined in Note 1 of the basic financial statements. All expenditures of federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included in the schedule.

**NOTE 2 BASIS OF ACCOUNTING**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of La Paz County, Arizona under programs of the federal government for the year ended June 30, 2025. The information in this Schedule is presented in accordance with the requirements of 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Expenditures reported on the schedule are reported on the modified accrual basis of accounting, which is described in Note 1 to the County's basic financial statements for the year ended June 30, 2025. Such expenditures are recognized following the cost principles contained in the Uniform Guidance for all awards. Under these principles, certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

**NOTE 3 FEDERAL ASSISTANCE LISTINGS NUMBER**

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

**NOTE 4 INDIRECT COST**

The County elected to use the 15 percent de minimus indirect cost rate as covered in 2 CFR 200.414.

**NOTE 5 FEDERAL LOANS OUTSTANDING**

There are no outstanding balances for federal loan or loan guarantee programs with continuing compliance requirements for the year ended June 30, 2025.



**La Paz County**  
Administrative & Fiscal Services  
Human Resources

1112 S Joshua Ave Ste 207  
Parker, AZ 85344  
928-669-3400

March 30, 2026

Guadalupe "Lupita" Martinez  
CliftonLarsonAllen, PLLC  
20 E Thomas Rd #2300  
Phoenix, AZ 85012

Dear Ms. Martinez:

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,

Cheryl Stone  
Director of Administrative and Fiscal Services



# La Paz County Board of Supervisors

1108 Joshua Avenue  
Parker, Arizona 85344

(928) 669-6115 TDD (928) 669-8400 Fax (928) 669-9709

[www.lapaz.gov](http://www.lapaz.gov)

David Plunkett - District 1 Stephanie McDowell - County Administrator  
 Duce Minor - District 2 Laurie Thornbury - Clerk of the Board  
 Holly Irwin - District 3

FY2025

## Audit Findings and Corrective Action Plan

Section	Finding	Corrective Action	Responsible Party	Target Date
Financial Statements	<b>2025-001 - IT Risk Assessment: Material Weakness in Internal Control over Financial Reporting (Repeated 2024-001, 2023-002, 2022-006)</b>	La Paz County engaged All Covered to conduct a Baseline Security Assessment. This assessment was completed in October 2025. The County is using the results to develop an IT Risk Management Plan and ensure ongoing risk evaluations.	Board of Supervisors, La Paz County Administrator, La Paz County IT Director	Completed 10/2025
	<b>2025-002 - Data Classification and Review (Compliance and Other Matters) Material Weakness in Internal Control over Financial Reporting (Repeated 2024-002, 2023-004, 2022-006)</b>	The County has a draft Information Security and Governance Policy. This policy will be finalized and approved by the Board of Supervisors in FY26. This will ensure a structured approach to classifying and inventorying sensitive data, aligning with best practices.	Board of Supervisors, La Paz County Administrator, La Paz County IT Director	6/30/2026

<p><b>2025-003 - Policy Statements:Material Weakness in Internal Control over Financial Reporting</b> (Repeated 2024-003, 2023-006, 2022-007)</p>	<p>The County is working with All Covered to develop a Written Information Security Program that includes policies for passwords, logging and monitoring, disaster recovery, and incident response. These policies will align with NIST and CIS 18 Frameworks. This document is currently in final draft form.</p>	<p>Board of Supervisors, La Paz County Administrator, La Paz County IT Director</p>	<p>6/30/2026</p>
<p><b>2025-004 - Logical Access- Provisioning of Privileged Accounts</b> <b>Material Weakness in Internal Control over Financial Reporting</b> (Repeated 2024-004, 2023-005, 2022-007)</p>	<p>The County has created a process for creating and terminating user access. The County maintains the documentation for these requests in a ticket system used by IT called Maintenance Care. This process has been distributed to all County Departments.</p>	<p>Board of Supervisors, La Paz County Administrator, La Paz County IT Director</p>	<p>Corrected 8/2025</p>
<p><b>2025-005 - Periodic Reviews of User Access</b> <b>Material Weakness in Internal Control over Financial Reporting</b> (Repeated 2024-005, 2023-003, 2022-007)</p>	<p>A periodic user access review process was completed in fiscal year 2024 and 2025. However no documentation was kept to show proof of these reviews. IT will continue periodic reviews of user access and retain documentation of such review. The most recent review was completed in February 2026.</p>	<p>Board of Supervisors, La Paz County Administrator, La Paz County IT Director</p>	<p>Completed 2/2026</p>
<p><b>2025-006 - Logical Access - De-provisioning of User Accounts</b> <b>Requirements Finding: Material Weakness in Internal Control over Financial Reporting</b> (Repeated 2024-006, 2023-005, 2022-007)</p>	<p>The County has a process for de-provisioning user accounts. This process was implemented in FY26.The County will continue to work with Departments to ensure timely de-provisioning of user accounts.</p>	<p>Board of Supervisors, La Paz County Administrator, La Paz County IT Director</p>	<p>Completed 8/2025</p>
<p><b>2025-007 - Enhance Authentication</b> <b>Requirements Finding: Material Weakness in Internal Control over Financial Reporting</b> (Repeated 2024-007, 2023-007, and 2022-007)</p>	<p>Although the County did implement authentication requirements, it was only enforced for remote connections. County administration and IT management will continue to explore other enhancements to the current security environment and expanded support for all system users.</p>	<p>Board of Supervisors, La Paz County Administrator, La Paz County IT Director</p>	<p>6/30/2026</p>

<p><b>2025-008 – Physical Access - Monitoring and Restriction of Facilities</b>  <b>Type of Finding: Material Weakness in Internal Control over Financial Reporting</b></p>	<p>The County has installed a new locking mechanism with limited access. The County has updated and implemented a standardized physical access log for the room housing core information systems, and staff have established a recurring schedule to document and verify that the room remains properly secured. These procedures will be consistently reflected in future access logs. Additionally, the County will rekey the door to the facility and maintain a formal record of individuals issued keys, including periodic reviews to ensure continued authorization. The County is also evaluating opportunities to further formalize procedures to strengthen physical access controls and related documentation going forward.</p>	<p>Board of Supervisors, La Paz County  Administrator, La Paz  County IT Director</p>	<p>Completed  2/2026</p>
<p><b>2025-009 – Backup Data Protection Controls</b>  <b>Type of Finding: Material Weakness in Internal Control over Financial Reporting</b></p>	<p>The County will work with its current IT service provider, AllCovered, to ensure that appropriate security controls are implemented and enforced. Work on these identified risk areas began about 18 months ago and is documented in the Written Information Security Plan (WISP). This includes the County obtaining and retaining documentation from AllCovered validating that security settings are properly configured and function as intended. In addition, the County continues collaborating with AllCovered to enhance overall information system security and to formalize ongoing monitoring procedures to ensure continued compliance with backup security requirements. The WISP is currently in a final draft format. The next step is Board of Supervisors approval and full implementation. We anticipate this will be completely implemented by June 30, 2026.</p>	<p>Board of Supervisors, La Paz County  Administrator, La Paz  County IT Director</p>	<p>6/30/2026</p>

**2025-010 - Segregation of Duties**  
**Type of Finding: Material Weakness in Internal Control over Financial Reporting (Repeated 2024-010, 2023-010, 2022-009, 2021-007)**

The County implemented new procedures 2/1/2026 for deposits. Each Department now provides copies of the supporting details for the deposit to the Finance Department. The Finance Department balances these documents to a daily deposit report generated out of the Treasurer's system. All supporting documents for deposits are maintained by Finance.

Board of Supervisors, La Paz County Administrator, La Paz County Finance Department, La Paz County Treasurer Completed 2/2026

**2024-011 - Accounting for Infrastructure Assets**  
**Type of Finding: Material Weakness in Internal Control over Financial Reporting (Repeated 2024-011)**


The County believes the modified approach is the proper accounting method for the assets in question. The Board of Supervisors approved a policy regarding upkeep of County roads in compliance with GASB 34 and the modified accounting approach. In addition, the County has in place a system to track all gravel and primitive roads and a policy/process in place to monitor the condition and make the appropriate repairs and maintenance.

Board of Supervisors, La Paz County Administrator, La Paz County Finance Department Completed 12/2025

**Major Federal Programs**  
**Federal Award Findings and Questioned Costs**

**None Noted**

Cheryl Stone, Director Administrative and Fiscal Services

 3/30/2026  
\_\_\_\_\_  
Date



**La Paz County**  
Administrative & Fiscal Services  
Human Resources

1112 S Joshua Ave Ste 207  
Parker, AZ 85344  
928-669-3400

March 30, 2026

Guadalupe "Lupita" Martinez  
CliftonLarsonAllen, PLLC  
20 E Thomas Rd #2300  
Phoenix, AZ 85012

Dear Ms. Martinez:

We have prepared the accompanying summary schedule of the prior year 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,

Cheryl Stone  
Director of Administrative and Fiscal Services

**LA PAZ COUNTY, ARIZONA  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
YEAR ENDED JUNE 30, 2025**

**2024-001 – IT Risk Assessment (Compliance and Other Matters) (Reissue of prior year finding 2022-006)**

**Type of Finding:** Material Weakness

**Condition:** The County did not perform an IT risk assessment during the audit period.

**Status:** Corrective action not implemented see finding 2025-001.

**Reason for Recurrence:** Consecutive audits were conducted without allowing sufficient time for corrective actions to be implemented.

**2024-002 – Data Classification and Review (Compliance and Other Matters) (Reissue of prior year finding 2022-006)**

**Type of Finding:** Material Weakness

**Condition:** The County did not review its inventoried data during the audit period.

**Status:** Corrective action not implemented see finding 2025-002.

**Reason for Recurrence:** Consecutive audits were conducted without allowing sufficient time for corrective actions to be implemented.

**2024-003 – Policy Statements (Compliance and Other Matters) (Reissue of prior year finding 2022-007)**

**Type of Finding:** Material Weakness

**Condition:** The County did not have formalized IT and IT security policies in place during the audit period.

**Status:** Corrective action plan not implemented see finding 2025-003.

**Reason for Recurrence:** Consecutive audits were conducted without allowing sufficient time for corrective actions to be implemented.

**2024-004 – Logical Access – Provisioning of Privileged Accounts (Compliance and Other Matters) (Reissue of prior year finding 2022-007)**

**Type of Finding:** Material Weakness

**Condition:** La Paz County was unable to provide any supporting documentation to show the establishment of privileged or administrator accounts during the audit period.

**Status:** Corrective action plan not implemented see finding 2025-004.

**Reason for Recurrence:** Consecutive audits were conducted without allowing sufficient time for corrective actions to be implemented.

**LA PAZ COUNTY, ARIZONA**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2025**

**2024-005 – Periodic Reviews of User Access (Compliance and Other Matters) (Reissue of prior year finding 2022-006)**

**Type of Finding:** Material Weakness

**Condition:** The County did not regularly review user accounts for appropriate access rights.

**Status:** Corrective action plan not implemented see finding 2025-005.

**Reason for Recurrence:** Consecutive audits were conducted without allowing sufficient time for corrective actions to be implemented.

**2024-006 – Logical access – Deprovisioning of User Accounts (Compliance and Other Matters) (Reissue of prior year finding 2022-007)**

**Type of Finding:** Material Weakness

**Condition:** La Paz County was unable to provide any supporting documentation showing the process for removing user accounts during the audit.

**Status:** Corrective action plan not implemented see finding 2025-006.

**Reason for Recurrence:** Consecutive audits were conducted without allowing sufficient time for corrective actions to be implemented.

**2024-007 – Enhance Authentication Requirements (Compliance and Other Matters) (Reissue of prior year finding 2022-007)**

**Type of Finding:** Material Weakness

**Condition:** The current authentication requirements for the County's IT systems are insufficient to ensure robust security, leaving sensitive data and systems vulnerable to unauthorized access.

**Status:** Corrective action plan not implemented see finding 2025-007.

**Reason for Recurrence:** Consecutive audits were conducted without allowing sufficient time for corrective actions to be implemented.

**2024-008 – Prior Period Adjustment over Inventory (Initially reported in fiscal year 2024)**

**Type of Finding:** Material Weakness

**Condition:** The physical inventory count was not performed for the Road Fund Supplies Inventory and support for the physical inventory counts was not retained for the Golf Course Shop Inventory. Additionally, certain prior-period adjustments were proposed and subsequently recorded to the beginning balances of the County's financial statements as follows:

The County did not record the supplies inventory in the Road Fund s of June 30, 2024 and June 30, 2023 in the amount of \$242,539 and \$180,642, respectively.

**Status:** Corrective action plan was implemented.

**LA PAZ COUNTY, ARIZONA**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2025**

**2024-009 – Excessive Number of Funds (Reissue of prior year finding 2022-013)**

**Type of Finding:** Significant Deficiency

**Condition:** The County has established and maintains several open funds in its accounting system. Many of these funds are special revenue funds which carry consistent fund deficits or fund balances from year to year, without any current activity, and should be closed.

**Status:** Corrective action plan was partially implemented. These matters were communicated in a separate management letter.

**Reason for Recurrence:** Consecutive audits were conducted without allowing sufficient time for corrective actions to be implemented.

**2024-010 – Segregation of Duties (Reissue of prior year finding 2022-009 & 2021-007)**

**Type of Finding:** Material Weakness

**Condition:** Adequate segregation of accounting duties was not in place in the Treasurer's office as certain business-type County department personnel responsible for collecting various fees and charges for services are often also responsible for reconciling, depositing, and recordkeeping of these receipts. Independent verification and reconciliations of amounts collected to amounts deposited were not verified by the Treasurer's office prior to collection of the deposit.

**Status:** Corrective action plan not implemented see finding 2025-010.

**Reason for Recurrence:** Consecutive audits were conducted without allowing sufficient time for corrective actions to be implemented.

**2024-011 – Accounting for Infrastructure Assets (Initially reported in fiscal year 2024)**

**Type of Finding:** Material Weakness

**Condition:** The County did not properly account for infrastructure assets in the government-wide financial statements. Specifically, the County failed to apply either depreciation or the modified approach for its gravel and dirt roads infrastructure assets reported at \$41.5 million as required by Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements-and Management's Discussion and analysis-for State and Local Governments* (GASB Statement No.34).

**Status:** Corrective action plan not implemented see finding 2025-011.

**Reason for Recurrence:** Consecutive audits were conducted without allowing sufficient time for corrective actions to be implemented.



CLA (CliftonLarsonAllen LLP) is a network member of CLA Global. See [CLAGlobal.com/disclaimer](http://CLAGlobal.com/disclaimer). Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.