

Yuma County, Arizona

SINGLE AUDIT REPORTING PACKAGE

Year Ended June 30, 2024

Yuma 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

The Board of Supervisors of
Yuma County, Arizona

We have audited, in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the U.S. Comptroller General, the financial statements of the governmental activities, discretely presented component unit, each major fund, and aggregate remaining fund information of Yuma County (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 28, 2025. Our report includes a reference to other auditors who audited the financial statements of Yuma Private Industry Council, as described in our report on the County's financial statements. This report includes our consideration of the results of the other auditors' testing of internal control over financial reporting and compliance and other matters that are reported on separately by those other auditors. However, this report, insofar as it relates to the results of the other auditors, is based solely on the report of the other auditors.

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 the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A deficiency in internal controls exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County's basic financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or 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 and the other auditors did not identify any deficiencies in internal control that we consider to be material weaknesses. However, we identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2024-001 through 2024-002 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, and those of the other auditors, disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

County 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.

Fester & Chapman, PLLC

March 28, 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

The Board of Supervisors of
Yuma County, Arizona

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Yuma County's (the County) compliance with the types of compliance requirements identified as subject to audit in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of 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, the County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the U.S. Comptroller General, and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of 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.

Management's Responsibilities 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 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 U.S. 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 U.S. 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, we express no such opinion.

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

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be a material weakness, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

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

We have audited the financial statements of the governmental activities, discretely presented component unit, each major fund, and aggregate remaining fund information of Yuma 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 28, 2025, that contained unmodified opinions on those financial statements. Our report also included a reference to our reliance on other auditors. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of the County's management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, based on our audit, the procedures performed as described previously, and the report of the other auditors, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Fester & Chapman, PLLC

March 28, 2025

YUMA COUNTY
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024

Federal Agency/Assistance Listings	Federal program name	Cluster title	Pass-through grantor	Pass-through grantor's number(s)	Program expenditures	Amount provided to subrecipients
Department of Agriculture						
10.555	National School Lunch Program <i>Total Child Nutrition Cluster</i>	Child Nutrition Cluster	Arizona Department of Education	ED09-0001	\$ 9,817	-
10.557	WIC Special Supplemental Nutrition Program for Women, Infants, and Children		Arizona Department of Health Services	ADHS19-206553;CTR067901	1,199,766	-
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance <i>Total SNAP Cluster</i>	SNAP Cluster	Arizona Department of Health Services	ADHS16-106310	350,117	-
10.760	Water and Waste Disposal Systems for Rural Communities Total Department of Agriculture			N/A	7,456,366	-
					<u>9,016,066</u>	<u>-</u>
Department of Housing and Urban Development						
14.228	Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii		Arizona Department of Health Services	139-22;123-23;124-23;122-23;133-23;153-23	1,307,212	-
14.239	Home Investment Partnerships Program		City of Yuma	510-22;305-22S;305-22;305.23	333,549	-
14.EFA	FSS Escrow Forfeited Account				37,981	-
14.850	Public and Indian Housing			N/A	1,231,617	-
14.871	Section 8 Housing Choice Vouchers	Housing Voucher Cluster		N/A	3,139,628	-
14.872	Public Housing Capital Fund			N/A	318,332	-
14.896	Family Self-Sufficiency Program Total Department of Housing and Urban Development			N/A	221,249	-
					<u>6,589,568</u>	<u>-</u>
Department of the Interior						
15.916	Outdoor Recreation Acquisition, Development and Planning Total Department of the Interior		National Park Service	04-00782	619,776	-
					<u>619,776</u>	<u>-</u>
Department of Justice						
16.034	COVID-19 Coronavirus Emergency Supplemental Funding Program		Arizona Criminal Justice Commission	2020-VD-BX-0309	19	-
16.575	Crime Victim Assistance		Arizona Department of Public Safety	2020-210;ISA-ARPA-DPS-050123-01	417,046	-
16.576	Crime Victim Compensation		Arizona Criminal Justice Commission	VS-24-015	94,656	-
16.585	Treatment Court Discretionary Grant Program			N/A	44,609	-
16.606	State Criminal Alien Assistance Program			N/A	12,765	-
16.738	Edward Byrne Memorial Justice Assistance Grant Program Total Department of Justice		Arizona Criminal Justice Commission	None	192,312	-
					<u>761,407</u>	<u>-</u>
Department of Labor						
17.258	WIOA Adult Program	WIOA Cluster	Arizona Department of Economic Security	DI21-002291;DI23-002394	5,054,354	\$ 5,054,354
17.259	WIOA Youth Activities	WIOA Cluster	Arizona Department of Economic Security	DI21-002291;DI23-002394	5,695,160	5,695,160
17.278	WIOA Dislocated Worker Formula Grants <i>Total WIOA Cluster</i> Total Department of Labor	WIOA Cluster	Arizona Department of Economic Security	DI21-002291;DI23-002394	1,741,929	1,741,929
					<u>12,491,443</u>	<u>12,491,443</u>
					<u>12,491,443</u>	<u>12,491,443</u>
Department of Transportation						
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants Total Department of Transportation		Arizona Division of Emergency and Military Affairs	693JK31940003HMPEP	32,062	-
					<u>\$ 32,062</u>	<u>-</u>

YUMA COUNTY
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024

Federal Agency/Assistance Listings	Federal program name	Cluster title	Pass-through grantor	Pass-through grantor's number(s)	Program expenditures	Amount provided to subrecipients
Department of Treasury						
21.023	COVID-19 Emergency Rental Assistance Program			N/A	\$ 3,957	
21.027	COVID-19 Coronavirus State and Local Fiscal Recovery Funds			N/A	11,453,530	
21.032	COVID-19 Local Assistance and Tribal Consistency Fund			N/A	5,762,520	
	Total Department of Treasury				<u>17,220,007</u>	<u>-</u>
Institute of Museum and Library Services						
45.310	Grants to States		Arizona State Library Archives	2023-0260-19	46,016	
	Total Institute of Museum and Library Services				<u>46,016</u>	<u>-</u>
Environmental Protection Agency						
66.202	Congressionally Mandated Projects			N/A	176,264	
	Total Environmental Protection Agency				<u>176,264</u>	<u>-</u>
Department of Education						
84.013A	Title I State Agency Program for Neglected & Delinquent Children & Youth		Arizona Department of Education	24FLCCCL-411577-02A	3,412	
84.027A	Special Education--Grants to States (IDEA, Part B)	Special Education Cluster (IDEA)	Arizona Department of Education	HO27A210007	5,676	
	<i>Total Special Education Cluster (IDEA) Cluster</i>				<u>5,676</u>	<u>-</u>
	Total Department of Education				<u>9,088</u>	<u>-</u>
Election Assistance Commission						
90.404	2018 HAVA Election Security Grants		Arizona Secretary of State	AZ18101001	39,871	
	Total Election Assistance Commission				<u>39,871</u>	<u>-</u>
Department of Health and Human Services						
93.069	Public Health Emergency Preparedness		Arizona Department of Health Services	CTR055221	260,572	
93.092	Affordable Care Act (ACA) Personal Responsibility Education Program		Arizona Department of Health Services	RFGA2022-005-03	46,978	
93.110	Maternal and Child Health Federal Consolidated Programs		Arizona Department of Health Services	1 U2ZMC46643-01-00; 5 U2ZMC46643-02-00	37,308	
93.116	Project Grants and Cooperative Agreements for Tuberculosis Control Programs		Arizona Department of Health Services			
93.135	Centers for Research and Demonstration for Health Promotion and Disease Prevention		University of Arizona	CTR062120	96,049	
93.235	Affordable Care Act (ACA) Abstinence Education Program		Arizona Department of Health Services	CTR540895	15,929	
93.261	National Diabetes Prevention Program: Preventing Type 2 Diabetes Among People at High Risk		Arizona Department of Health Services	ADHS17-00006630	65,528	
93.268	Immunization Cooperative Agreements		Association of Diabetes Care & Education	17NU58DP006361-01-00	30,459	
93.354	COVID-19 Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response		Arizona Department of Health Services	CTR060049/CTR037852/CTR060270	427,833	
93.391	COVID-19 Activities to Support State, Tribal, Local and Territorial Health Department Response to Public Health of Healthcare Crisis		Arizona Department of Health Services	CTR055221	189,345	
93.421	Strengthening Public Health Systems & Services through Nat'l Partnerships to Improve & Protect the Nation's Health		Arizona Department of Health Services	CTR055996	520,089	
93.439	State Physical Activity and Nutrition		Arizona Department of Health Services	5 NU38OTT000290-05-00;6NU38OT000306-05-01	57,274	
93.495	Community Health Workers for Public Health Response and Resilient		Arizona Department of Health Services	CTR069896	370	
93.563	Child Support Enforcement		Arizona Department of Health Services	1 NU58DP007051-01-00	674,201	
93.597	Grants to State for Access and Visitation Programs		Arizona Department of Economic Security	D119-00229;D118-002163	211,583	
93.658	Foster Care Title IV-E		Arizona Department of Economic Security	D118-002163	26,581	
93.667	Social Services Block Grant		Arizona Supreme Court	1004-020	70,060	
93.788	Opioid STR		Arizona Department of Economic Security	ADES DI 23-022347	48,008	\$ 48,008
93.870	Maternal, Infant and Early Childhood Homevisiting Grant		Arizona Department of Health Services	CTR042317	74,977	
93.917	HIV Care Formula Grants		Arizona Department of Health Services	CTR050606	84,997	
					\$ 251,486	

YUMA COUNTY
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024

Federal Agency/Assistance Listings	Federal program name	Cluster title	Pass-through grantor	Pass-through grantor's number(s)	Program expenditures	Amount provided to subrecipients
93.940	HIV Prevention Activities Health Department Based		Arizona Department of Health Services	ADHS-18-188832;CTR067692	\$ 22,282	
93.959	Block Grants for Prevention and Treatment of Substance Abuse		Arizona Department of Health Services	GR-SABG-GOYFF-100123-24	21,653	
93.967	Centers for Disease Control and Prevention Collaboration with Academia to Strengthen Public Health					
93.977	Preventive Health Services - Sexually Transmitted Diseases Control Grant		Arizona Department of Health Services	CTR064810	15,402	
93.991	Preventive Health and Health Services Block Grants		Arizona Department of Health Services	CTR0468856	32,423	
93.994	Maternal and Child Health Services Block Grant to the States		Arizona Department of Health Services	CTR055270	42,210	
	Total Department of Health and Human Services				178,421	
					3,502,018	\$ 48,008
Corporation for National and Community Service						
94.006	Americorps State and National		Arizona Supreme Court	ISA-AC-AOC-090122-01	26,860	
	Total Corporation for National and Community Service				26,860	-
Executive Office of the President						
95.001	High Intensity Drug Trafficking Areas Program		City of Tucson	HT-22-2981; HT-22-2984; HT-23-2984; HT-24-298	354,269	
	Total Executive Office of the President				354,269	-
Department of Homeland Security						
97.042	Emergency Management Performance Grants		AZ Department of Emergency Affairs	EMF-2023-APP-00008-S01	172,790	
97.067	Homeland Security Grant Program		State of Arizona Department of Homeland Security	220402-01 22-AZDOHS-HSGP-220408-01 23-AZDOHS-HSGP-230406-01 22-AZDOHS-OPSG-220418-02 OPSG 200437-03 23-AZDOHS-OPSG-230435-01		
	Total Department of Homeland Security				2,440,601	
					2,613,391	-
	Total expenditures of federal awards				\$ 53,498,106	\$ 12,539,451

Yuma 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 Yuma 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*.

NOTE 2 - Summary of Significant Accounting Policies

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

NOTE 3 - 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*.

NOTE 4 - Indirect Cost Rate

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

Yuma County, Arizona
Schedule of Findings and Questioned Costs
Year Ended June 30, 2024

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 1,603,805</u>				
	<table><tr><td style="text-align: center;"><u>Yes</u></td><td style="text-align: center;"><u>No</u></td></tr><tr><td></td><td style="text-align: center;"><u>X</u></td></tr></table>	<u>Yes</u>	<u>No</u>		<u>X</u>
<u>Yes</u>	<u>No</u>				
	<u>X</u>				
Auditee qualified as low-risk auditee?					

Yuma County, Arizona
Schedule of Findings and Questioned Costs
Year Ended June 30, 2024

Financial Statement Findings

2024-001 Internal Controls over Information Technology - Managing and Documenting Risk
(Significant Deficiency in Internal Control)

The County's deficiencies in its process for managing 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 County-wide information technology (IT) risks, such as potential harm from excessive access, disruption, modification, or destruction of IT systems and data.

Effect: The County's administration and IT management may put the County's IT systems and data at unintended and unnecessary risk of potential harm.

Cause: The County's administration and IT management of the County conducted a preliminary IT risk assessment; however, comprehensive and organization-wide procedures have not been developed or implemented.

Criteria: Establishing a process for managing risk that follows a credible industry source, such as the National Institute of Standards and Technology, helps the County to effectively manage risk related to IT systems and data. Effectively managing risk includes an entity-wide risk assessment process that involves members of the County's administration and IT management. An effective risk assessment process helps the County determine the risks it faces as the County seeks to achieve its objectives to not only report accurate financial information and protect its IT systems and data but to also carry out its overall mission and compliance and service objectives. Additionally, an effective risk management process provides the County the basis for developing appropriate responses based on identified risk tolerances and specific potential risks to which it might be subjected. To help ensure the County's objectives can be met, an effective annual risk assessment considers and identifies IT risk in the County's operating environment, analyzes and prioritizes each identified risk, and develops a plan to respond to each risk within the context of the County's defined objectives and risk tolerances.

Yuma County, Arizona
Schedule of Findings and Questioned Costs
Year Ended June 30, 2024

Financial Statement Findings (continued)

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

1. Plan for where to allocate resources and where to implement critical controls.
2. Ask responsible administrative officials and management over finance, IT, and other entity functions for input in the County’s process for managing risk.
3. 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.

The County’s corrective action plan at the end of this report includes the views and planned corrective action of its responsible officials. We are not required to audit and have not audited these responses and planned corrective actions and therefore provide no assurances as to their accuracy.

This finding is similar to prior-year finding 2023-001.

Yuma County, Arizona
Schedule of Findings and Questioned Costs
Year Ended June 30, 2024

Financial Statement Findings (continued)

2024-002 Internal Controls over Information Technology - Protecting Systems and Data (Significant Deficiency in Internal Control)

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.

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:

- Restricting access—Procedures did not consistently help prevent or detect unauthorized or inappropriate access to its IT systems and data, both logically and physically.
- Managing system configurations and changes—Procedures did not ensure configuration settings were securely maintained and all IT system changes were adequately managed.
- Securing systems and data—IT security policies and procedures lacked controls to prevent unauthorized or inappropriate access or use, manipulation, damage, or loss.
- Ensuring operations continue—Contingency plan lacked key elements related to restoring operations in the event of a disaster or other system interruption.

Effect: There is an increased risk that the County may not adequately protect its IT systems and data, which could result in unauthorized or inappropriate access and/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 County focused its efforts on the day-to-day operations and had not prioritized addressing the risks associated with its IT systems.

Yuma County, Arizona
Schedule of Findings and Questioned Costs
Year Ended June 30, 2024

Financial Statement Findings (continued)

Criteria:

Implementing effective internal controls that follow a credible industry source, such as the National Institute of Standards and Technology, help the County to protect its IT systems and ensure the integrity and accuracy of the data it maintains as it seeks to achieve its financial reporting, compliance, and operational objectives. Effective internal controls include the following:

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

Yuma County, Arizona
Schedule of Findings and Questioned Costs
Year Ended June 30, 2024

Financial Statement Findings (continued)

Recommendation: The County should:

1. Make it a priority to develop a process to ensure the procedures are being consistently followed.
2. Monitor County employees' adherence to the IT policies and procedures on a periodic basis to ensure they are consistently followed and inform employees of updates to the policies and procedures throughout the year.

Restrict access—To restrict access to its IT systems and data, develop, document, and implement processes to:

3. Assign and periodically review employee user access ensuring appropriateness and compatibility with job responsibilities.
4. Review all other account access to ensure it remains appropriate and necessary.
5. Evaluate the use and appropriateness of accounts shared by 2 or more users and manage the credentials for such accounts.
6. Review data center physical access periodically to determine appropriateness.
7. Enhance the authentication requirements for IT systems.

Manage system configurations and changes—To configure IT systems securely and manage system changes, develop, document, and implement processes to:

8. Establish and follow a documented change management process.
9. Review proposed changes for appropriateness, justification, and security impact.
10. Document changes, testing procedures and results, change approvals, and post-change review.
11. Develop and document a plan to roll back changes in the event of a negative impact to IT systems.
12. Test changes prior to implementation.
13. Separate responsibilities for the change management process or, if impractical, perform a post-implementation review to ensure the change was implemented as approved.
14. Maintain configurations for all system services, assets, and infrastructure; manage configuration changes; and monitor the system for unauthorized or unintended configuration changes.

Yuma County, Arizona
Schedule of Findings and Questioned Costs
Year Ended June 30, 2024

Financial Statement Findings (continued)

Secure systems and data—To secure IT systems and data, develop, document, and implement processes to:

15. Ensure awarding and subsequent monitoring of IT vendor contracts is adequately conducted to ensure vendor qualifications and adherence to the vendor contract.

Ensure operations continue—To ensure operations continue implement processes to:

16. Update a 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.
17. Test the contingency plan.

The County's corrective action plan at the end of this report includes the views and planned corrective action of its responsible officials. We are not required to audit and have not audited these responses and planned corrective actions and therefore provide no assurances as to their accuracy.

This finding is similar to prior-year finding 2023-002.

The County's corrective action plan at the end of this report includes the views and planned corrective action of its responsible officials. We are not required to audit and have not audited these responses and planned corrective actions and therefore, provide no assurances as to their accuracy.



Accountability, Integrity, Innovation, Teamwork

March 28, 2025

Lindsay A. Perry
Arizona Auditor General
2910 N. 44th St., Ste. 410
Phoenix, AZ 85018

Dear Ms. Perry:

We have prepared the accompanying corrective action plan as required by the standards applicable to financial audits contained in *Government Auditing Standards* and by the auditing 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 the corrective action, the corrective action planned, and the anticipated completion date.

Sincerely,

A handwritten signature in blue ink, appearing to read "H. Del Castillo Ochoa".

Humberto Del Castillo Ochoa
Chief Financial Officer

Financial Statement Findings

2024-001 Internal Controls over Information Technology - Managing and Documenting Risk (Significant Deficiency in Internal Control)

Recommendations—The County’s administration and IT management should:

1. Plan for where to allocate resources and where to implement critical controls.
2. Ask responsible administrative officials and management over finance, IT, and other entity functions for input in the County’s process for managing risk.
3. 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.

Contact Person(s): Jesus Cervantes, Deputy Chief Information Officer
Humberto Del Castillo Ochoa, Chief Financial Officer

Anticipated Completion Date: December 31, 2025

County Discussion: Yuma County agrees with the recommendation and is committed to improving how we manage and document IT risk. Administration, Financial Services, and IT have already started working together to identify areas where controls are needed most and to plan for future resource needs and budget needs.

As part of this effort, the County is developing a process to expand its annual IT risk Assessment to include participation in the County’s Enterprise Risk Management Program. This will include input from key departments and help us better understand and respond to risks that could impact system operations or financial data. While a true internal IT audit has not yet been completed, IT, Financial Services and Risk Management will collaborate in developing and implementing a structured ERM process.

We will continue to improve coordination and invest in tools that support data security and risk management across all systems.

2024-002 Internal Controls over Information Technology – Protecting System and Data (Significant Deficiency in Internal Control)

Recommendations—The County should:

1. Make it a priority to develop a process to ensure the procedures are being consistently followed.
2. Monitor County employees’ adherence to the IT policies and procedures on a periodic basis to ensure they are consistently followed and inform employees of updates to the policies and procedures throughout the year.

Restrict access—To restrict access to its IT systems and data to:

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

4. Review all other account access to ensure it remains appropriate and necessary.
5. Evaluate the use and appropriateness of accounts shared by 2 or more users and manage the credentials for such accounts.
6. Review data center physical access periodically to determine appropriateness.
7. Enhance the authentication requirements for IT systems.

Manage system configurations and changes—To configure IT systems securely and manage system changes, develop, document, and implement processes to:

8. Establish and follow a documented change management process.
9. Review proposed changes for appropriateness, justification, and security impact.
10. Document changes, testing procedures and results, change approvals, and post-change review.
11. Develop and document a plan to roll back changes in the event of a negative impact to IT systems.
12. Test changes prior to implementation.
13. Separate responsibilities for the change management process or, if impractical, perform a post-implementation review to ensure the change was implemented as approved.
14. Maintain configurations for all system services, assets, and infrastructure; manage configuration changes; and monitor the system for unauthorized or unintended configuration changes.

Secure systems and data—To secure IT systems and data, develop, document, and implement processes to:

15. Ensure awarding and subsequent monitoring of IT vendor contracts is adequately conducted to ensure vendor qualifications and adherence to the vendor contract.

Ensure operations continue—To ensure operations continue implement processes to:

16. Update a 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.
17. Test the contingency plan.

Contact Person(s): Jesus Cervantes, Deputy Chief Information Officer
Humberto Del Castillo Ochoa, Chief Financial Officer

Anticipated Completion Date: December 31, 2025

County Discussion: Yuma County acknowledges the significance of strengthening internal controls over information technology to safeguard systems and data. The County is actively working to address the auditor's recommendations through a phased and strategic approach that includes improvements in user access management, policy enforcement, system change controls, and contingency planning.

To address user access and policy adherence, the County is currently formalizing its internal audit process that will document regular reviews of Oracle ERP user access to ensure it aligns with job responsibilities, as well as expanding the current verification process of user, administrative and IT accounts. Processes for authorizing physical access to data centers and privileged system access will also be reviewed and documented for continued appropriateness. Additionally, IT policies and procedures are being updated and will be communicated consistently to employees.

A formal change management process is being drafted to address system configuration controls. This includes the documentation of change requests, testing and approval procedures, and post-implementation reviews. The County will also establish a protocol for system changes that affect operations. Where separation of duties is not feasible, compensating controls such as independent review and monitoring will be implemented.

To enhance cybersecurity and continuity of operations, the County will continue to expand IT –

Governance to comply with County IT policy. This includes the expansion and formalization of the existing IT vendor management practices to ensure vendors meet contract and security requirements. Updates to the County's IT contingency plan in regards to financial operations will occur. A testing schedule for the contingency plan will be reviewed, optimized and tested.

Given the scope of the recommendations, a cross-departmental working group led by IT and Financial Services will oversee implementation, with full completion anticipated by the end of calendar year 2025.

FINANCIAL
SERVICES
DEPARTMENT



Humberto Del Castillo Ochoa
Chief Financial Officer

Leonardo Tanory
Deputy Chief Financial Officer

Accountability, Integrity, Innovation, Teamwork

March 28, 2025

Lindsay A. Perry
Arizona Auditor General
2910 N. 44th St., Ste. 410
Phoenix, AZ 85018

Dear Ms. Perry:

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.

Sincerely,

A handwritten signature in blue ink, appearing to read "H. Ochoa", is written over a faint blue circular stamp.

Humberto Del Castillo Ochoa
Chief Financial Officer

Status of Financial Statement Findings

The County did not perform a formal county-wide IT risk assessment, including identification, classification and inventorying of information.

Finding No.: 2023-001

Status: Not corrected

County Discussion:

Yuma County acknowledges this recurring finding and remains committed to improving how IT risks are managed and documented across the organization.

While progress has been made, the County has faced challenges related to limited personnel, competing departmental workloads, and varying interpretations of policy requirements across departments. These factors have contributed to delays in fully implementing risk management processes. Additionally, there is a need for ongoing training to ensure departments clearly understand what the IT policies mean and how they apply to their operations.

To address the audit recommendations, we are implementing a more structured and coordinated approach to managing IT risks and resource planning. This includes expanding the annual, entity-wide IT risk assessment to evaluate and document risks across both financial and operational areas. The assessment will focus on threats such as inappropriate access to financial data, system changes that may disrupt operations, and outdated or insufficient security controls.

Based on the results of the risk assessment, we will prioritize the implementation of critical controls and allocate resources accordingly. Key stakeholders including representatives from finance, IT, and operational departments will be engaged throughout the process to ensure comprehensive and practical risk mitigation strategies.

To improve data protection and strengthen disaster recovery capabilities, we will classify and inventory the County's sensitive information to identify where stronger access and security controls are needed in accordance with applicable regulations. Critical systems such as health, criminal justice, finance, human resources, payroll, and accounting—will be prioritized in recovery planning efforts to reduce the risk of service disruption.

We will continue the progress initiated in FY2024 by expanding the County's data classification and protection program, including ongoing use of data classification software and continued collaboration between Financial Services, IT, and Risk Management.

The County did not have sufficiently developed, documented, and implemented control procedures to respond to risks associated with its IT systems and data.

Finding No.: 2023-002

Status: Not corrected

County Discussion:

Yuma County acknowledges the finding and recognizes the importance of protecting systems and data through formalized processes and documentation. While meaningful progress has been made in strengthening system controls, access management, and data protection, the County has not consistently documented or formalized these efforts in a manner that fully satisfies audit requirements.

The IT Department continues to face challenges related to staffing capacity, workload distribution, and inconsistent understanding of how IT policies should be implemented and documented. These challenges have contributed to gaps in maintaining evidence of policy compliance, testing, and monitoring activities.

To address the audit recommendations, we will formalize and document the existing processes into a clear, structured framework to ensure consistent application and oversight of IT policies and procedures. This will include defined workflows, recurring staff training, and periodic compliance reviews. Employee adherence will be monitored through scheduled internal audits and the use of automated tools, with policy updates communicated through regular email notices and annual training refreshers.

We are strengthening IT security by enforcing user access reviews, ensuring employee access aligns with job roles, deactivating access for separated employees promptly, and phasing out shared accounts. Multi-factor authentication (MFA) for privileged users continues to be rolled out and emphasized as a critical control.

Additionally, the County will implement a documented change management process that includes proper testing, approval, and post-change evaluation. Our contingency plan is being updated and will be tested regularly to ensure the County can restore operations and relocate critical functions in case of disruption.

While the controls themselves are largely in place, our focus now is on ensuring they are fully documented, tested, and monitored in a consistent and auditable way.