

Mohave County, Arizona
Single Audit Reporting Package

Year ended June 30, 2024

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

The Arizona Auditor General
Honorable Board of Supervisors of
Mohave 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, the business-type activities, each major fund and the aggregate remaining fund information of Mohave County, Arizona (the County) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 27, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion 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 financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2024-001 through 2024-003 that we consider to be significant deficiencies.

Report on Compliance and Other Matters

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

The County's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the County's responses to the findings identified in our audit that are presented in its corrective action plan at the end of this report. The County is responsible for preparing a corrective action plan to address each finding. The County's responses and corrective action plan were not subjected to the other auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

Purpose of this Report

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

Walker & Armstrong, LLP

Phoenix, Arizona
March 27, 2025

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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Mohave County, Arizona's (the 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 the County's major federal programs for the year ended June 30, 2024. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Mohave 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, 2024.

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

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 the 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 the County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the County's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over compliance. Accordingly, 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 item 2024-101. Our opinion on each major federal program is not modified with respect to these matters.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the 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 deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2024-101 to be a significant deficiency.

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

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

County Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the County's response to the noncompliance and internal control over compliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated March 27, 2025, 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 the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

The information has been subjected to the auditing procedures applied in the audit of the 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 27, 2025

Mohave County, Arizona
Schedule of Findings and Questioned Costs
Year ended June 30, 2024

A. Summary of Audit Results

Financial Statements

Type of auditors' report issued:

Unmodified	
Yes	No

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

	X
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Internal Control over Financial Reporting

Material weaknesses identified?

	X
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Significant deficiencies identified?

X	
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Noncompliance material to the financial statements noted?

	X
--	---

Federal Awards

Material weaknesses identified?

	X
--	---

Significant deficiencies identified?

X	
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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
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children <i>WIOA Cluster:</i>
17.258	WIOA Adult Program
17.259	WIOA Youth Program
17.278	WIOA Dislocated Worker Formula Grant
21.027	COVID-19 - Coronavirus State and Local Fiscal Recovery Funds

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

\$ 924,593

Auditee qualified as a low-risk auditee?

X	
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Schedule of Findings and Questioned Costs – Continued

B. Financial Statement Findings:

Finding 2024-001 – Improve Internal Control over Account Reconciliations (Significant Deficiency)

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

- i. The accounting records were not reconciled to the inventory listing and required an adjustment to correct the accounting records.
- ii. There are many long outstanding checks in custodial bank reconciliations, with some dating back to 2021.
- iii. The County previously did not report the 457 deferred compensation plan as a fiduciary fund and required a restatement to the financial statements.

Effect – The effect of these internal control weaknesses is that the County is subject to a heightened risk of errors and misappropriation.

Cause – The cause is a lack of resources devoted to the account reconciliation process that cross various departments.

Criteria – As it relates to item i, the Uniform Accounting Manual for Arizona Counties (UAMAC) states that “adjusting journal entries are necessary to ensure the accounting records reflect the outcome of year-end physical inventory.”

For item ii, the Uniform Accounting Manual for Arizona County Treasurers requires the County establish a process to ensure that all cash reconciling items are accurate.

For item iii, Government Accounting Standards Board Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans* requires that a Section 457 plan be classified as either a pension plan or an other employee benefit plan.

Recommendations – We recommend that the County perform a comprehensive review of its policies and procedures over the account reconciliations noted above and determine if they are sufficient, appropriate resources are in place, and whether the County is complying with such policies and procedures. Also, we recommend that the County include all required cash and investments in the financial statements.

Management’s Response – The 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 2024-002 – 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 audits, opportunities exist for the County to improve its internal control over information technology. Specifically, the County’s process for managing and documenting its risks did not include an overall risk assessment process that included identifying, analyzing, and responding to the County’s information technology (IT) risks, such as potential harm from unauthorized access, use, disclosure, disruption, modification, or destruction of IT systems and data.

Effect – The effect of not performing a comprehensive risk assessment over information technology and developing policies and procedures in response to the identified risks creates an increased risk of security breaches and a resulting loss of the 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 the County perform an IT risk assessment process that includes evaluating and documenting risks and safeguards. Such risks may include inappropriate access that would affect financial data, system changes that could adversely impact or disrupt system operations, and inadequate or outdated system security.

Management’s Response – The 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 2024-003 – Improve Information Technology Policies and Procedures 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)

Condition – The County’s internal control over information technology is not consistent with the practices set forth by NIST in regards to contingency planning and access. Specifically, the County lacks key elements related to logical access controls and contingency planning.

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

Cause – The cause is outdated policies and procedures and 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.

Recommendation – To ensure continuity of operations in the event of a disaster or other system interruption, we recommend that the County develop, document, and implement processes to:

1. Assign and periodically review user access ensuring appropriateness and compatibility with job responsibilities.
2. Document the review of user access.
3. Remove terminated employees’ access to IT systems and data.
4. Enhance authentication requirements for IT systems.
5. Review all other account access to ensure it remains appropriate and necessary.
6. Conduct regular testing of the contingency plan, in accordance with County policy, to identify any necessary updates and ensuring it is routinely reviewed and revised as needed.
7. Train staff responsible for implementing the contingency plan.
8. Develop and implement a policy to ensure all transactions are captured and/or recovered and accurately recorded in the event of a system outage.

Management’s Response – The 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:

Finding 2024-101 - Financial Reporting (Significant Deficiency)

FAL Numbers:	17.258, 17.259, 17.278
Program Titles:	WIOA Adult Program WIOA Youth Program WIOA Dislocated Worker Formula Grant
Federal Agencies:	U.S. Department of Labor
Award Year:	2021, 2023
Award Numbers:	DI21-002284, DI23-002387
Compliance Requirement:	Reporting
Questioned Costs:	None

Condition – During our audit, we noted three of seven monthly Federal Financial Reports were filed late. Specifically, the July 2023, August 2023 and May 2024 reports were filed later than 30 days as required under the County’s contract.

Effect – There is an increased risk that financial reports are not filed or not filed in a timely manner.

Cause – The County does not have an effective system to monitor the preparation and review of the federal reporting process to determine whether the required reports are filed in a timely manner.

Criteria – Federal regulations (2 CFR §200.327) and the terms of the federal grants and contracts require that financial reports be filed within 30 days and supported by accurate documentation, such as general ledger reports.

Recommendation – We recommend that the County improve internal controls over grant reporting that includes a process that identifies reporting requirements, including reporting deadlines, and monitors timely grant reporting.

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

Mohave County, Arizona
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024

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	\$ 11,540	\$ -
National School Lunch Program	10.555	ED09-0001	4,935	-
National School Lunch Program (Noncash)	10.555	ED09-0001	18,218	-
<i>Total Child Nutrition Cluster</i>			<u>34,693</u>	-
<i>Passed through the Arizona Department of Health Services</i>				
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	CTR067941, ADHS19-207426-2	682,468	-
<i>SNAP Cluster:</i>				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	RFGA2020-001-003	124,164	-
<i>Passed through the Arizona Department of Forestry and Fire Management</i>				
Cooperative Forestry Assistance	10.664	WBBI 18-602	365	-
<i>Forest Service Schools and Roads Cluster:</i>				
Schools and Roads-Grants to States	10.665	N/A	3,958	-
<i>Total U.S. Department of Agriculture</i>			845,648	-
<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	152-23, 120-23, 130-23,131-23	469,557	-
Home Investments Partnership Program	14.239	300-23	235,043	-
Housing Opportunities for Persons with AIDS	14.241	505-21, 506-22, 519-23	229,223	-
Continuum of Care Program	14.267	516-24,517-24,524-24	318,362	-
<i>Housing Voucher Cluster</i>				
Section 8 Housing Choice Vouchers	14.871	N/A	3,514,812	-
Mainstream Vouchers	14.879	N/A	1,119,803	-
<i>Total Housing Voucher Cluster</i>			<u>4,634,615</u>	-
<i>Total U.S. Department of Housing and Urban Development</i>			5,886,800	-
<u>U.S. Department of Justice</u>				
<i>Passed through the Arizona Criminal Justice Commission</i>				
National Criminal History Improvement Program (NCHIP)	16.554	NCHIP-21-23-007, NCHIP-21-23-005	10,373	-
<i>Passed through the Arizona Department of Public Safety</i>				
Crime Victim Assistance	16.575	2020-124	235	-
<i>Passed through the Arizona Criminal Justice Commission</i>				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	DC-24-028	129,091	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	15,487	-
<i>Total FAL 16.738</i>			<u>144,578</u>	-
<i>Passed through the Institute for Intergovernmental Research (IRR)</i>				
Comprehensive Opioid, Stimulant, and other Substances Use Program	16.838	YH23-0063	15,501	-
<i>Passed through the State Justice Institute</i>				
SJI Tech Assistance Grant - Workload Assessment Study	16.Unknown	SJI-24T007	18,333	-
<i>Passed through the Arizona Supreme Court, Arizona Administrative Office of the Court</i>				
US Marshals Service District Fugitive Apprehension Task Force	16.Unknown	M-24-D08-O-00124	5,147	-
<i>Total U.S. Department of Justice</i>			<u>194,167</u>	-

The accompanying notes are an integral part of this schedule.

Mohave County, Arizona
Schedule of Expenditures of Federal Awards - Continued
Year Ended June 30, 2024

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 Labor</u>				
<i>Passed through the Arizona Department of Economic Security</i>				
<i>WIOA Cluster:</i>				
WIOA Adult Program	17.258	DI21-002284, DI23-002387	\$ 1,358,993	\$ -
WIOA Youth Activities	17.259	DI21-002284, DI23-002387	980,609	-
WIOA Dislocated Worker Formula Grants	17.278	DI21-002284, DI23-002387	<u>619,264</u>	<u>-</u>
<i>Total WIOA Cluster</i>			<u>2,958,866</u>	<u>-</u>
Total U.S. Department of Labor			2,958,866	-
<u>U.S. Department of Transportation</u>				
<i>Passed through the Governor's Office of Highway Safety</i>				
<i>Highway Safety Cluster</i>				
National Priority Safety Programs	20.616	2024-405d-024	<u>25,686</u>	<u>-</u>
Total U.S. Department of Transportation			25,686	-
<u>U.S. Department of the Treasury</u>				
<i>Passed through the Arizona Department of Public Safety</i>				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	2023-306	264,408	-
<i>Passed through the Arizona Criminal Justice Commission</i>				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	VC-24-009	133,698	-
<i>Passed through the Arizona Supreme Court, Arizona Administrative Office of the Court</i>				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	220800CB01	13,014	-
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	<u>9,224,483</u>	<u>4,241,699</u>
<i>Total FAL 21.027</i>			9,635,603	4,241,699
Local Assistance and Tribal Consistency Fund	21.032	N/A	<u>8,006,000</u>	<u>-</u>
Total U.S. Department of the Treasury			17,641,603	4,241,699
<u>U.S. Department of Education</u>				
<i>Passed through the Arizona Supreme Court</i>				
<i>Title I-State Agency Program for Neglected and Delinquent Children and Youth</i>				
Children and Youth	84.013A	IGA #KR13-0137	13,056	-
Special Education Grants to States	84.027A	IGA #KR13-0137	<u>8,345</u>	<u>-</u>
Total U.S. Department of Education			21,401	-
<u>U.S. Election Assistance Commission</u>				
<i>Passed through the Arizona Secretary of State</i>				
HAVA Election Security Grants	90.404	None	<u>153,992</u>	<u>-</u>
Total U.S. Election Assistance Commission			153,992	-
<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	CTR068280	17,906	-
<i>Passed through Western Arizona Council of Governments</i>				
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	E86-6000539-42	463,118	-
Nutrition Services Incentive Program	93.053	E86-6000539-42	<u>68,389</u>	<u>-</u>

The accompanying notes are an integral part of this schedule.

Mohave County, Arizona
Schedule of Expenditures of Federal Awards - Continued
Year Ended June 30, 2024

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 Health Services</i>				
Public Health Emergency Preparedness	93.069	CTR055215	\$ 444,799	\$ -
Food an Drug Administration Research	93.103	N/A	2,122	-
<i>Passed through Prevent Child Abuse Arizona</i>				
Maternal and Child Health Federal Consolidated Programs	93.110	5 U2ZMC46643-02-00	2,248	-
<i>Passed through the Arizona Department of Health Services</i>				
Injury Prevention and Control Research and State and Community Based Programs	93.136	CTR070145	223,421	-
Immunization Cooperative Agreements	93.268	CTR060274 CTR060050	135,078	-
<i>Passed through the Arizona Department of Economic Security</i>				
Child Support Services	93.563	DI18-002167, DI18-002149	161,114	-
Grants to States for Access and Visitation Programs	93.597	DI16-002153	39,317	-
<i>Passed through the Arizona Supreme Court, Arizona Administrative Office of the Court</i>				
Foster Care Title IV-E	93.658	2022-109, DC20-000027	192,847	-
<i>Passed through Western Arizona Council of Governments</i>				
Social Services Block Grant	93.667	E86-6000539-42	157,421	-
<i>Medicaid Cluster:</i>				
<i>Passed through the Care 1st Health Plan Arizona</i>				
Opioid STR	93.788	1H79TI085739-02	74,914	-
<i>Passed through Arizona Department of Health Services</i>				
Opioid STR	93.788	CTR063747	22,753	-
<i>Total Medicaid Cluster</i>			<u>97,667</u>	-
<i>Passed through the Arizona Department of Health Services</i>				
Maternal, Infant, and Early Childhood Home Visiting Grant	93.870	CTR050596	255,420	-
HIV Prevention Activities Health Department Based Centers for Disease Control and Prevention Collaboration with Academia to Strengthen Public Health	93.940	CTR037770	71,534	-
Maternal and Child Health Services Block Grant to the States	93.967	CTR064799	46,363	-
	93.994	CTR068169, CTR055274	211,187	-
Total U.S. Department of Health and Human Services			2,589,951	-
<u>Executive Office of the President</u>				
<i>Passed through the City of Tucson Police Department</i>				
High Intensity Drug Trafficking Areas Program	95.001	HT-23-2936	101,890	-
Total Executive Office of the President			101,890	-
<u>U.S. Department of Homeland Security</u>				
Emergency Food And Shelter National Board Program	97.024	N/A	3,360	-
<i>Passed through the Arizona Department of Emergency and Military Affairs</i>				
Emergency Management Performance Grants	97.042	EMF-2022-EP-00008-S01	105,000	-
Cooperating Technical Partners	97.045	N/A	233,472	-
Homeland Security Grant Program	97.067	N/A	34,410	-
<i>Passed through the Arizona Department of Homeland Security</i>				
Homeland Security Grant Program	97.067	220510-01, 23-AZDOHS-HSGP-23050	23,527	-
<i>Total FAL 97.067</i>			<u>57,937</u>	-
Total U.S. Department of Homeland Security			399,769	-
Total expenditures of federal awards			\$ 30,819,773	\$ 4,241,699

The accompanying notes are an integral part of this schedule.

Mohave County, Arizona
Notes to Schedule of Expenditures of Federal Awards
Year ended June 30, 2024

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards (schedule) includes Mohave County's federal grant activity for the year ended June 30, 2024. 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 the County's federal awards does not allow for indirect costs and, accordingly, the County did not use the 10 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 2024 *Federal Assistance Listings*. When no Federal Assistance Listings number had been assigned to a program, the 2-digit federal agency identifier and the word "unknown" were used.

MOHAVE COUNTY FINANCIAL SERVICES



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Corrective Action Plan

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

Financial Statement Findings:

Finding 2024-001 – Improve Internal Control over Account Reconciliations (Significant Deficiency)

Condition: During the audit, the auditors noted weaknesses in internal control over account reconciliations, as follows:

- i. The accounting records were not reconciled to the inventory listing and required an adjustment to correct the accounting records.
- ii. There are many long outstanding checks in custodial bank reconciliations, with some dating back to 2021.
- iii. The County previously did not report the 457 deferred compensation plan as a fiduciary fund and required a restatement to the financial statements.

Recommendation: The auditors recommended that the County perform a comprehensive review of its policies and procedures over the account reconciliations noted above and determine if they are sufficient, appropriate resources are in place, and whether the County is complying with such policies and procedures. Also, the auditors recommended that the County include all required cash and investments in the financial statements.

Corrective Action Planned:

- i. The County will implement additional review over the inventory adjustment to ensure that it reconciles the accounting records to the inventory listing.
- ii. As background, 79% of the 2021 outstanding checks as of June 30, 2024, were Unclaimed Property created after the annual Tax Deed Sale. Holders are required to report Unclaimed Property to the state of the apparent owner's last known address, or in those instances where the last known address is unknown, to the holder's state of domicile. Timelines are established independently on a state-by-state basis and are determined by the Date of Last Activity.

Corrective Action Plan – Continued

Financial Statement Findings - Continued:

Finding 2024-001 – Improve Internal Control over Account Reconciliations (Significant Deficiency)

All these checks have a dormancy periods ranging between 3-5 years. For the purposes of the Mohave County Treasurer's Office, the Unclaimed Property that we manage are the expired Treasurer's Checks that are created after the sale of a parcel that is higher than the outstanding balance on the account. The difference is sent to the last known address of the apparent owner. If the check is not cashed, it remains dormant for a set period (this varies from state to state) until we undergo that state's Unclaimed Property process. The remaining 2021 outstanding checks were processed August 21, 2024, according to statute. The Treasurer's office will update the processing schedule and procedures for stale dated checks and conduct staff training for a rapid implementation of the new standards. The bank reconciliation will be amended to include additional notes for each outstanding item. Bank reconciliation review will include an emphasis on older items and add feedback and direction for resolution to accounting staff. The County Finance department will implement enhanced review on account reconciliations. Specifically, the Finance department will conduct additional training with staff responsible for review of account reconciliations, placing added emphasis on reconciling items that exist for lengths of time that exceed standards.

- iii.* The County has already remediated this finding related to the 457 deferred compensation plan. Moving forward the County will review any new potential fiduciary activities to properly report them as a fiduciary funds when appropriate.

Contact Name: Luke Mournian, Chief Financial Officer

Anticipated Completion Date:

- i.* June 30, 2025
- ii.* June 30, 2025
- iii.* April 1, 2025

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

Condition: During the audit, and as noted in prior audits, opportunities exist for the County to improve its internal control over information technology. Specifically, the County's process for managing and documenting its risks did not include an overall risk assessment process that included identifying, analyzing, and responding to the County's information technology (IT) risks, such as potential harm from unauthorized access, use, disclosure, disruption, modification, or destruction of IT systems and data.

Recommendation: The auditors recommended that the County perform an IT risk assessment process that includes evaluating and documenting risks and safeguards. Such risks may include inappropriate access that would affect financial data, system changes that could adversely impact or disrupt system operations, and inadequate or outdated system security.

Corrective Action Plan – Continued

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

Corrective Action Planned: Mohave County recently partnered with the Arizona National Guard CJTF for third-party penetration testing services required by the Arizona County Insurance Pool. The County plans to expand this partnership in future years to include county-wide Risk Assessment. For Fiscal year 2025, the Information Technology Department utilized the following compensating controls, procedures, and activities to mitigate the risks and threats to county IT systems.

- Monitoring and Logging
- Strict Access Controls
- Incident Response Plan
- Robust Cyber Security controls
- Cybersecurity Insurance
- EI/MS-ISAC Membership

Contact Name: Nathan McDaniel, Chief Information Officer

Anticipated Completion Date: June 30, 2026

Finding 2024-003 – Improve Information Technology Policies and Procedures 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)

Condition: The County’s internal control over information technology is not consistent with the practices set forth by NIST in regards to contingency planning and access. Specifically, the County lacks key elements related to logical access controls and contingency planning.

Recommendation: To ensure continuity of operations in the event of a disaster or other system interruption, the auditors recommended that the County develop, document, and implement processes to:

1. Assign and periodically review user access ensuring appropriateness and compatibility with job responsibilities.
2. Document the review of user access.
3. Remove terminated employees’ access to IT systems and data.
4. Enhance authentication requirements for IT systems.
5. Review all other account access to ensure it remains appropriate and necessary.
6. Conduct regular testing of the contingency plan, in accordance with County policy, to identify any necessary updates and ensuring it is routinely reviewed and revised as needed.
7. Train staff responsible for implementing the contingency plan.
8. Develop and implement a policy to ensure all transactions are captured and/or recovered and accurately recorded in the event of a system outage.

Corrective Action Plan – Continued

Financial Statement Findings - Continued:

Finding 2024-003 – Improve Information Technology Policies and Procedures 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)

Corrective Action Planned:

1. The County already performs a periodic review of user access but will implement enhanced level of review by adding an additional layer of approval in the process and will implement documentation of the user access review of the Information Systems.
2. The County will implement documentation of the user access review of the Information Systems.
3. The County follows its IT policies and procedures to provision and terminate access to county systems, in coordination with the departments of the county. The County will be more diligent in enforcing existing policy and will ensure that actions taken per policy are documented, including any approved exceptions to policy.
4. The County follows its IT policies and procedures to enhance and harden access and authentication methods. The County will be more diligent in enforcing existing policy and will ensure that actions taken per policy are documented.
5. The County already performs a periodic review of user access but will implement enhanced level of review by adding an additional layer of approval in the process and will implement documentation of the user access review of the Information Systems.
6. The IT department coordinates its Continuity of Operations Plan with the County departments as needed. The IT department will document how it coordinates these efforts with the various County departments.
7. The CIO and Managers of the IT department are primarily responsible for implementation of the department contingency plan. The IT department has qualified and trained employees that support and operate the IT infrastructure on a regular operations basis as well as a contingency/emergency basis. The County will document any additional training events that take place.
8. The County Finance department will develop and implement a policy to ensure all transactions are captured and/or recovered and accurately recorded in the event of a system outage.

Contact Name: Nathan McDaniel, Chief Information Officer
Luke Mournian, Chief Financial Officer

Anticipated Completion Date: June 30, 2025

Corrective Action Plan – Continued

Federal Award Findings:

Finding 2024-101 - Financial Reporting (Significant Deficiency)

FAL Numbers: 17.258, 17.259, 17.278

Program Titles: WIOA Adult Program
WIOA Youth Program
WIOA Dislocated Worker Formula Grant

Condition: During the audit, the auditors noted three of seven monthly Federal Financial Reports were filed late. Specifically, the July 2023, August 2023 and May 2024 reports were filed later than 30 days as required under the County's contract.

Recommendation: The auditors recommended that the County improve internal controls over grant reporting that includes a process that identifies reporting requirements, including reporting deadlines, and monitors timely grant reporting.

Corrective Action Planned: The County Community Services department will improve the timeliness and accuracy of grant reporting by implementing the following measures. An automated task list will be implemented to clearly identify billing report due dates, responsible staff, report recipients, and the required reporting frequency. This system will enhance accountability and help ensure deadlines are consistently met. A separate automated task will be established to ensure Community Services receives accurate and timely billing reports from grantors. This proactive approach will help identify and resolve potential delays before they impact reporting compliance. If unforeseen circumstances impact reporting timelines Community Services will utilize internal departmental data to prepare preliminary billing reports to prevent delays and reconcile to final reporting when available. Additionally, Community Services will proactively communicate with grantors in the event of anticipated delays to maintain transparency and compliance. The County Finance department had already partially addressed this at the beginning of fiscal year 2025 with enhanced data gathering of grant reporting requirements and deadlines for each grant. This data is gathered prior to grant acceptance. The County Finance department will improve its process by providing frequent reminders at a standard frequency to all department directors and those who are directly responsible for grant reporting to follow the grantor reporting requirements. Additionally, these periodic communications will request that department directors confirm the accuracy of department grant contacts and provide updated contact information as needed.

Contact Name: Christina Register, Assistant Director Community Services

Anticipated Completion Date: June 30, 2025

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Summary Schedule of Prior Audit Findings

We have prepared the following 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 and includes the status of any audit findings reported in the prior audit's summary schedule of prior audit findings that were not corrected.

Financial Statement Findings:

2023-001 Financial Reporting Process (Significant Deficiency in Internal Control)

This finding was initially reported in fiscal year 2023.

The County's deficiencies in its process for managing and documenting its risks may put its operations and IT systems and data at unintended and unnecessary risk of potential harm.

Condition: The County's process for managing and documenting its risks did not include an overall risk assessment process that included analyzing and responding to the Countywide information technology (IT) risks, such as potential harm from excessive access, disruption, modification, or destruction of IT systems and data.

Recommendation: The County's administration and IT management should:

1. Identify, analyze, and reduce risks to help prevent undesirable incidents and outcomes that would impact business functions and IT systems and data.
2. Perform an annual entity-wide IT risk assessment process that includes evaluating and documenting risks and safeguards. Such risks may include inappropriate access that would affect financial data, system changes that could adversely impact or disrupt system operations, and inadequate or outdated system security.

Status: Not corrected, see finding 2024-002.

2023-002 Financial Reporting Process (Significant Deficiency in Internal Control)

This finding was initially reported in fiscal year 2023.

The County's control procedures over IT systems and data were not sufficient, which increases the risk that the County may not adequately protect those systems and data.

Summary Schedule of Prior Audit Findings – Continued

2023-002 Financial Reporting Process (Significant Deficiency in Internal Control) **(Continued)**

Condition: The County’s control procedures were not sufficiently developed, documented, and implemented to respond to risks associated with its IT systems and data. The County lacked sufficient procedures over the following:

Ensuring operations continue—Contingency plan lacked key elements related to restoring operations in the event of a disaster or other system interruption

Recommendation: The County should ensure operations continue—To ensure operations continue and implement processes to:

1. Update the contingency plan, and ensure it includes all critical elements to restore critical operations, including being prepared to move critical operations to a separate alternative site if necessary.
2. Test the contingency plan.
3. Train staff responsible for implementing the contingency plan.

Status: Not corrected, see finding 2024-003.

Federal Award Findings:

2023-101 Reporting (Compliance, Significant Deficiency in Internal Control over Compliance)

FAL Numbers: 21.032

Program Title: COVID-19 Local Assistance and Tribal Consistency

This finding was initially reported in fiscal year 2023.

Condition: The cumulative expenditure amounts disclosed in the LATCF annual report for the fiscal year ended June 30, 2023 were inadvertently overstated by \$2,000,000.

Recommendation: It is recommended that reports are reviewed and approved by a management team member who is not involved in preparation.

Status: Corrected