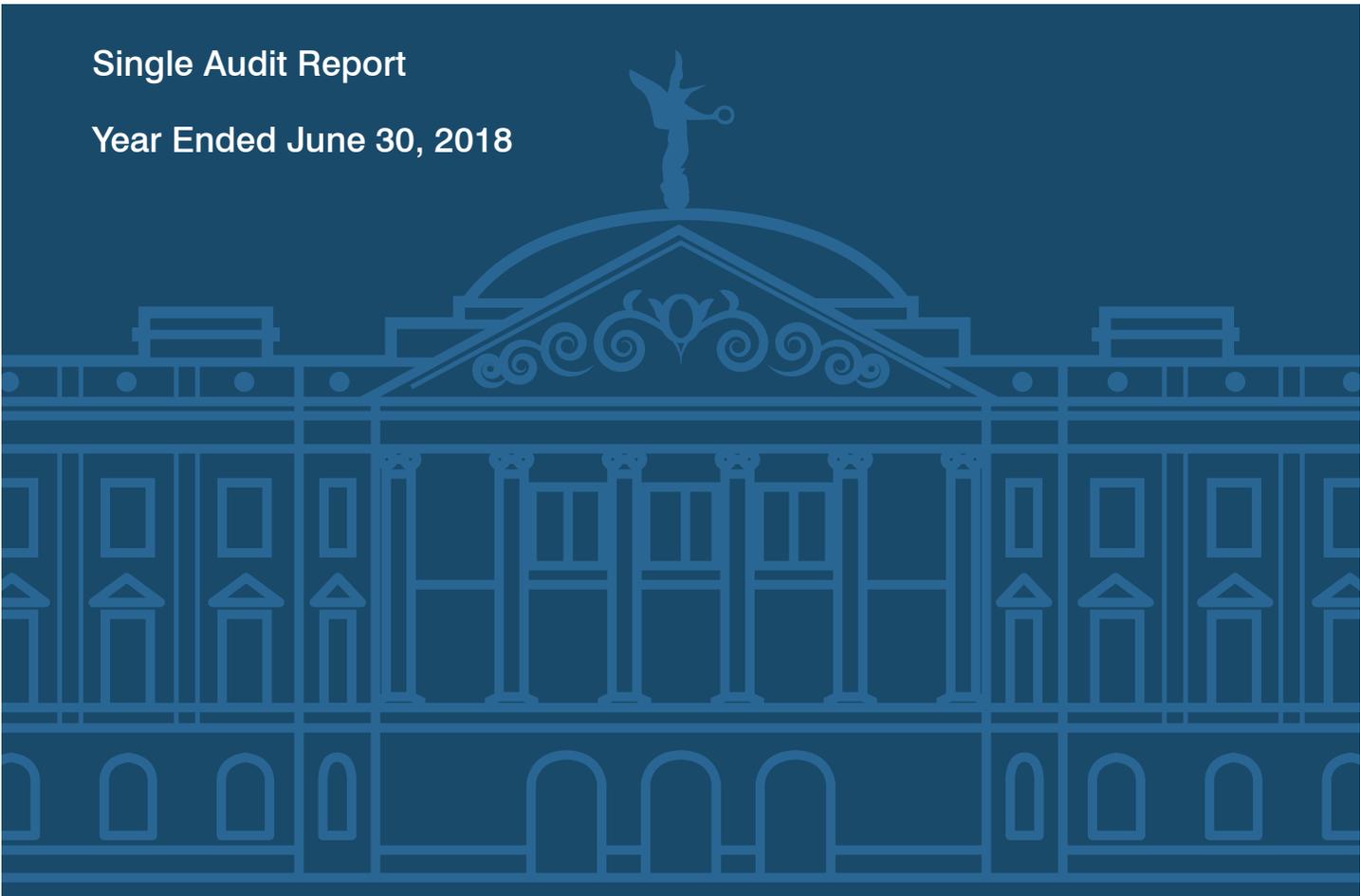


Yuma County

Single Audit Report

Year Ended June 30, 2018



A Report to the Arizona Legislature

Lindsey A. Perry
Auditor General





The Arizona Office of the Auditor General's mission is to provide independent and impartial information and specific recommendations to improve the operations of state and local government entities. To this end, the Office provides financial audits and accounting services to the State and political subdivisions, investigates possible misuse of public monies, and conducts performance audits and special reviews of school districts, state agencies, and the programs they administer.

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Representative **Jennifer Pawlik**
Representative **Rusty Bowers** (ex officio)

Audit Staff

Donna Miller, Director
Mike Manion, Manager and Contact Person

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MELANIE M. CHESNEY
DEPUTY AUDITOR GENERAL

ARIZONA AUDITOR GENERAL
LINDSEY A. PERRY

JOSEPH D. MOORE
DEPUTY AUDITOR GENERAL

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

Members of the Arizona State Legislature

The Board of Supervisors of
Yuma County, Arizona

We have audited, in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and aggregate remaining fund information of Yuma County as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated December 20, 2018.

Internal control over financial reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2018-01 and 2018-02, that we consider to be significant deficiencies.

Compliance and other matters

As part of obtaining reasonable assurance about whether the County's basic financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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*.

Yuma County response to findings

Yuma County's responses to the findings identified in our audit are presented in its corrective action plan at the end of this report. The County's responses were not subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

Purpose of this report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Donna Miller, CPA
Director, Financial Audit Division

December 20, 2018



MELANIE M. CHESNEY
DEPUTY AUDITOR GENERAL

ARIZONA AUDITOR GENERAL
LINDSEY A. PERRY

JOSEPH D. MOORE
DEPUTY AUDITOR GENERAL

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

Members of the Arizona State Legislature

The Board of Supervisors of
Yuma County, Arizona

Report on compliance for each major federal program

We have audited Yuma County's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on each major federal program

In our opinion, Yuma County 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, 2018.

Report on internal control over compliance

The County's management is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's 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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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, each major fund, and aggregate remaining fund information of Yuma County as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated December 20, 2018, that contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming our opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of the County's management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures,

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

Donna Miller, CPA
Director, Financial Audit Division

January 23, 2019





SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Summary of auditors' results

Financial statements

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with generally accepted accounting principles **Unmodified**

Internal control over financial reporting

Material weaknesses identified? **No**

Significant deficiencies identified? **Yes**

Noncompliance material to the financial statements noted? **No**

Federal awards

Internal control over major programs

Material weaknesses identified? **No**

Significant deficiencies identified? **None reported**

Type of auditors' report issued on compliance for major programs **Unmodified**

Any audit findings disclosed that are required to be reported in accordance with 2 CFR §200.516(a)? **No**

Identification of major programs

CFDA number	Name of federal program or cluster
16.575	Crime Victim Assistance
17.258, 17.259, 17.278	WIOA Cluster
97.067	Homeland Security Grant Program

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

Auditee qualified as low-risk auditee? Yes

Other matters

Auditee's summary schedule of prior audit findings required to be reported in accordance with 2 CFR §200.511(b)? No

Financial statement findings

2018-01

Managing risk

Condition and context—The County's process for managing its risks did not include identifying, classifying, and inventorying sensitive information that might need stronger access and security controls and evaluating and determining the business functions and IT systems that would need to be restored quickly if the County were impacted by disasters or other system interruptions.

Criteria—The process of managing risks should address the risk of unauthorized access and use, modification, or loss of sensitive information and the risk of losing the continuity of business operations in the event of a disaster or system interruption.

Effect—The County's administration and IT management may put the County's operations and IT systems and data at unintended and unnecessary risk.

Cause—The County focused its efforts on the day-to-day operations and did not prioritize development of written policies and procedures to ensure it met IT standards for identifying, classifying, and inventorying information. Additionally, although the County began developing a written plan for evaluating the impact of disasters or other system interruptions in 2016, the plan had not been finalized or fully implemented.

Recommendations—The County should analyze risks of holding sensitive information to help prevent undesirable incidents and outcomes that could impact business functions and IT systems and data. To help ensure it has effective entity-wide policies and procedures to achieve these objectives, the County should follow guidance from a credible IT security framework such as that developed by the National Institute of Standards and Technology. Responsible administrative officials and management over finance, IT, and other entity functions should be asked for input in the County's process for managing risk. The County should conduct the following as part of its process for managing risk:

- 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.
- Evaluate and determine the business functions and IT systems that would need to be restored quickly given the potential impact disasters or other IT system interruptions could have on critical organizational functions, such as public safety, and operations, such as payroll and accounting, and determine how to prioritize and plan for recovery.

The County's responsible officials' views and planned corrective action are in its corrective action plan included at the end of this report.

2018-02

Information technology (IT) controls—access, configuration and change management, security, and contingency planning

Condition and context—The County's control procedures were not sufficiently designed, documented, and implemented to respond to risks associated with its IT systems and data. The County lacked adequate procedures over the following:

- **Restricting access to its IT systems and data**—Procedures did not consistently help prevent or detect unauthorized or inappropriate access.
- **Configuring systems securely and managing system changes**—Procedures did not ensure IT systems were securely configured and all changes were adequately managed.
- **Securing systems and data**—IT security policies and procedures lacked controls to prevent unauthorized or inappropriate access or use, manipulation, damage, or loss.
- **Finalizing a contingency plan**—Plan lacked key elements related to restoring operations in the event of a disaster or other system interruption.

Criteria—The County should have effective internal controls to protect its IT systems and help ensure the integrity and accuracy of the data it maintains.

- **Logical and physical access controls**—Help to ensure systems and data are accessed by users who have a need, access granted to systems and data is appropriate, the County monitors and reviews access to key systems and data, and the County protects the physical access to its system infrastructure.
- **Well-defined documented configuration management process**—Ensures the County’s IT systems are configured securely and that changes to the systems are identified, documented, evaluated for security implications, tested, and approved prior to implementation. This helps limit the possibility of an adverse impact on the system security or operations. Separation of responsibilities is an important control for system changes; the same person who has authority to make system changes should not put the change into production. If those responsibilities cannot be separated, a post-implementation review should be performed to ensure the change was implemented as designed and approved.
- **IT security internal control policies and procedures**—Help prevent, detect, and respond to instances of unauthorized or inappropriate access or use, manipulation, damage, or loss to its IT systems and data.
- **Comprehensive documented and tested contingency plan**—Provides the preparation necessary to place the plan in operation and helps to ensure business operations continue and systems and data can be recovered in the event of a disaster, system or equipment failure, or other interruption.

Effect—There is an increased risk that the County may not adequately protect its IT systems and data, which could result in unauthorized or inappropriate access and the loss of confidentiality and integrity of systems and data. It also increases the County’s risk of not being able to effectively continue daily operations and completely and accurately recover vital IT systems and data in the event of a disaster or system interruption.

Cause—The County focused its efforts on the day-to-day operations and although the County had IT policies and procedures, there were missing elements required to address guidance from a credible IT security framework. Additionally, existing IT policies and procedures were not finalized or fully implemented.

Recommendations—To help ensure the County has effective policies and procedures over its IT systems and data, the County should follow guidance from a credible IT security framework such as that developed by the National Institute of Standards and Technology. To help achieve these control objectives, the County should develop, document, and implement control procedures in each IT control area described below:

Access

- Assign and periodically review employee user access ensuring appropriateness and compatibility with job responsibilities.

- Remove terminated employees' access to IT systems and data.
- Review all other account access to ensure it remains appropriate and necessary.
- Evaluate the use and appropriateness of accounts shared by two or more users and manage the credentials for such accounts.
- Enhance authentication requirements for IT systems.
- Protect IT systems and data with session time outs after defined period of inactivity.
- Manage entity-owned electronic devices connecting to the County's systems and data.
- Manage remote access to the County's systems and data.
- Utilize data-sharing agreements when sharing the County's data, limit the access as appropriate, and enforce data-sharing security restrictions.
- Review data center physical access periodically to determine whether individuals still need it.

Configuration and change management

- Establish and follow a documented change management process.
- Review proposed changes for appropriateness, justification, and security impact.
- Document changes, testing procedures and results, change approvals, and post-change review.
- Develop and document a plan to roll back changes in the event of a negative impact to IT systems.
- Test changes prior to implementation.
- Separate responsibilities for the change management process or, if impractical, perform a post-implementation review to ensure the change was implemented as approved.
- Configure IT resources appropriately and securely and maintain configuration settings.

Security

- Perform proactive key user and system activity logging and log monitoring, particularly for users with administrative access privileges.
- Prepare and implement a security-incident-response plan making it clear how incidents should be reported and handled.
- Provide all employees ongoing training on IT security risks and their responsibilities to ensure systems and data are protected.
- Perform IT vulnerability scans and remediate vulnerabilities in accordance with a remediation plan.
- Identify, evaluate, and apply patches in a timely manner.
- Develop, document, and follow a process for awarding IT vendor contracts.

Contingency planning

- Finalize and implement a contingency plan and ensure it includes all required elements to restore critical operations, including being prepared to enable moving critical operations to a separate alternative site if necessary.
- Test the contingency plan.
- Train staff responsible for implementing the contingency plan.
- Back up and securely maintain backups of systems and data.

The County's responsible officials' views and planned corrective action are in its corrective action plan included at the end of this report.

COUNTY SECTION

Yuma County
Schedule of expenditures of federal awards
Year ended June 30, 2018

Federal agency/CFDA number	Federal program name	Cluster title	Pass-through grantor	Pass-through grantor's number(s)	Program expenditures	Amount provided to subrecipients
Department of Agriculture						
10 553	School Breakfast Program	Child Nutrition Cluster	Arizona Department of Education	14-10-01-0000;14-87-57-001	\$ 31,055	
10 555	National School Lunch Program	Child Nutrition Cluster	Arizona Department of Education	14-10-01-0000;14-87-57-001	60,091	
	<i>Total Child Nutrition Cluster</i>				<u>91,146</u>	
10 557	WIC Special Supplemental Nutrition Program for Women, Infants, and Children		Arizona Department of Health Services	ADHS14-053059	1,352,654	
10 561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	SNAP Cluster	Arizona Department of Health Services	ADHS16-106310	293,273	
10 770	Water and Waste Disposal Loans and Grants (Section 306C)				9,774	
	Total Department of Agriculture				<u>1,746,847</u>	
Department of Housing and Urban Development						
14 228	Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii		Arizona Department of Housing	104-17; 109-17; 110-17; 117-17; 140-17	685,247	
14 239	Home Investment Partnerships Program		Arizona Department of Housing	300-16	256,078	
14 850	Public and Indian Housing				639,829	
14 870	Resident Opportunity and Supportive Services - Service Coordinators				90,064	
14 871	Section 8 Housing Choice Vouchers	Housing Voucher Cluster			2,645,897	
14 872	Public Housing Capital Fund				232,318	
14 896	Family Self-Sufficiency Program				185,697	
	Total Department of Housing and Urban Development				<u>4,735,130</u>	
Department of Justice						
16 575	Crime Victim Assistance		State of Arizona	2015-VA-GX-0032; 2016-VA-GX-0046	299,306	
16 738	Edward Byrne Memorial Justice Assistance Grant Program		Arizona Criminal Justice Commission	DC-18-035; DC-18-014	146,658	
16 922	Equitable Sharing Program		Department of Homeland Security	AZ0141200	1,138	
	Total Department of Justice				<u>447,102</u>	
Department of Labor						
17 258	WIOA Adult Program	WIOA Cluster	Arizona Department of Economic Security	ADES DI16-002113	1,922,853	\$ 1,922,853
17 259	WIOA Youth Activities	WIOA Cluster	Arizona Department of Economic Security	ADES DI16-002113	2,760,460	2,760,460
17 278	WIOA Dislocated Worker Formula Grants	WIOA Cluster	Arizona Department of Economic Security	ADES DI16-002113	968,621	968,621
	<i>Total WIOA Cluster</i>				<u>5,651,934</u>	<u>5,651,934</u>
	Total Department of Labor				<u>5,651,934</u>	<u>5,651,934</u>
Department of Transportation						
20 600	State and Community Highway Safety	Highway Safety Cluster	Governor's Office of Highway Safety	2017-PT-065; 2018-PTS-077; 2018-405h-021; 2018-PTS-078	36,777	
20 703	Interagency Hazardous Materials Public Sector Training and Planning Grants		Arizona Division of Emergency and Military Affairs	HM-HMP-0583-16-01-00	12,284	
	Total Department of Transportation				<u>49,061</u>	

See accompanying notes to schedule.

Yuma County
Schedule of expenditures of federal awards
Year ended June 30, 2018

Federal agency/CFDA number	Federal program name	Cluster title	Pass-through grantor	Pass-through grantor's number(s)	Program expenditures	Amount provided to subrecipients
Department of Treasury						
21 000	Federal Equitable Sharing Program		Department of Homeland Security	AZ0141200	136,013	
Institute of Museum and Library Services						
45 310	Grants to States		Arizona State Library, Archives and Public Records	2017-0260-13	26,750	
Department of Education						
84 010	Title I Grants to Local Educational Agencies		Arizona Department of Education	18FT1TTI-810208-01A	35,838	
84 013	Title I State Agency Program for Neglected and Delinquent Children and Youth		Arizona Supreme Court	18FLCCCL-811577-02A	31,314	
84 027	Special Education—Grants to States	Special Education Cluster (IDEA)	Arizona Department of Education	18FESSCG-810681-55B; 17FESSCG-710681-55B; 18FESCBG-810208-09A; 17FESSCG-711577-55B; 18FESSCG-811577-55B; 18FISCB6-8-09A	103,036	
84 126	Rehabilitation Services -Vocational Rehabilitation Grants to States		Arizona Department of Economic Security	DI18-002138	27,950	27,950
Total Department of Education					198,138	27,950
Department of Health and Human Services						
93 069	Public Health Emergency Preparedness		Arizona Department of Health Services	ADHS17-133162; ADHS18-177197	269,406	
93 070	Environmental Public Health and Emergency Response		Arizona Department of Health Services	ADHS18-175516	6,488	
93 092	Affordable Care Act (ACA) Personal Responsibility Education Program		Arizona Department of Health Services	ADHS16-150243	71,885	
93 103	Food and Drug Administration Research		Arizona Department of Health Services	G-SP-1509-02812	2,500	
93 116	Project Grants and Cooperative Agreements for Tuberculosis Control Programs		Arizona Department of Health Services	ADHS13-041283; ADHS18-188133	95,364	
93 135	Centers for Research and Demonstration for Health Promotion and Disease Prevention		University of Arizona	5U48DP005002-03R	71,301	
93 235	Title V State Sexual Risk Avoidance Education (Title V State SRAE) Program		Arizona Department of Health Services	ADHS17-00006630	72,558	
93 268	Immunization Cooperative Agreements		Arizona Department of Health Services	ADHS13-041553	23,908	
93 323	Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)		Arizona Department of Health Services	ADHS17-133162	24,207	
93 539	PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance Financed in part by Prevention and Public Health Funds		Arizona Department of Health Services	ADHS13-041553; ADHS18-177693	280,694	
93 563	Child Support Enforcement		Arizona Department of Economic Security	None	165,802	
93 597	Grants to States for Access and Visitation Programs		Arizona Department of Economic Security	None	12,426	
93 917	HIV Care Formula Grants		Arizona Department of Health Services	ADHS13-040499	170,506	

See accompanying notes to schedule.

Yuma County
Schedule of expenditures of federal awards
Year ended June 30, 2018

Federal agency/CFDA number	Federal program name	Cluster title	Pass-through grantor	Pass-through grantor's number(s)	Program expenditures	Amount provided to subrecipients
93 940	HIV Prevention Activities Health Department Based		Arizona Department of Health Services	ADHS13-031658; ADHS18-188832	16,064	
93 977	Sexually Transmitted Diseases (STD) Prevention and Control Grants		Arizona Department of Health Services	ADHS14-068673	20,391	
93 991	Preventive Health and Health Services Block Grants		Arizona Department of Health Services	ADHS16-102202	60,293	
93 994	Maternal and Child Health Services Block Grant to the States		Arizona Department of Health Services	ADHS14-074955; ADHS16-102202	225,499	
Total Department of Health and Human Services					<u>1,589,292</u>	
Executive Office of the President of the United States						
95 001	High Intensity Drug Trafficking Areas Program		City of Tucson	HT-16-2638; HT-17-2739; HT-16-2644	221,734	
Department of Homeland Security						
97 042	Emergency Management Performance Grants		State of Arizona Department of Homeland Security	DHS-17-GPD-0-0-01	135,614	
97 047	Pre-Disaster Mitigation		State of Arizona Department of Homeland Security	PDMG-PL-09-AZ-2015-005; EMF-2016-PC-0003	17,813	
97 067	Homeland Security Grant Program		State of Arizona Department of Homeland Security	160408-01; 150602-01; 160602-01; 160422-01; 170410-02; 160422-03; 170409-01	1,003,960	
Total Department of Homeland Security					<u>1,157,387</u>	
Total expenditures of federal awards					<u>\$ 15,959,388</u>	<u>\$ 5,679,884</u>

Yuma County
Notes to schedule of expenditures of federal awards
Year ended June 30, 2018

Note 1 - Basis of presentation

The accompanying schedule of expenditures of federal awards (schedule) includes Yuma County's federal grant activity for the year ended June 30, 2018. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Note 2 - Summary of significant accounting policies

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

Note 3 - Catalog of Federal Domestic Assistance (CFDA) numbers

The program titles and CFDA numbers were obtained from the federal or pass-through grantor or the *2018 Catalog of Federal Domestic Assistance*.

Note 4 - Indirect cost rate

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

COUNTY RESPONSE

FINANCIAL
SERVICES
DEPARTMENT



Gilberto Villegas, Jr.
Chief Financial Officer
Czarina Gallegos
Deputy Chief Financial Officer

Accountability, Integrity, Innovation, Teamwork

December 20, 2018

Lindsey Perry
Auditor General
2910 N. 44th St., Ste. 410
Phoenix, AZ 85018

Dear Ms. Perry:

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

Sincerely,

Gilberto Villegas, Jr.
Chief Financial Officer / Director

Financial statement findings

2018-01

Managing Risk

Contact: Clif Summers, Chief information Officer.
Gil Villegas, Jr. Chief financial Officer / Director.

Anticipated completion date: Full review and estimated completion date of December 31, 2019

Concur. To analyze risk(s) of sensitive information and prevent incidents and outcomes that could affect business functions, IT systems, and data. This is a County-Wide risk analysis that will be a collective effort of all, offices, and departments within the Yuma County that interact with sensitive data to identify and classify data, created, collected and housed by the County. Although Yuma County currently have processes (enterprise risk management process) in place to identify opportunities to mitigate risk; the County is aware of the additional efforts needed to comply with recommended item. County will use the National Institute of Standards and Technology (NIST) framework for our assessment.

2018-02

Information technology controls–access, configuration and change management, security and contingency planning

Contact: Clif Summers, Chief information Officer.
Gil Villegas, Jr. Chief financial Officer / Director.

Anticipated completion date: Full review and estimated completion date of December 31, 2019

Concur. To establish additional written policies and procedures of County information technology (IT) systems and data using National Institute of Standards and Technology (NIST) as the framework to implement control procedures. This will include the initial analysis, implementation, testing, post implementation and a roll back plan. This will require a countywide review of internal policies and procedures with a concentration on Information Technology, Human Resources, and Financial Services.

- Access Control – Policy and procedure exist, however, not documented in a method that satisfies the NIST framework. We will document the policy and procedures using the NIST framework.
- Configuration and Change Management - Policy and procedure exist, however, not documented in a method that satisfies the NIST framework. We will document the policy and procedures using the NIST framework.
- Security – Policy and procedure exist, however, not documented in a method that satisfies the NIST framework. We will document the policy and procedures using the NIST framework.
- Contingency Planning – We will work on creating and implementing a contingency plan for all critical operations.
 - Back up and securely maintain backups of systems and data – The implementation of an off-site data back up and disaster recovery service will be online the end of December 2018.

