

Yavapai County, Arizona
Single Audit Reporting Package

Year ended June 30, 2025

Table of Contents

	<u>Page</u>
Auditors' Section	
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 <i>Government Auditing Standards</i>	1-2
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.....	3-6
Schedule of Findings and Questioned Costs	
Summary of Auditors' Results	7
Financial Statement Findings.....	8-11
Federal Award Findings	12-13
Yavapai County's Section	
Schedule of Expenditures of Federal Awards	14-18
Notes to Schedule of Expenditures of Federal Awards.....	19
Yavapai County's Response	
Corrective Action Plan.....	20-24
Summary Schedule of Prior Audit Findings	25-28
Report Issued Separately	
Annual Comprehensive Financial Report	

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Basic Financial Statements Performed in Accordance with *Government Auditing Standards*

The Arizona Auditor General
Honorable Board of Supervisors of
Yavapai County, Arizona

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

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Yavapai 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 Yavapai County's internal control. Accordingly, we do not express an opinion on the effectiveness of Yavapai County's internal control.

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2025-001 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2025-002 and 2025-003 to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Yavapai County's basic financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matter that are required to be reported under *Government Auditing Standards*.

Yavapai County's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Yavapai County's responses to the findings identified in our audit that are presented in its corrective action plan at the end of this report. Yavapai County is responsible for preparing a corrective action plan to address each finding. Yavapai 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 Yavapai 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 Yavapai County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Walker & Armstrong, LLP

Phoenix, Arizona
March 30, 2026

**Independent Auditors' Report on Compliance for Each Major Federal Program;
Report on Internal Control over Compliance; and Report on Schedule of
Expenditures of Federal Awards Required by the Uniform Guidance**

The Arizona Auditor General
Honorable Board of Supervisors of
Yavapai County, Arizona

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Yavapai County, Arizona's (Yavapai County) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Yavapai County's major federal programs for the year ended June 30, 2025. Yavapai County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Yavapai County, Arizona complied, in all material respects, with the types of 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; 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 Auditor's Responsibilities for the Audit of Compliance section of our report.

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

In performing an audit in accordance with 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 Yavapai 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 Yavapai 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 Yavapai County'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.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2025-101 through 2025-103. Our opinion on each major federal program is not modified with respect to this matter.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified.

We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2025-101 through 2025-103 to be significant deficiencies.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

County Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Yavapai 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. Yavapai County's responses and corrective action plan were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on them.

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Yavapai County as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Yavapai County's basic financial statements. We issued our report thereon dated March 30, 2026, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise Yavapai 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 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.

Walker & Armstrong, LLP

Phoenix, Arizona
March 30, 2026

Yavapai County, Arizona
Schedule of Findings and Questioned Costs
Year ended June 30, 2025

A. 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	
Yes	No
	X

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

Internal Control over Financial Reporting

Material weaknesses identified?

X	
---	--

Significant deficiencies identified?

X	
---	--

Noncompliance material to the financial statements noted?

	X
--	---

Federal Awards

Material weaknesses identified?

	X
--	---

Significant deficiencies identified

X	
---	--

Type of auditors' report issued on compliance for major programs:

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

X	
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Identification of major programs:

**Federal
Assistance
Listings
Number**

Name of Federal Program or Cluster

16.753	Congressionally Recommended Awards
	<i>WIOA Cluster:</i>
17.258	WIOA Adult Program
17.259	WIOA Youth Activities
17.278	WIOA Dislocated Worker Formula Grant
20.205	Highway Planning and Construction
21.027	COVID-19 - Coronavirus State and Local Fiscal Recovery Funds
	<i>Health Center Program Cluster:</i>
93.224	Health Center Program (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care)
93.527	Grants for New and Expanded Services under the Health Center Program

Dollar threshold used to distinguish between Type A and B programs: \$ 1,236,044

Auditee qualified as a low-risk auditee? X

Schedule of Findings and Questioned Costs – Continued

B. Financial Statement Findings:

Finding 2025-001 - Improve Internal Controls over Cash and Investment Accounts Reconciliations (Material Weakness) (Repeat Finding)

Condition – During our audit, we noted weaknesses in internal control over cash as follows:

- i.* One bank account tested did not have documentation supporting the independent review of bank reconciliations.
- ii.* Cost and fair value information on investments is not being provided to all pool participants.
- iii.* There are many long outstanding checks in custodial bank reconciliations, with some dating back to July 2020.
- iv.* The finance director and assistant finance director are signers on accounts managed by the finance office for electronic payments.

Effect – The effect of these internal control weaknesses is that Yavapai County is subject to heightened risk of errors, misstatements and fraud.

Cause – The cause is a lack of sufficient resources devoted to the cash and investment reconciliation and reporting process. In addition, insufficient monitoring processes exist to identify internal controls that should be in place and compliance with such procedures.

Criteria – As it relates to item *i*, the UAMAC states that monthly reconciliations should be dated and signed by the individual who has prepared the reconciliation, and that a department supervisor should periodically review the monthly bank reconciliations.

For item *ii* and *iii*, the Uniform Accounting Manual for Arizona County Treasurers requires that Yavapai County establish a process to ensure that all cash reconciling items are accurate, that interest is recorded in a timely manner and that cost and fair value information on investments is provided to all pool participants.

For item *iv*, the Committee of Sponsoring Organizations of the Treadway Commission (COSO) *Internal Control – Integrated Framework* recommends that entities design internal controls over safeguarding of assets.

Recommendation – We recommend that Yavapai County perform a comprehensive review of its policies and procedures over the cash reconciliation process and reallocate or increase resources over the reconciliation and reporting process. In addition, we recommend that the finance director and assistant finance director be removed as authorized signers on accounts maintained by the finance office for electronic payments and assign authorization to the County Treasurer.

Management's Response: Yavapai County's responsible officials' views and planned corrective action are in its corrective action plan at the end of the report.

Schedule of Findings and Questioned Costs – Continued

B. Financial Statement Findings - Continued:

Finding 2025-002 – Perform a Comprehensive Risk Assessment over Information Technology and Create Policies and Procedures (Significant Deficiency) (Repeat Finding)

Condition – During our audit, and as noted in prior years’ audits, opportunities exist for Yavapai County to improve its internal control over information technology. Specifically, Yavapai County should perform and document a risk assessment. Also, the County does not have a process to identify, classify and inventory sensitive information that might need stronger access and security controls.

Effect – The effect of not performing a comprehensive risk assessment over information technology and developing policies and procedures in response to the identified risks is an increased risk of security breaches and a resulting loss of Yavapai County data.

Cause – The cause is insufficient processes, policies and procedures and other resources devoted to information technology security.

Criteria – The National Institute of Standards and Technology (NIST) provides guidance on establishing and maintaining policies and procedures, known as the NIST IT framework. In NIST SP 500-53, NIST provides guidance on establishing and maintaining a comprehensive risk assessment.

Recommendation – We recommend that Yavapai County perform a comprehensive risk assessment over critical information technology security areas and develop a response to the identified risk. We also recommend that Yavapai County 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.

Management’s Response – Yavapai County’s responsible officials’ views and planned corrective action are in its corrective action plan at the end of the report.

Finding 2025-003 - Improve Controls over Granting and Managing Access to Significant Systems and Data, Change and Configuration Management, Securing the System and Data, and Continuity Planning (Significant Deficiency) (Repeat Finding)

Condition – Yavapai County’s internal control over information technology does not follow the practices set forth by the National Institute of Standards and Technology (NIST) and *Uniform Accounting Manual for Arizona Counties* (UAMAC) in the following areas:

1. ***Granting and Managing Access to Significant Systems and Data*** – Yavapai County lacked sufficient physical and logical access controls over significant systems and data.
2. ***Change and Configuration Management*** – Yavapai County lacked proper logical access controls related to change management.
3. ***Securing the System and Data*** – Yavapai County lacked procedures to ensure security awareness trainings were completed by users of significant systems and data. Furthermore, the County does not have a formal policy for granting, monitoring, and restricting third-party access to their systems.

Schedule of Findings and Questioned Costs – Continued

B. Financial Statement Findings - Continued:

Finding 2025-003 - Improve Controls over Granting and Managing Access to Significant Systems and Data, Change and Configuration Management, Securing the System and Data, and Contingency Planning (Significant Deficiency) (Repeat Finding) - Continued

4. **Contingency Planning** – The County’s Incident Response Plan lacks defined severity levels, escalation criteria, and formal communication procedures. Also, Yavapai County did not conduct sufficient testing of the County’s contingency plan.

Effect – Insufficient logical and physical access controls pose a heightened cyber-security risk due to an incorrect risk of unauthorized access to significant systems and data.

The lack of logical access controls for change and configuration management elevates the risk of unauthorized changes to essential systems and data.

The effect of not requiring users of significant systems to complete security awareness trainings and a lack of a policy to grant, monitor and restrict third-party user access increases the risk that Yavapai 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.

By not having a defined Incident Response Plan and testing the contingency plan, Yavapai County increased its risk of facing challenges during an actual emergency due to potentially unidentified weaknesses in the plan.

Cause – The cause is insufficient resources devoted to information technology security.

Criteria – The National Institute of Standards and Technology (NIST) provides guidance on establishing and maintaining policies and procedures, known as the NIST IT framework. In addition, the *Uniform Accounting Manual for Arizona Counties* (UAMAC) prescribes internal controls by Arizona counties, including information technology, in conformity with statutory requirements and generally accepted accounting principles.

Recommendation – We recommend that Yavapai County:

1. Enhance authentication requirements for IT systems.
2. Implement policies and procedures for the security of sensitive data and determine that users have the proper training and accountability to reduce the risk of unauthorized access to significant systems. Yavapai County should assign and periodically review employee user access to determine appropriateness and compatibility with their job responsibilities and determine whether the employees have the correct access privileges.
3. Implement a routine review of physical access rights to IT infrastructure to assess whether access is appropriate and necessary.
4. Establish an additional step to the change management process requiring secondary approval of all changes made within significant systems and establish a post-review of changes to determine that actual changes were limited to only approved changes.
5. Develop a process to track security awareness training for users of critical IT systems and establish measures to hold users accountable for incomplete required training.

Schedule of Findings and Questioned Costs – Continued

B. Financial Statement Findings - Continued:

Finding 2025-003 - Improve Controls over Granting and Managing Access to Significant Systems and Data, Change and Configuration Management, Securing the System and Data, and Contingency Planning (Significant Deficiency) (Repeat Finding) – Continued

6. Develop and implement policies and procedures for granting, monitoring and restricting third-party access to the County information systems.
7. The County should update the Incident Response Plan to include defined incident severity levels, documented escalation criteria, and formal communication procedures.
8. Implement a process to test the contingency plan, document the results, and record any necessary updates to address identified weaknesses.

Management’s Response – Yavapai County’s responsible officials’ views and planned corrective action are in its corrective action plan at the end of the report.

C. Federal Award Findings

Finding 2025-101 – Improve Internal Controls over Reporting (Significant Deficiency)

FAL Numbers:	17.258, 17.259, 17.278
Program Title:	WIOA Cluster
Federal Agency:	U.S. Department of Labor
Pass-through Grantor:	Arizona Department of Economic Security
Award Number:	DI23-002393
Award Year:	2025
Compliance Requirements:	Reporting
Questioned Costs:	None

Condition – During our audit, we noted the quarterly report ended March 31, 2025, was not filed. The expenditures for that period were included on the quarterly report ended June 30, 2025.

Effect – The effect is the inaccurate and untimely reporting of expenditures in the proper quarter.

Cause – The cause is a lack of timely information received from the subrecipient to complete the reporting in a timely manner.

Criteria – According to 2 CFR §200.327, *Financial Reporting*, information must be collected with the frequency required by the terms and conditions of the Federal award. The contract requires the filing of the quarterly report within 45 days after the quarter-end.

Recommendation – We recommend that Yavapai County establish a system of monitoring the WIOA Cluster reporting requirements and review the listing to verify that reports are filed timely.

Management’s Response – Yavapai County’s responsible officials’ views and planned corrective action are in its corrective action plan at the end of the report.

Schedule of Findings and Questioned Costs – Continued

C. Federal Award Findings – Continued:

Finding 2025-102 – Improve Controls over Earmarking (Significant Deficiency)

FAL Numbers:	17.258, 17.259, 17.278
Program Title:	WIOA Cluster
Federal Agency:	U.S. Department of Labor
Pass-through Grantor:	Arizona Department of Economic Security
Award Number:	DI23-002393
Award Year:	2025
Compliance Requirements:	Earmarking
Questioned Costs:	None

Condition – During our audit, we noted that the County utilized 74.4% of the expenditures on out-of-school youth, a deficiency of .6%. Furthermore, the County utilized 15.8% of youth expenditures for paid and unpaid work experience, a 4.2% deficiency.

Effect – The effect is not providing the required services to the program’s youth according to the program’s requirements.

Cause – The cause is the lack of monitoring the nature and classification of expenditures of the program.

Criteria – According to 29 USC §3164(a)(4)(A), *Out-of-School Priority*, for any program year, not less than 75 percent of the funds allotted shall be used to provide youth workforce investment activities for out-of-school youth. In addition, 29 USC §3164(c)(4), *Priority*, not less than 20 percent of the funds allocated, shall be used to provide paid and unpaid work experiences that have a component of academic and occupational education.

Recommendation – We recommend that Yavapai County monitor quarterly the earmarking requirements to verify the levels of services required by the program are being provided to its participants.

Management’s Response – Yavapai County’s responsible officials’ views and planned corrective action are in its corrective action plan at the end of the report.

Schedule of Findings and Questioned Costs – Continued

C. Federal Award Findings – Continued:

Finding 2025-103 – Improve Controls over Subrecipient Monitoring (Significant Deficiency)

FAL Numbers:	17.258, 17.259, 17.278
Program Title:	WIOA Cluster
Federal Agency:	U.S. Department of Labor
Pass-through Grantor:	Arizona Department of Economic Security
Award Number:	DI23-002393
Award Year:	2025
Compliance Requirements:	Subrecipient Monitoring
Questioned Costs:	None

Condition – During our audit, we noted the County did not complete the required monitoring until six months after the fiscal year end.

Effect – The effect is the potential for untimely correction of subrecipient noncompliance.

Cause – The cause is a lack of timely information received from the subrecipient to complete the monitoring timely.

Criteria – According to 2 CFR §200.344, *Close-out*, subrecipients must submit all reports within 90 days of the year-end to its pass-through entity.

Recommendation – We recommend that Yavapai County establish a system of subrecipient monitoring during the year to complete closeout reports within the 90 day requirement.

Management’s Response – Yavapai County’s responsible officials’ views and planned corrective action are in its corrective action plan at the end of the report.

Yavapai County, Arizona
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025

Federal Grantor/Program Title/Pass-Through Grantor	Federal Assistance Listing Number	Pass-Through Grantor's Number	Federal Expenditures	Amount Provided to Subrecipients
<u>U.S. Department of Agriculture</u>				
<i>Passed through the Arizona Department of Education</i>				
<i>Child Nutrition Cluster:</i>				
School Breakfast Program	10.553	ED09-0001	\$ 30,806	\$ -
National School Lunch Program	10.555	ED09-0001	54,551	-
National School Lunch Program (Noncash)	10.555	ED09-0001	18,898	-
<i>Total Child Nutrition Cluster</i>			<u>104,255</u>	<u>-</u>
<i>Passed through the Arizona Department of Health Services</i>				
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	CTR067935	822,720	-
<i>SNAP Cluster:</i>				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	RFGA 2020-001-006	206,266	-
<i>Schools and Roads Cluster:</i>				
Schools and Roads-Grants to States	10.665	N/A	140,356	-
Emergency Watershed Protection Program	10.923	N/A	57,578	-
<i>Total U.S. Department of Agriculture</i>			1,331,175	-
<u>U.S. Department of Housing and Urban Development</u>				
<i>Passed through the Arizona Department of Housing</i>				
Community Development Block Grant / State's Program and Non-Entitlement Grants in Hawaii	14.228	100-22	40,885	-
Home Investments Partnership Program	14.239	300-24, 300-25	448,215	-
<i>Total U.S. Department of Housing and Urban Development</i>			489,100	-
<u>U.S. Department of Justice</u>				
Domestic Cannabis Eradication/Suppression Program	16.U02 2023-03	N/A	11,562	-
<i>Passed through the Arizona Department of Public Safety</i>				
Crime Victim Assistance	16.575	2024-247, 2024-255	85,114	-
<i>Passed through the Arizona Criminal Justice Commission</i>				
Residential Substance Abuse Treatment for State Prisoners	16.593	RSAT-25-004	85,545	-
State Criminal Alien Assistance Program	16.606	N/A	75,473	-
<i>Passed through the Arizona Criminal Justice Commission</i>				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	CJI-22-002, DC-25-011, DC-25-033	153,860	-
Congressionally Recommended Awards	16.753	N/A	2,023,535	-
<i>Passed through the Arizona Criminal Justice Commission</i>				
Comprehensive Opioid, Stimulant, and other Substances Use Program	16.838	CJTIP-24-005, CJTIP-25-020	177,011	-
<i>Total U.S. Department of Justice</i>			2,612,100	-
<u>U.S. Department of Labor</u>				
<i>Passed through the Arizona Department of Economic Security</i>				
<i>WIOA Cluster:</i>				
WIOA Adult Program	17.258	DI23-002393	472,970	437,765
WIOA Youth Activities	17.259	DI23-002393	520,568	520,568
WIOA Dislocated Worker Formula Grants	17.278	DI23-002393	575,428	575,428
<i>Total WIOA Cluster</i>			<u>1,568,966</u>	<u>1,533,761</u>
<i>Total U.S. Department of Labor</i>			1,568,966	1,533,761

The accompanying notes are an integral part of this schedule.

Yavapai County, Arizona
Schedule of Expenditures of Federal Awards - Continued
Year Ended June 30, 2025

Federal Grantor/Program Title/Pass-Through Grantor	Federal Assistance Listing Number	Pass-Through Grantor's Number	Federal Expenditures	Amount Provided to Subrecipients
<u>U.S. Department of Transportation</u>				
Airports Improvement Program, Infrastructure Investment and Jobs Act Programs, and COVID-19 Airports Programs	20.106	N/A	\$ 22,609	\$ -
<i>Passed through Arizona Department of Transportation</i>				
Highway Planning and Construction	20.205	GRT-23-0009146-T	1,221,192	-
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	20.505	GRT-23-0009146-T	149,617	-
<i>Passed through the Town of Prescott Valley</i>				
<i>Federal Transit Cluster:</i>				
COVID-19 - Federal Transit Formula Grants	20.507	AZ-2022-042-00	374,779	-
<i>Passed through the Arizona Department of Transportation</i>				
<i>Transit Services Programs Cluster:</i>				
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	GRT-23-0009146-T	62,350	-
<i>Passed through Arizona Governor's Office of Highway Safety</i>				
<i>Highway Safety Cluster:</i>				
State and Community Highway Safety	20.600	2024-PTS-074, 2025-AI-020, 2025-PTS-073	39,097	-
National Priority Safety Programs	20.616	2024-11006, 2025-405b-502, 2025-II-008	28,711	-
<i>Total Highway Safety Cluster</i>			67,808	-
Safe Streets and Roads for All	20.939		77,527	-
<i>Total U.S. Department of Transportation</i>			1,975,882	-
<u>U.S. Department of the Treasury</u>				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	14,841,584	2,537,982
<i>Passed through the Arizona Criminal Justice Commission</i>				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	VC-25-014A	106,372	-
<i>Passed through the Arizona Department of Public Safety</i>				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	2023-297, 2023-319	72,701	-
<i>Passed through the Arizona Secretary of State</i>				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	ISA-ARPA-SOS-110123-01	21,776	-
<i>Total FAL 21.027</i>			15,042,433	2,537,982
COVID-19 - Local Assistance and Tribal Consistency Fund	21.032	N/A	10,816,161	-
<i>Total U.S. Department of the Treasury</i>			25,858,594	2,537,982
<u>Institute of Museum and Library Services</u>				
<i>Passed through the Arizona State Library, Archives, and Public Records</i>				
Grants to States	45.310	2024-0010-CAP-09, 2024-0170-04, 2024-0260-WIR-06, 2024-0260-XR-01, 2024-0340-WiFi-13	78,661	-
<i>Total Institute of Museum and Library Services</i>			78,661	-

The accompanying notes are an integral part of this schedule.

Yavapai County, Arizona
Schedule of Expenditures of Federal Awards - Continued
Year Ended June 30, 2025

Federal Grantor/Program Title/Pass-Through Grantor	Federal Assistance Listing Number	Pass-Through Grantor's Number	Federal Expenditures	Amount Provided to Subrecipients
<u>Environment Protection Agency</u>				
<i>Passed through the Arizona Department of Environmental Quality</i>				
Water Quality Management Planning	66.454	EV25-0025	\$ 10,337	\$ -
<i>Total Environmental Protection Agency</i>			10,337	-
<u>U.S. Department of Education</u>				
<i>Passed through the Arizona Department of Education</i>				
Title I Grants to Local Educational Agencies	84.010	24FT1TTI-511555-01A	33,941	-
Title I State Agency Program for Neglected and Delinquent Children and Youth	84.013	24FLCCCL-513357-02A	85,226	-
<i>Special Education Cluster (IDEA)</i>				
Special Education Grants to States	84.027	25FIDEAS-510683-01A, 25FIDEAS-510925-01A, 25ICSGBA-510683-01A, 25ICSGBA-511555-01A	89,726	-
Rural Education	84.358	N/A	45,562	-
<i>Passed through the Arizona Department of Education</i>				
English Language Acquisition State Grants	84.365	25FELENG-513357-66A	34,105	-
Comprehensive Literacy Development	84.371	25FCLSDC-513357-01A	202,366	-
COVID-19 - Education Stabilization Fund	84.425D	21FESIII-111555-01A, CTR059821	363,236	-
<i>Total U.S. Department of Education</i>			854,162	-
<u>U.S. Election Assistance Commission</u>				
<i>Passed through the Arizona Secretary of State</i>				
HAVA Election Security Grant	90.404	AZ20101001, EAC-ELSEC18AZ	104,034	-
<i>Total U.S. Election Assistance Commission</i>			104,034	-
<u>U.S. Department of Health and Human Services</u>				
<i>Passed through the Arizona Department of Health Services</i>				
Medical Reserve Corps Small Grant Program	93.008	CTR068546	65,920	-
Public Health Emergency Preparedness	93.069	CTR055220	287,102	-
<i>Passed through Prevent Child Abuse Arizona</i>				
Maternal and Child Health Federal Consolidated Programs	93.110	Yavapai10012023-1, Yavapai02282024-1	99,324	-
<i>Passed through Arizona Department of Health Services</i>				
Injury Prevention and Control Research and State and Community Based Programs	93.136	CTR070154, CTR074912	69,730	-
<i>Passed through Affirm Sexual and Reproductive Health</i>				
Family Planning Services	93.217	None	229,679	-
<i>Health Center Program Cluster:</i>				
Health Center Program (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care)	93.224	N/A	2,201,920	-
Grants for New and Expanded Services under the Health Center Program	93.527	N/A	35,825	-
<i>Total Health Center Program Cluster</i>			2,237,745	-

The accompanying notes are an integral part of this schedule.

Yavapai County, Arizona
Schedule of Expenditures of Federal Awards - Continued
Year Ended June 30, 2025

Federal Grantor/Program Title/Pass-Through Grantor	Federal Assistance Listing Number	Pass-Through Grantor's Number	Federal Expenditures	Amount Provided to Subrecipients
<i>Passed through the Arizona Department of Education</i>				
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	24FAWDHP-413357-01A	\$ 14,081	\$ -
<i>Passed through the Arizona Department of Health Services</i>				
Immunization Cooperative Agreements	93.268	CTR060048	117,524	-
COVID-19 - Immunization Cooperative Agreements	93.268	CTR060276	527,594	-
<i>Total FAL 93.268</i>			645,118	-
COVID-19 - Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	CTR057223, CTR058660	484,020	-
COVID-19 - Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	CTR055220	115,831	-
<i>Passed through the Arizona Department of Education</i>				
COVID-19 - Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	22FASNAP-213357-01A	3,622	-
<i>Total FAL 93.354</i>			119,453	-
<i>Passed through the Arizona Department of Health Services</i>				
COVID-19 - Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises	93.391	CTR055995	134,094	-
The National Cardiovascular Health Program	93.426	RFGA 2024-011	19,791	-
COVID-19 - Grants for Capital Development in Health Centers	93.526	N/A	68,153	-
<i>Passed through the Arizona Department of Economic Security</i>				
Child Support Services	93.563	G1804AZ4004	273,400	-
Grants to States for Access and Visitation Programs	93.597	1601AZSAVP	10,635	-
<i>Passed through the Arizona Supreme Court</i>				
Foster Care Title IV-E	93.658	None	184,458	-
<i>Passed through the Care 1st</i>				
Opioid STR	93.788	2021-466A3	20,650	-
<i>Passed through the Arizona Department of Health Services</i>				
Opioid STR	93.788	CTR063483	53,151	45,886
<i>Passed through Arizona Complete Health</i>				
Opioid STR	93.788	None	55,347	-
<i>Total FAL 93.788</i>			129,148	-
<i>Passed through the Arizona Department of Health Services</i>				
Maternal, Infant and Early Childhood Home Visiting Grant	93.870	CTR069976	82,961	-
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	93.898	CTR070501	259,094	-
HIV Prevention Activities Health Department Based Centers for Disease Control and Prevention Collaboration with Academia to Strengthen Public Health	93.940	CTR066158	19,134	-
Sexually Transmitted Diseases (STD) Prevention and Control Grants	93.967	CTR064807	87,736	-
Cooperative Agreements for Diabetes Control Programs	93.977	CTR064826	27,898	-
Preventive Health and Health Services Block Grant	93.988	RFGA 2024-012-05	57,604	-
Maternal and Child Health Services Block Grant to the States	93.991	CTR055259	54,649	-
	93.994	CTR055259	129,326	-
<i>Total U.S. Department of Health and Human Services</i>			5,790,253	-

The accompanying notes are an integral part of this schedule.

Yavapai County, Arizona
Schedule of Expenditures of Federal Awards - Continued
Year Ended June 30, 2025

Federal Grantor/Program Title/Pass-Through Grantor	Federal Assistance Listing Number	Pass-Through Grantor's Number	Federal Expenditures	Amount Provided to Subrecipients
<u>Executive Office of the President</u>				
<i>Passed through the City of Tucson</i>				
High Intensity Drug Trafficking Areas Program	95.001	HT-24-2994	\$ 23,863	\$ -
<i>Total Executive Office of the President</i>			23,863	-
<u>U.S. Department of Homeland Security</u>				
<i>Passed through the Arizona Department of Emergency and Military Affairs</i>				
COVID-19 - Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	CV-004, CV-460, CV-518	80,852	-
Emergency Management Performance Grants	97.042	EMF-2024-EP-05013	142,491	-
BRIC: Building Resilient Infrastructure and Communities	97.047	EMF-2020-BR-193-0013, EMF-2020-PC-0014 (2), EMF-2022-BR-005-0007, EMF-2022-BR-005-0015	274,537	-
<i>Passed through the Arizona Department of Homeland Security</i>				
Homeland Security Grant Program	97.067	240504-01	6,450	-
<i>Total U.S. Department of Homeland Security</i>			504,330	-
Total expenditures of federal awards			\$ 41,201,457	\$ 4,071,743

The accompanying notes are an integral part of this schedule.

Yavapai County, Arizona
Notes to Schedule of Expenditures of Federal Awards
Year ended June 30, 2025

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards (schedule) includes Yavapai 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* (the Uniform Guidance).

Note 2 – Indirect Cost Rate

Grantor funding under Yavapai County's federal awards does not allow for indirect costs and, accordingly, Yavapai County did not use the 15 percent de minimis indirect cost rate as covered in 2 CFR §200.414.

Note 3 – Summary of Significant Accounting Policies

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

Note 4 – 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.



March 30, 2026

Jay Parke
Walker & Armstrong
3838 N. Central Ave., Suite 1700
Phoenix, AZ 85012

Dear Mr. Parke:

We have prepared the accompanying corrective action plan as required by the standards applicable to financial audits contained in *Government Auditing Standards* and by the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Specifically, for each finding, we are providing you with our responsible officials' views, the names of the contact people responsible for corrective action, the corrective action planned, and the anticipated completion date.

Sincerely,

A handwritten signature in black ink that reads "Connie M DeKemper".

Connie DeKemper

Finance Director

Yavapai County

Corrective action plan

Year ended June 30, 2025

Financial statement findings

2025-001

Improve Internal Controls over Cash and Investment Accounts Reconciliations

Name of contact person: Mel Murdoch, Chief Deputy Treasurer, and Connie DeKemper, Finance Director

Anticipated completion date: 06/30/2026

Condition – During our audit, we noted weaknesses in internal control over cash as follows:

- i. One bank account tested did not have documentation supporting the independent review of bank reconciliations.
Response - The County has developed training and review procedures for the bank reconciliation process.
- ii. Cost and fair market value information on investments is not being provided to all pool participants.
Response - The Treasure’s Office will perform a comprehensive review of the current investment reporting and statutory reporting requirements. Any deficiencies in our cost and fair market value reporting will be documented and updated by 6/30/2026. Fiscal Year-end reporting for FY25/26 will include the required cost and market value information.
- iii. There are many long outstanding checks in custodial bank reconciliations, with some dating back to July 2020.
Response - The departments have undergone escheatment training. This finding has been corrected subsequent to the audit period.
- iv. The finance director and assistant finance director are signers on accounts managed by the finance office for electronic payments.
Response - The County has requested that the finance director and the assistant finance director be removed as authorized signers on the accounts maintained by the finance office for electronic payments. The request was made to make the County Treasurer the authorized signer.

2025-002

Perform a Comprehensive Risk Assessment over Information Technology and Create Policies and Procedures

Name of Contact Person: Jared Phalen, Interim ITS Director

Anticipated completion date: 12/31/2025

Condition – During our audit, and as noted in prior years’ audits, opportunities exist for Yavapai County to improve its internal control over information technology. Specifically, Yavapai County should perform and document a risk assessment. Also, the County does not have a process to identify, classify and inventory sensitive information that might need stronger access and security controls.

Response - As a result of the 2025 audit findings, ITS conducted a comprehensive risk assessment during the second fiscal quarter of 2026. This assessment satisfies the minimum requirements outlined in IT Policy 120, Information Security Program. It includes the identification and classification of risks, documented responses to those risks, and a process for ongoing review. To better address the identification, classification, and inventory of sensitive information that may need stronger access and security controls, ITS submitted a FY 27 budget request for stronger Microsoft enterprise controls.

Yavapai County

Corrective action plan

Year ended June 30, 2025

2025-003

Improve Controls over Granting and Managing Access to Significant Systems and Data, Change and Configuration Management, Securing the System and Data, and Contingency Planning

Name of contact person: Jared Phalen, Interim ITS Director

Anticipated completion date: 06/30/2026

Condition – Yavapai County’s internal control over information technology does not follow the practices set forth by the National Institute of Standards and Technology (NIST) and *Uniform Accounting manual for Arizona Counties* (UAMAC) in the following areas:

1. Granting and Managing Access to Significant Systems and Data – Yavapai County lacked sufficient physical and logical access controls over significant systems and data.

Response - *In August 2025, ITS completed the rollout of enhanced authentication requirements across the County. All users are now required to sign in with multi-factor authentication for both standard and protected accounts. MFA is performed through a mobile push notification or an assigned hardware token, ensuring stronger protection for County systems and user credentials.*

In the first fiscal quarter of 2026, ITS initiated a formal Identity and Access Management (IAM) program. As part of this effort, privileged roles were reduced in alignment with least-privilege principles, and high-risk global system accounts are now checked out through an auditable password-management solution that records the requester, the checkout time, and automatically rotates credentials. ITS continues to mature the IAM program through a Role-Based Access Control (RBAC) initiative to ensure that standard users consistently receive the appropriate level of access.

ITS has partnered with the Yavapai County Facilities Department to obtain enhanced reporting access to the County’s physical access control systems. This collaboration enables ITS to monitor and validate access activity for areas housing critical IT infrastructure. In alignment with County physical-security requirements, ITS conducts periodic reviews of physical access rights to ensure that access remains appropriate, necessary, and compliant with established security policies.

2. Change and Configuration Management – Yavapai County lacked proper logical access controls related to change management.

Response - *In the second fiscal quarter of 2026, ITS formalized stronger change management controls by requiring secondary approval for all system changes. In addition, a structured post-implementation review process was established to verify that each change was executed strictly within the scope approved by the Change Review Board. These measures strengthen accountability and ensure adherence to authorized change parameters and address the audit finding related to insufficient change-management documentation.*

3. Securing the System and Data – Yavapai County lacked procedures to ensure security awareness trainings were completed by users of significant systems and data. Furthermore, the County does not have a formal policy for granting, monitoring, and restricting third-party access to their systems.

Response - *Yavapai County ITS has implemented countywide security awareness training for all employees, including users of critical IT systems. To strengthen compliance, ITS continues to work closely with County leadership to establish formal accountability measures for users who do not complete required training. These efforts support audit readiness, maintain cybersecurity insurance requirements, and reinforce the County’s overall security posture.*

Yavapai County

Corrective action plan

Year ended June 30, 2025

In April 2024, the Yavapai County Board of Supervisors passed the beforementioned policy set. Within this set, 220 System Security Maintenance and 310 Account Management outline the requirements for third-party access to County systems.

4. Contingency Planning – Yavapai County Incident Response Plan lacks defined severity levels, escalation criteria, and formal communication procedures. Also, Yavapai County did not conduct sufficient testing of the County’s contingency plan.

Response – *In the second fiscal quarter of 2026, the County updated the incident response plan to outline formal communication procedures. The County will consider adding incident severity levels to its plan.*

Yavapai County ITS has implemented the Board-approved Contingency Planning Policy (Policy 230), adopted by the Yavapai County Board of Supervisors at the April 17, 2024, meeting. In alignment with this policy, ITS is actively developing an updated and comprehensive contingency plan. Due to resource constraints and the scope of required updates, ITS anticipates completing, refining, and testing the full contingency plan by June 30, 2026.

Yavapai County

Corrective action plan

Year ended June 30, 2025

Federal award findings and questioned costs

2025-101

Improve Internal Controls over Reporting

Name of contact person: Connie DeKemper

Anticipated completion date: 12/31/2026

Condition – During our audit, we noted the quarterly report ended March 31, 2025, was not filed. The expenditures for that period were included on the quarterly report ended June 30, 2025.

Response - *The County is in the process of reviewing the terms of the subrecipient agreement for reporting and is developing systems for timely reporting.*

2025-102

Improve Controls over Earmarking

Name of contact person: Connie DeKemper

Anticipated completion date: 06/30/2026

Condition – During our audit, we noted that the County utilized 74.4% of the expenditures on out-of-school youth, a deficiency of .6%. Furthermore, the County utilized 15.8% of youth expenditures for paid and unpaid work experience, a 4.2% deficiency.

Response - *Expenditures will be reviewed on a monthly basis to ensure earmarking requirements are met. If not, a waiver for the earmarking requirements will be requested from the grantor.*

2025-103

Improve Controls over Subrecipient Monitoring

Name of contact person: Connie DeKemper

Anticipated completion date: 06/30/2026

Condition – During our audit, we noted the County did not complete the required monitoring until six months after the fiscal year end.

Response - *Subrecipient monitoring will be completed during the fiscal year.*



YAVAPAI COUNTY
FINANCE
Connie DeKemper, Director
www.yavapaiaz.gov/finance

1015 Fair Street, Room 221
Prescott, AZ 86305
928-771-3238

March 30, 2026

Jay Parke
Walker & Armstrong
3838 N. Central Ave., Suite 1700
Phoenix, AZ 85012

Dear Mr. Parke:

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,

A handwritten signature in black ink that reads "Connie M DeKemper".

Connie DeKemper
Finance Director

Yavapai County, Arizona
Summary Schedule of Prior Audit Findings
Year ended June 30, 2025

Financial Statement Findings

Finding 2024-001 - Improve Internal Controls over Cash Reconciliations (Material Weakness) (Repeat Finding)

This finding initially occurred in fiscal year 2023.

Condition – During their audit, the auditors noted weaknesses in internal control over cash as follows:

- i.* Two bank accounts tested did not have documentation supporting the independent review of bank reconciliations.
- ii.* The Treasurer’s Office is not reconciling their cash and investment balances on a monthly basis.
- iii.* Posting errors were noted to bank accounts including a warrant clearing with an incorrect amount, two incorrect deposit amounts, and interest not recorded.
- iv.* Cost and fair value information on investments is not being provided to all pool participants.
- v.* There are many long outstanding checks in custodial bank reconciliations, with some dating back to July 2020.

Recommendation – The auditors recommended that Yavapai County perform a comprehensive review of its policies and procedures over the cash reconciliation process and determine if they are sufficient and whether Yavapai County is complying with such policies and procedures.

Status – Partially corrected; see current year finding 2025-001.

Finding 2024-002 – Perform a Comprehensive Risk Assessment over Information Technology and Create Policies and Procedures (Significant Deficiency) (Repeat Finding)

This finding initially occurred in fiscal year 2018.

Condition – During their audit, and as noted in prior years’ audits, opportunities exist for Yavapai County to improve its internal control over information technology. Specifically, Yavapai County should perform and document a risk assessment. Also, the County does not have a process to identify, classify and inventory sensitive information that might need stronger access and security controls.

Recommendation – The auditors recommended that Yavapai County perform a comprehensive risk assessment over critical information technology security areas and develop a response to the identified risk. They also recommended that Yavapai County 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.

Status – Not corrected, see current year finding 2025-002.

Summary Schedule of Prior Audit Findings - Continued

Financial Statement Findings - Continued:

Finding 2024-003 - Improve Controls over Granting and Managing Access to Significant Systems and Data, Change and Configuration Management, Securing the System and Data, and Contingency Planning (Significant Deficiency) (Repeat Finding)

This finding initially occurred in fiscal year 2023.

Condition – Yavapai County’s internal control over information technology does not follow the practices set forth by the National Institute of Standards and Technology (NIST) and *Uniform Accounting Manual for Arizona Counties* (UAMAC) in the following areas:

1. ***Granting and Managing Access to Significant Systems and Data*** – Yavapai County lacked sufficient physical and logical access controls over significant systems and data.
2. ***Change and Configuration Management*** – Yavapai County lacked proper logical access controls related to change management.
3. ***Securing the System and Data*** – Yavapai County lacked procedures to ensure security awareness trainings were completed by users of significant systems and data.
4. ***Contingency Planning*** – Yavapai County did not conduct sufficient testing of the County’s contingency plan.

Recommendation – The auditors recommended that Yavapai County:

1. Enhance authentication requirements for IT systems.
2. Implement policies and procedures for the security of sensitive data and determine that users have the proper training and accountability to reduce the risk of unauthorized access to significant systems. Yavapai County should assign and periodically review employee user access to determine appropriateness and compatibility with their job responsibilities and determine whether the employees have the correct access privileges.
3. Implement a routine review of physical access rights to IT infrastructure to assess whether access is appropriate and necessary.
4. Establish an additional step to the change management process requiring secondary approval of all changes made within significant systems and establish a post-review of changes to determine that actual changes were limited to only approved changes.
5. Develop a process to track security awareness training for users of critical IT systems and establish measures to hold users accountable for incomplete required training.
6. Implement a process to test the contingency plan, document the results, and record any necessary updates to address identified weaknesses.

Status – Not corrected; see current year finding 2025-003.

Summary Schedule of Prior Audit Findings - Continued

Financial Statement Findings - Continued:

Finding 2024-004 - Improve the Reporting to Governance (Significant Deficiency) **(Repeat Finding)**

This finding initially occurred in fiscal year 2022.

Condition – During their audit, the auditors noted that the Board of Supervisors does not receive, on at least a quarterly basis, a complete set of financial reports containing critical financial information including a budget versus actual results, cash and investment balances, outstanding indebtedness and pension related obligations. Yavapai County is an organization with over \$300 million in revenue and several departments with individual budgets which necessities strong governance.

Recommendation – The auditors recommended that the Board of Supervisors receive, at least quarterly, financial information which at a minimum includes budget versus actual results for the general fund and other major funds, unrestricted and restricted cash and investment balances, a report of outstanding indebtedness and pension related obligations.

Status – Fully corrected

Federal Award Findings:

Finding 2024-101 – Improve Controls over Preparation of the Schedule of Expenditures of Federal Awards (Significant Deficiency)

FAL Number: 93.069

Program Title: Public Health Emergency Preparedness

This finding initially occurred in fiscal year 2024.

Condition – During their audit, the auditors noted that expenditures totaling \$101,308 for FAL 93.354, Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response, were originally incorrectly listed on the schedule of expenditures of federal awards (SEFA) for FAL 93.069, Public Health Emergency Preparedness.

Recommendation – The auditors recommended that Yavapai County develop internal controls that ensure the reporting of federal expenditures on the SEFA to the proper federal assistance listing number.

Status – Fully corrected