

**Yavapai County, Arizona**  
**Single Audit Reporting Package**  

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**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  
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, 2024, 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 27, 2025.

## **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 2024-001 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 2024-002 through 2024-004 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 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  
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, 2024. 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, 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 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 an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is 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 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 a deficiency in internal control over compliance that we consider to be a significant deficiency.

*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 Yavapai County's response to the noncompliance and internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Yavapai 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, each major fund, and the aggregate remaining fund information of Yavapai County as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Yavapai 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



**Yavapai 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	
	<b>Yes</b>	<b>No</b>
Is a going concern emphasis-of-matter paragraph included in the auditors' report?		X

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

Identification of major programs:

<b>Federal Assistance Listings Number</b>	<b>Name of Federal Program or Cluster</b>
21.027	COVID-19 - Coronavirus State and Local Fiscal Recovery Funds
21.032	COVID-19 - Local Assistance and Tribal Consistency Fund
93.069	Public Health Emergency Preparedness
93.391	COVID-19 – Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises

Dollar threshold used to distinguish between Type A and B programs:	\$ 750,000	
Auditee qualified as a low-risk auditee?	X	

## Schedule of Findings and Questioned Costs – Continued

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### B. Financial Statement Findings:

#### **Finding 2024-001 - Improve Internal Controls over Cash and Investment Accounts Reconciliations (Material Weakness) (Repeat)**

**Condition** – During our audit, we 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 did not reconcile their investment balances monthly.
- 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.

**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* through *iv*, 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.

**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.

**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

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### 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 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 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)**

**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.

## Schedule of Findings and Questioned Costs – Continued

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### B. 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 Continuity Planning (Significant Deficiency) (Repeat) - Continued**

**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 absence of a comprehensive configuration repository may lead to security vulnerabilities, inconsistent environments, higher operational costs, difficulty in managing changes, increased risk of outages, and slow response times to information technology issues and lost knowledge should turnover occur.

The effect of not requiring users of the significant systems to complete security awareness trainings increased 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 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.
2. Implement a routine review of physical access rights to IT infrastructure to assess whether access is appropriate and necessary.
3. 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.
4. 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

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### B. 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) – Continued**

5. 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.

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

**Condition** – During our audit, we 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.

**Effect** – The effect is that the Board of Supervisors is not receiving timely and meaningful financial information necessary to make critical decisions.

**Cause** – Yavapai County has experienced turnover within its finance department which has affected the resources available to devote to financial reporting.

**Criteria** – 2 CFR §200.303, *Internal Controls*, requires that non-federal entities establish and maintain effective internal control over the Federal awards. These internal controls should follow guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework,” issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). This guidance includes internal controls related to information and communication which encompasses governance receiving timely, meaningful, and accurate information pertaining to Yavapai County’s financial results.

**Recommendation** – We recommend 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.

**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

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### C. 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  
**Federal Agency:** U.S. Department of Health and Human Services  
**Pass-through Grantor:** Arizona Department of Health Services  
**Award Number:** CTR055220  
**Award Year:** 2024  
**Compliance Requirements:** Reporting  
**Questioned Costs:** None

**Condition:** During our audit, we 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.

**Criteria:** 2 CFR 200.508(b), *Auditee Responsibilities*, requires the auditee to prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with § 200.510.

**Cause:** The cause is that lack of sufficient research in obtaining the appropriate federal assistance listing.

**Effect:** The effect is the reporting of expenditures to an incorrect federal assistance listing.

**Recommendation:** We recommend that Yavapai County develop internal controls that ensure the reporting of federal expenditures on the SEFA to the proper federal assistance listing number.

**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, 2024

Federal Grantor/Program Title/Pass-Through Grantor	Federal Assistance Listing Number	Pass-Through Grantor's Number	Federal Expenditures	Amount Provided to Subrecipients
<b><u>U.S. Department of Agriculture</u></b>				
<i>Passed through the Arizona Department of Education</i>				
<i>Child Nutrition Cluster:</i>				
School Breakfast Program	10.553	ED09-0001	\$ 29,366	\$ -
National School Lunch Program	10.555	ED09-0001	54,537	-
National School Lunch Program (Noncash)	10.555	ED09-0001	24,499	-
<i>Total Child Nutrition Cluster</i>			108,402	-
<i>Passed through the Arizona Department of Health Services</i>				
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	ADHS19-207420, CTR067935	800,513	-
<i>SNAP Cluster:</i>				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	RFGA2020-001-006	196,146	-
<i>Forest Service Schools and Roads Cluster:</i>				
Schools and Roads-Grants to States	10.665	N/A	1,551,250	-
Emergency Watershed Protection Program	10.923	N/A	142,500	-
<i>Total U.S. Department of Agriculture</i>			<b>2,798,811</b>	-
<b><u>U.S. Department of Housing and Urban Development</u></b>				
<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, 101-22	278,635	-
Home Investments Partnership Program	14.239	300-24, 304-22	300,363	-
<i>Total U.S. Department of Housing and Urban Development</i>			<b>578,998</b>	-
<b><u>U.S. Department of Justice</u></b>				
Domestic Cannabis Eradication/Suppression Program	16.U02 2023-03	N/A	6,492	-
<i>Passed through the Arizona Department of Public Safety</i>				
Crime Victim Assistance	16.575	2020-202, 2020-209	58,930	-
<i>Passed through the Arizona Criminal Justice Commission</i>				
Crime Victim Compensation	16.576	VC-24-014	141,669	-
Residential Substance Abuse Treatment for State Prisoners	16.593	RSAT-24-004	106,621	-
State Criminal Alien Assistance Program	16.606	N/A	63,886	-
<i>Passed through the Arizona Criminal Justice Commission</i>				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	CJI-22-002, DC-24-011, DC-24-033	257,567	-
Equitable Sharing Program	16.922	N/A	2,400	-
<i>Total U.S. Department of Justice</i>			<b>637,565</b>	-

The accompanying notes are an integral part of this schedule.

Yavapai 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
<b><u>U.S. Department of Labor</u></b>				
<i>Passed through the Arizona Department of Economic Security</i>				
<i>WIOA Cluster:</i>				
WIOA Adult Program	17.258	DI21-002290	\$ 713,053	\$ 713,053
WIOA Youth Activities	17.259	DI21-002290	603,423	603,423
WIOA Dislocated Worker Formula Grants	17.278	DI21-002290	714,236	714,236
<i>Total WIOA Cluster</i>			<u>2,030,712</u>	<u>2,030,712</u>
<b>Total U.S. Department of Labor</b>			<b>2,030,712</b>	<b>2,030,712</b>
<b><u>U.S. Department of Transportation</u></b>				
Airports Improvement Program, COVID-19 Airports Programs, and Infrastructure Investment and Jobs Act Programs	20.106	N/A	180,424	-
<i>Passed through Arizona Department of Transportation</i>				
<i>Highway Planning and Construction Cluster:</i>				
Highway Planning and Construction	20.205	GRT-23-0009146-T	1,122,272	-
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	20.505	GRT-23-0009146-T	124,869	-
<i>Passed through the Town of Prescott Valley</i>				
<i>Federal Transit Cluster:</i>				
Federal Transit Formula Grants	20.507	AZ-2022-042-00	177,504	-
<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	P0012013003419	106,284	-
<i>Passed through Arizona Governor's Office of Highway Safety</i>				
<i>Highway Safety Cluster:</i>				
State and Community Highway Safety	20.600	2023-AL-038, 2023-PTS-077, 2024-PTS-074	73,529	-
National Priority Safety Programs	20.616	2024-405b-502, 2024-II-006	25,948	-
<i>Total Highway Safety Cluster</i>			<u>99,477</u>	<u>-</u>
<b>Total U.S. Department of Transportation</b>			<b>1,810,830</b>	<b>-</b>
<b><u>U.S. Department of the Treasury</u></b>				
<i>Passed through the Arizona Supreme Court</i>				
COVID-19 - Emergency Rental Assistance Program	21.023	None	17,559	-
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	6,660,402	1,559,948
<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	129,075	-
<i>Total FAL 21.027</i>			<u>6,789,477</u>	<u>1,559,948</u>
COVID-19 - Local Assistance and Tribal Consistency Fund	21.032	N/A	1,183,839	-
<b>Total U.S. Department of the Treasury</b>			<b>7,990,875</b>	<b>1,559,948</b>

The accompanying notes are an integral part of this schedule.



Yavapai 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
<b><u>Federal Communications Commission</u></b>				
COVID-19 - Telehealth Program	32.006	N/A	\$ 17,847	\$ -
COVID-19 - Emergency Connectivity Fund Program	32.009	N/A	24,231	-
<i>Total Federal Communications Commission</i>			<b>42,078</b>	<b>-</b>
<b><u>Institute of Museum and Library Services</u></b>				
<i>Passed through the Arizona State Library, Archives and Public Records</i>				
Grants to States	45.310	2022-0170-07, 2022-0260-02, 2023-0010-05, 24-0170-04	40,806	-
<i>Total Institute of Museum and Library Services</i>			<b>40,806</b>	<b>-</b>
<b><u>U.S. Department of Education</u></b>				
<i>Passed through the Arizona Department of Education</i>				
Title I Grants to Local Educational Agencies	84.010	24FT1TTI-411555-01A	24,100	-
Title I State Agency Program for Neglected and Delinquent Children and Youth	84.013	24FLCCCL-413357-02A	85,851	-
<i>Special Education Cluster (IDEA)</i>				
Special Education Grants to States	84.027	24ICSGBA-410683-01A, 24ICSGBA-411555-01A	19,595	-
Rural Education	84.358	N/A	13,192	-
<i>Passed through the Arizona Department of Education</i>				
English Language Acquisition State Grants	84.365	24FELENG-413357-66A	27,104	-
Comprehensive Literacy Development	84.371	24FCLSDC-413357-01A	175,908	-
COVID-19 - Education Stabilization Fund	84.425D	21FESIII-111555-01A, CTR059821	1,316,045	-
<i>Total U.S. Department of Education</i>			<b>1,661,795</b>	<b>-</b>
<b><u>U.S. Election Assistance Commission</u></b>				
<i>Passed through the Arizona Secretary of State</i>				
HAVA Election Security Grant	90.404	AZ18101001, AZ20101001 EAC-ELSEC18AZ	126,851	-
<i>Total U.S. Election Assistance Commission</i>			<b>126,851</b>	<b>-</b>
<b><u>U.S. Department of Health and Human Services</u></b>				
<i>Passed through the National Association of County and City Health Officials</i>				
Medical Reserve Corps Small Grant Program	93.008	MRC 23-0007, MRC 24-0007, MRC RISE 22-0007	21,083	-
<i>Passed through the Arizona Department of Health Services</i>				
Medical Reserve Corps Small Grant Program	93.008	CTR068546	34,282	-
<i>Total FAL 93.008</i>			55,365	-
<i>Passed through the Arizona Department of Health Services</i>				
Public Health Emergency Preparedness	93.069	CTR055220	311,857	-
<i>Passed through Prevent Child Abuse Arizona</i>				
Maternal and Child Health Federal Consolidated Programs	93.110	Yavapai10012023-1	31,691	-

The accompanying notes are an integral part of this schedule.

Yavapai 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
<b>Passed through the Arizona Department of Health Services</b>				
Injury Prevention and Control Research and State and Community Based Programs	93.136	CTR055629, CTR063483, CTR070154	\$ 139,584	\$ 5,720
<b>Passed through Affirm Sexual and Reproductive Health</b>				
Family Planning Services	93.217	None	47,289	-
<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	1,166,555	-
COVID-19 - Health Center Program (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care)	93.224	N/A	61,000	-
COVID-19 - Grants for New and Expanded Services under the Health Center Program	93.527	N/A	131,253	-
Grants for New and Expanded Services under the Health Center Program	93.527	N/A	877,791	-
<i>Total Health Center Program Cluster</i>			2,236,599	-
<b>Passed through the Arizona Department of Education</b>				
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	24FAWDHP-413357-01A	2,600	-
<b>Passed through the Arizona Department of Health Services</b>				
Immunization Cooperative Agreements	93.268	CTR060048	126,071	-
COVID-19 - Immunization Cooperative Agreements	93.268	CTR060276	523,801	-
<i>Total FAL 93.268</i>			649,872	-
COVID-19 - Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	CTR057223, CTR058660	551,103	-
COVID-19 - Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	CTR055220	101,309	-
<b>Passed through the Arizona Department of Education</b>				
COVID-19 - Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	22FASNAP-213357-01A	129,251	-
<i>Total FAL 93.354</i>			230,560	-
<b>Passed through the University of Arizona</b>				
Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises	93.391	None	4,000	-
<b>Passed through the Arizona Department of Health Services</b>				
COVID-19 - Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises	93.391	CTR055995	347,743	-
<b>Passed through the Northern Arizona Council of Governments</b>				
Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises	93.391	SDOH2-2022-2023	133,120	-
<i>Total FAL 93.391</i>			484,863	-
COVID-19 - Grants for Capital Development in Health Centers	93.526	N/A	13,075	-
<b>Passed through the Arizona Department of Economic Security</b>				
Child Support Services	93.563	G1804AZ4004	259,680	-
Grants to States for Access and Visitation Programs	93.597	1601AZSAVP	9,760	-

The accompanying notes are an integral part of this schedule.

Yavapai 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
<b><i>Passed through the Arizona Supreme Court</i></b>				
Foster Care Title IV-E	93.658	None	\$ 180,480	\$ -
<b><i>Passed through the Care 1st</i></b>				
Opioid STR	93.788	2021-466A1	75,941	-
<b><i>Passed through the Arizona Department of Health Services</i></b>				
Opioid STR	93.788	CTR063483, CTR070154	14,315	8,234
<i>Total FAL 93.788</i>			90,256	8,234
<b><i>Passed through the Arizona Department of Health Services</i></b>				
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	93.898	CTR059642, CTR070501	230,489	-
HIV Prevention Activities Health Department Based Centers for Disease Control and Prevention Collaboration with Academia to Strengthen Public Health	93.940	CTR066158	11,684	-
Sexually Transmitted Diseases (STD) Prevention and Control Grants	93.967	CTR064807	80,630	-
Preventive Health and Health Services Block Grant	93.977	CTR061538, CTR064826	34,500	-
Preventive Health and Health Services Block Grant	93.991	CTR055259	59,221	-
Maternal and Child Health Services Block Grant to the States	93.994	CTR055259	125,451	-
<b><i>Total U.S. Department of Health and Human Services</i></b>			<b>5,836,609</b>	<b>63,358</b>
<b><u>U.S. Department of Homeland Security</u></b>				
<b><i>Passed through the Arizona Department of Emergency and Military Affairs</i></b>				
Emergency Management Performance Grants	97.042	EMF-2023-EP-00008-S01	150,261	-
BRIC: Building Resilient Infrastructure and Communities	97.047	EMF-2020-BR-193, EMF-2020-PC-0014 (2), EMF-2020-PC-0014 (6)	81,230	-
<b><i>Passed through the Arizona Department of Homeland Security</i></b>				
Homeland Security Grant Program	97.067	230509-01	1,409	-
<b><i>Total U.S. Department of Homeland Security</i></b>			<b>232,900</b>	<b>-</b>
<b>Total expenditures of federal awards</b>			<b>\$ 23,788,830</b>	<b>\$ 3,654,018</b>

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, 2024**

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**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, 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 Yavapai County's federal awards does not allow for indirect costs and, accordingly, Yavapai 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 federal contract number were used.

**Note 5 – Donated Personal Protective Equipment (PPE)**

Yavapai County received donated personal protective equipment (PPE) with a fair market value of \$5,312 for the fiscal year ended June 30, 2024.



March 27, 2025

Jay Parke  
Walker & Armstrong  
1850 N. Central Ave., Suite 400  
Phoenix, AZ 85022

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 cursive script that reads "Connie M DeKemper".

Connie DeKemper

Finance Director

Yavapai County  
Corrective action plan  
Year ended June 30, 2024

## Financial statement findings

### 2024-001

Improve Internal Controls over Cash and Investment Accounts Reconciliations

Name of contact person: Mel Murdoch, Fiscal Supervisor, Treasurer, and Connie DeKemper, Finance Director

Anticipated completion date: 06/30/2025

Due to the lack of qualified resources in the Fiscal Department of the Treasurer's Office, several of our internal controls were not being followed, such as the bank and investment reconciliations. In the first six months of the 2024/25 fiscal year, resources have been added and as of December 2024 daily cash reconciliations and monthly investment reconciliations are all up to date. We will also perform a comprehensive review of our policies and procedures over the cash reconciliation process to determine if they are sufficient and determine whether Yavapai County is following our policies and procedures.

### 2024-002

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: 06/30/2025

The County Board of Supervisors approved the following policies at the Board of Supervisors meeting on April 17<sup>th</sup>, 2024: Policy Management (100), Data Classification (110), Information Security Program (120), System Acquisitions and Development (130), Security Awareness Training and Education (210), System Security Maintenance (220), Contingency Planning (230), Incident Response Planning (240), Media Protection (250), Physical Security Protection (260), Personnel Security Controls (270), Acceptable Use (280), Account Management (310), Access Controls (320), System Security Logging and Monitoring (330), Identification and Authentication (340), System and Communication Protection (350), and System Privacy (410).

A risk register is maintained for software, but not to the extent of a risk assessment found in the Yavapai County IT policies. Yavapai County ITS is currently creating a thorough risk assessment that will include annual review.

## Yavapai County

### Corrective action plan

Year ended June 30, 2024

#### 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

Name of contact person: Jared Phalen, Interim ITS Director

Anticipated completion date: 06/30/2026

The Yavapai County Board of Supervisors approved the following policies at the April 17<sup>th</sup>, 2024, Board meeting: IT Policy Data Classification (110), Security Awareness Training and Education (210), Account Management (310), Access Controls (320), System Security Logging and Monitoring (330), and Identification and Authentication (340) at the Board meeting on April 17<sup>th</sup>, 2024. The ITS department currently works in conjunction with the Finance and Treasurer departments to periodically review user access to significant systems. The ITS department is also establishing Role-Based Access Control (RBAC) with significant systems.

ITS has worked in conjunction with the Yavapai County Facilities department to gain reporting access to our physical control systems. ITS will implement a periodic review of physical access rights to IT infrastructure.

ITS has implemented a secondary approval for all changes made within significant systems. Also, ITS will establish a post-review of changes in quarter two of fiscal year 2025.

Yavapai County ITS has implemented countywide security awareness training including users of critical IT systems. Yavapai County ITS continues to work with County leadership to establish measures to hold users accountable for incomplete required training.

Yavapai County ITS has implemented a Yavapai County Board of Supervisors approved policy at the April 17<sup>th</sup>, 2024, Board meeting (230 – Contingency Planning). Due to resource constraints, Yavapai County ITS has yet to create a contingency plan. The ITS department will begin creating and testing a contingency plan in fiscal year 2025 with a possible completion in fiscal year 2026.

#### 2024-004

Improve the Reporting to Governance

Name of contact person: Connie DeKemper, Finance Director

Anticipated completion date: 06/30/2025

The Board of Supervisors received an update on critical financial information, including budget versus actual results at its 03/19/2025 meeting. Subsequent updates will be expanded to include cash and investment balances, outstanding indebtedness and pension related obligations.

## Yavapai County

Corrective action plan

Year ended June 30, 2024

### Federal award findings and questioned costs

#### 2024-101

Improve Controls over Preparation of the Schedule of Expenditures of Federal Awards

Name of contact person: Kathy Yancy, Community Health Services Administrator

Anticipated completion date: 06/30/2025

Community Health Services will add a historical tracking mechanism for multi-year grants so that Assistance Listing numbers are tracked each year with explanations for changes. The tracking mechanism will be updated with contracts, contract amendments and purchase order releases. The tracking mechanism will feed into the annual Schedule of Expenditures of Federal Awards preparation spreadsheet that is provided to Yavapai County Finance.





March 27, 2025

Jay Parke  
Walker & Armstrong  
1850 N. Central Ave., Suite 400  
Phoenix, AZ 85004

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, 2024**

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**Financial Statement Findings**

**Finding 2023-001 – Improve Internal Control over the Accounts Payable Cycle**  
**(Significant Deficiency) (Repeat Finding)**

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

- i. Secondary approval is not required for disbursements exceeding a threshold.
- ii. No approved vendor list exists.
- iii. One of 25 P-card transactions tested was miscoded to the incorrect expense line item.

**Recommendations** – The auditors recommended that Yavapai County perform a comprehensive review of its policies and procedures over the accounts payable cycle and determine if they are sufficient and whether Yavapai County is complying with such policies and procedures.

**Status:** Corrected.

**Finding 2023-002 - Improve Internal Controls over Cash Reconciliations (Significant Deficiency)**

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

- i. Two of 10 selected bank accounts tested did not have documentation supporting the independent review of bank reconciliations.
- ii. Reconciliations are not being performed for one bank account.
- iii. There are many long outstanding checks in custodial bank reconciliations, with some dating back to July 2020.
- iv. One account with long outstanding deposits in transit, including items that cleared before year end.

**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:** Not corrected; see current year finding 2024-001.

**Summary Schedule of Prior Audit Findings - Continued**

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**Financial Statement Findings - Continued:**

**Finding 2023-003 – Perform a Comprehensive Risk Assessment over Information Technology and Create Policies and Procedures (Significant Deficiency) (Repeat Finding)**

**Condition** – During their audit, and as noted in prior years’ audits, the auditors noted opportunities exist for Yavapai County to improve its internal control over information technology. Specifically, Yavapai County should perform and document a risk assessment and develop corresponding policies and procedures over the following information technology areas:

<b>Security Policy Areas</b>	
Acceptable uses of computer equipment	Password and creation
Security awareness and training	Network security including auditing
Change management	Software licensing and patches
E-mail management and social media usage	Access authorization and modification including mobile device management
Back-up and recovery	Data classification, inventorying, retention, and encryption
Remote access	Vendor management

**Recommendation** – The auditors recommended that Yavapai County perform a comprehensive risk assessment over critical information technology security areas and develop policies and procedures in response to the identified risk. We also recommend that Yavapai County implement a process of reviewing compliance with the policy on an annual basis and reporting the results to the County Manager and the Board of Supervisors.

**Status:** Partially corrected, see current year finding 2024-002

## Summary Schedule of Prior Audit Findings - Continued

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### Financial Statement Findings - Continued:

**Finding 2023-004 - 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)**

**Condition** – Yavapai County’s internal control over information technology do not follow the practices set forth by NIST in the following areas:

1. Granting and Managing Access to Significant Systems and Data
  - i. Yavapai County lacked sufficient logical access controls over significant systems and data.
  - ii. Yavapai County did not perform a review of users with physical access to information technology infrastructure.
2. Change and Configuration Management
  - i. Yavapai County lacked proper logical access controls related to change management.
  - ii. Yavapai County lacked a comprehensive configuration repository. In addition, Yavapai County lacked proper approval of changes made to the configuration repository.
3. Securing the System and Data
  - i. Yavapai County lacked proper review of service vendor organization controls as they relate to the security of Yavapai County data.
4. Contingency Planning
  - i. Yavapai County did not encrypt backed-up data.

**Recommendation** – The auditors recommended that Yavapai County:

1. 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.
2. Implement a routine review of physical access rights to IT infrastructure to assess whether access is appropriate and necessary.
3. 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.

## Summary Schedule of Prior Audit Findings - Continued

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### Financial Statement Findings - Continued:

#### **Finding 2023-004 - 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 Continuity Planning (Significant Deficiency) - Continued**

4. Create a comprehensive configuration repository that includes all major hardware, software, and firmware associated with its information systems and implement an approval process for changes made to the configuration repository to mitigate the risk of improper changes.
5. Establish a process for determining that third-party data hosts have the necessary information technology internal controls in place including whether a service organization audit is performed.
6. Establish policies and procedures to encrypt backup data.

**Status:** Partially corrected; see current year finding 2024-003

#### **Finding 2023-005 - Improve the Reporting to Governance (Significant Deficiency) (Repeat Finding)**

**Condition** – During their audit, the auditors noted that the Board of Supervisors does not receive, on at least a quarterly basis, financial reports containing critical financial information such as 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 necessitates strong governance. Such governance can only occur with meaningful, accurate and timely financial information.

**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:** Not corrected; see current year finding 2024-004

## Summary Schedule of Prior Audit Findings - Continued

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### Financial Statement Findings - Continued:

#### **Finding 2023-006 - Capital Assets Reporting (Significant Deficiency) (Repeat Finding)**

**Condition** – During their audit, the auditors noted that equipment with an original cost of \$1,199,475 and net book value of \$1,032,498 was destroyed, but not recorded as a disposal, nor removed from the capital asset listing.

**Recommendation** – The auditors recommended that Yavapai County follows its policy of removing capital assets from the listing that have been sold, traded-in or abandoned. Doing so will reduce the risk of material errors in the capital asset records.

**Status:** Fully corrected

#### **Finding 2023-007 – Financial Statement Preparation (Significant Deficiency)**

**Condition** – During their audit, the auditors noted the following issues in preparation of Yavapai County’s financial statements:

- i. A fiduciary fund money market account was not included in the cash balance at year end in the Statement of Fiduciary Net Position, and the account’s activity was not included in the Statement of Changes in Fiduciary Net Position.
- ii. Several governmental fund balances were misclassified as restricted, committed, or unassigned.

**Recommendation** – The auditors recommended that Yavapai County devote the necessary resources to the finance department for the preparation and review of the financial statements.

**Status:** Fully corrected

#### **Finding 2023-008 – Allocation of Administrative Expenses to Highway User Revenue Fund (HURF) (Significant Deficiency)**

**Condition** – During their audit, the auditors noted several instances of public works expenditures incorrectly charged to the restricted HURF fund. After discussions with management, non-streets and roads expenditures were identified and properly transferred to the general fund.

**Recommendation** –The auditors recommended that Yavapai County continue to identify non-streets and road expenditures and allocate these expenditures to the proper fund to ensure only allowable expenditures are reported in the restricted HURF fund.

**Status:** Fully corrected