



A REPORT  
TO THE  
ARIZONA LEGISLATURE

Financial Audit Division

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Single Audit

# Maricopa County Community College District

Year Ended June 30, 2007

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**Debra K. Davenport**  
Auditor General

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Maricopa County Community College District  
Single Audit Reporting Package  
Year Ended June 30, 2007

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**STATE OF ARIZONA  
OFFICE OF THE  
AUDITOR GENERAL**

**DEBRA K. DAVENPORT, CPA**  
AUDITOR GENERAL

**WILLIAM THOMSON**  
DEPUTY AUDITOR GENERAL

**Independent Auditors' Report on Compliance with Requirements  
Applicable to Each Major Program and on Internal Control over Compliance in  
Accordance with OMB Circular A-133**

Members of the Arizona State Legislature

The Governing Board of  
Maricopa County Community College District

### **Compliance**

We have audited the compliance of Maricopa County Community College District with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2007. The District's major federal programs are identified in the Summary of Auditors' Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

In our opinion, Maricopa County Community College District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133, and that are described in the accompanying Schedule of Findings and Questioned Costs as items 07-101 through 07-105.

## **Internal Control over Compliance**

The District's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the District's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we considered to be significant deficiencies.

A control deficiency in the District's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the District's internal control. We consider items 07-101 through 07-105 described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over compliance.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the District's internal control. We did not consider any of the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses.

## **Schedule of Expenditures of Federal Awards**

We have audited the financial statements of the business-type activities and discretely presented component unit of Maricopa County Community College District as of and for the year ended June 30, 2007, and have issued our report thereon dated December 17, 2007. Our report was modified to include a reference to our reliance on other auditors. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Maricopa County Community College District's responses to the findings identified in our audit are presented on pages 13 through 16. We did not audit the District's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the members of the Arizona State Legislature, the Governing Board, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.

Dennis L. Mattheisen, CPA  
Financial Audit Director

March 26, 2008, except for the  
Schedule of Expenditures of Federal Awards,  
for which the date is December 17, 2007

Maricopa County Community College District  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2007

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number (Note 2)	Pass-Through Grantor's Number	Direct Expenditures	Pass- Through Expenditures	Total Expenditures (Note 3)
<b>U.S. Department of Agriculture</b>					
Hispanic-Serving Institutions Education Grants	10.223		\$ 52,668	\$ 14,428	\$ 67,096
National School Lunch Program, passed through the Arizona Department of Education	10.555	ED05-0001	30,518		30,518
Child and Adult Care Food Program, passed through the Arizona Department of Education	10.558	07-24-27	7,279		7,279
Total U.S. Department of Agriculture			<u>90,465</u>	<u>14,428</u>	<u>104,893</u>
<b>U.S. Department of Army Material Command</b>					
Basic Scientific Research	12.431		<u>12,496</u>		<u>12,496</u>
<b>U.S. Department of Housing and Urban Development</b>					
Community Development Block Grants/Entitlement Grants, passed through the City of Phoenix	14.218	117976	24,318		24,318
Community Development Block Grants/Entitlement Grants, passed through the City of Mesa	14.218	8700, 8755-06	<u>69,776</u>		<u>69,776</u>
Total Community Development Block Grants/Entitlement Grants			<u>94,094</u>		<u>94,094</u>
Empowerment Zones Program, passed through the City of Phoenix	14.244	114982, 114983, 115013	43,522		43,522
Community Development Block Grants/Brownfields Economic Development Initiative	14.246		<u>25,378</u>		<u>25,378</u>
Total U.S. Department of Housing and Urban Development			<u>162,994</u>		<u>162,994</u>
<b>U.S. Department of the Interior</b>					
U.S. Geological Survey—Research and Data Collection	15.808		<u>42,318</u>		<u>42,318</u>
<b>U.S. Department of Labor</b>					
Employment Services and Job Training Pilots—Demonstrations and Research, passed through the American Association of Community Colleges	17.249	X-7046-9-00-80-60	7,920		7,920
WIA Adult Program, passed through the City of Phoenix	17.258	111176	54,505		54,505
WIA Pilots, Demonstrations, and Research Projects, passed through the Arizona Department of Commerce	17.261	HG-15236-06-60	<u>88,525</u>		<u>88,525</u>
Total U.S. Department of Labor			<u>150,950</u>		<u>150,950</u>
<b>National Endowment for the Humanities</b>					
Promotion of the Humanities—Federal/State Partnership, passed through the Arizona Humanities Council	45.129	GG43-4617-2006	<u>3,025</u>		<u>3,025</u>
<b>National Science Foundation</b>					
Engineering Grants	47.041		138,100	71,636	209,736
Computer and Information Science and Engineering, passed through Triangle Software	47.070	None	15,433		15,433
Education and Human Resources	47.076		1,582,942	132,440	1,715,382
Education and Human Resources, passed through Central New Mexico Community College	47.076	2123-8224C	50,822		50,822
Education and Human Resources, passed through Arizona State University	47.076	07-793, 05-544, F06US001, S07US002, S07US005	78,093		78,093
Education and Human Resources, passed through Mohawk Valley Community College	47.076	DUE-0402263	25,126		25,126
Education and Human Resources, passed through University of Buffalo	47.076	R430138	7,632		7,632
Total Education and Human Resources			<u>1,744,615</u>	<u>132,440</u>	<u>1,877,055</u>
Total National Science Foundation			<u>1,898,148</u>	<u>204,076</u>	<u>2,102,224</u>

(Continued)

See accompanying notes to schedule.

Maricopa County Community College District  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2007  
(Continued)

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number (Note 2)	Pass-Through Grantor's Number	Direct Expenditures	Pass- Through Expenditures	Total Expenditures (Note 3)
<b>U.S. Small Business Administration</b>					
Small Business Development Center	59.037		\$ 689,364	\$ 710,941	\$ 1,400,305
<b>U.S. Environmental Protection Agency</b>					
Environmental Education Grants	66.951		4,313		4,313
<b>National Nuclear Security Administration</b>					
Minority Serving Institutions Program	81.123		107,262		107,262
<b>U.S. Department of Education</b>					
Student Financial Assistance Cluster					
Federal Supplemental Educational Opportunity Grants	84.007		1,766,866		1,766,866
Federal Family Education Loans	84.032		68,177,011		68,177,011
Federal Work-Study Program	84.033		1,834,079		1,834,079
Federal Perkins Loan Program—Federal Capital Contributions	84.038		1,083,289		1,083,289
Federal Pell Grant Program	84.063		44,423,160		44,423,160
Federal Direct Student Loans	84.268		8,130,927		8,130,927
Academic Competitiveness Grants	84.375		98,075		98,075
Total Student Financial Assistance Cluster			<u>125,513,407</u>		<u>125,513,407</u>
TRIO Cluster					
TRIO—Student Support Services	84.042		669,392		669,392
TRIO—Upward Bound	84.047		264,532		264,532
Total TRIO Cluster			<u>933,924</u>		<u>933,924</u>
Adult Education—State Grant Program, passed through the Arizona Department of Education	84.002	06FAEABE-670579-03, 07FAEABE-770579-03, 07FAECIV-770579-01A 07FAEAEL-770570-02A	2,593,399		2,593,399
Title I Grants to Local Educational Agencies, passed through the Arizona Department of Education	84.010	07FAATTI-760034-03A	46,057		46,057
Special Education—Grants to States, passed through the Arizona Department of Education	84.027	07FESCBG-760034-01A	23,624		23,624
Higher Education—Institutional Aid	84.031		840,098		840,098
Vocational Education—Basic Grants to States, passed through the Arizona Department of Education	84.048	06FCTDBG-670570-01A, 07FCTDBG-770570-01A	1,104,029		1,104,029
Vocational Education—National Programs, passed through the League for Innovation	84.051	V051B0200001	68,921		68,921
Leveraging Educational Assistance Partnership, passed through the Arizona Commission for Postsecondary Education	84.069	None	214,982		214,982
Fund for the Improvement of Postsecondary Education	84.116		341,803		341,803
Fund for the Improvement of Postsecondary Education, passed through Lockhaven University	84.116	None	18		18
Total Fund for the Improvement of Postsecondary Education			<u>341,821</u>		<u>341,821</u>
Rehabilitation Services—Vocational Rehabilitation Grants to States, passed through the Arizona Department of Economic Security	84.126	DES060661-1	380,466		380,466
Tech-Prep Education, passed through the Arizona Department of Education	84.243	06FCTDTP-670576-01A, 07FCTDTP-770576-01A	286,697	45,760	332,457
Tech-Prep Education, passed through Peoria Unified School District	84.243	None	4,245		4,245
Total Tech-Prep Education			<u>290,942</u>	<u>45,760</u>	<u>336,702</u>

(Continued)

See accompanying notes to schedule.



Maricopa County Community College District  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2007  
(Continued)

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number (Note 2)	Pass-Through Grantor's Number	Direct Expenditures	Pass- Through Expenditures	Total Expenditures (Note 3)
State Grants for Innovative Programs, passed through the Arizona Department of Education	84.298	07FAATVA-760034-05A	\$ 147		\$ 147
Child Care Access Means Parents in School	84.335		75,412		75,412
Preparing Tomorrow's Teachers to Use Technology, passed through the Stevens Institute	84.342	527226-03	76,284		76,284
Tech-Prep Demonstration Grants	84.353		141,169		141,169
Mathematics and Science Partnerships, passed through Deer Valley Unified School District	84.366	06FSEMSP-660687-24A, 07FSEMSP-760687-24A	38,612		38,612
Improving Teacher Quality State Grants, passed through the Arizona Department of Education	84.367	07FAATII-760034-04A	624		624
Total U.S. Department of Education			<u>132,683,918</u>	<u>\$ 45,760</u>	<u>132,729,678</u>
<b>U.S. Elections Assistance Commission</b>					
Help America Vote College Pollworker Program	90.400		<u>14,782</u>		<u>14,782</u>
<b>U.S. Department of Health and Human Services</b>					
Substance Abuse and Mental Health Services—Project of Regional and National Significance, passed through University of Oklahoma Health Sciences Center	93.243	U79SM57278-01	30,813		30,813
Nurse Education—Practice and Retention Grants	93.359		157,589		157,589
Refugee and Entrant Assistance—Discretionary Grants, passed through the Arizona Department of Education	93.576	07-FAARCG-760034-02A	1,302		1,302
Head Start, passed through the Maricopa County Human Services Department	93.600	C-22-01-018-2	9,649		9,649
Total U.S. Department of Health and Human Services			<u>199,353</u>		<u>199,353</u>
<b>Corporation for National and Community Service</b>					
Learn and Serve America—Higher Education	94.005		213,838	170,189	384,027
AmeriCorps, passed through Colorado Campus Compact	94.006	None	7,153		7,153
Planning and Program Development Grants	94.007		63,271		63,271
Planning and Program Development Grants, passed through Make a Difference	94.007	None	492		492
Total Planning and Program Development Grants			<u>63,763</u>		<u>63,763</u>
Total Corporation for National and Community Service			<u>284,754</u>	<u>170,189</u>	<u>454,943</u>
<b>U.S. Agency for International Development</b>					
Benin Workforce Development, passed through the Association Liaison Office for University Cooperation in Development	98.unknown	HNE-A-00-97-0059-00	<u>7,953</u>		<u>7,953</u>
Total Expenditures of Federal Awards			<u>\$ 136,352,095</u>	<u>\$ 1,145,394</u>	<u>\$ 137,497,489</u>

See accompanying notes to schedule.

Maricopa County Community College District  
Notes to Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2007

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Maricopa County Community College District and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Note 2 - Catalog of Federal Domestic Assistance (CFDA) Numbers

The program titles and CFDA numbers were obtained from the federal or pass-through grantor or the 2007 *Catalog of Federal Domestic Assistance*. When there was no federal contract number, the first two-digit federal agency identifier, a period, and the word "unknown" were used.

Note 3 - Loans Outstanding

The expenditures reported on the Schedule of Expenditures of Federal Awards for the Federal Perkins Loan Program—Federal Capital Contributions (CFDA No. 84.038) included loan balances outstanding at June 30, 2007, of \$964,771.

Maricopa County Community College District  
 Schedule of Findings and Questioned Costs  
 Year Ended June 30, 2007

**Summary of Auditors' Results**

***Financial Statements***

Type of auditors' report issued:		Unqualified	
	<b>Yes</b>	<b>No</b>	
Material weakness identified in internal control over financial reporting?	<u>X</u>	___	
Significant deficiencies identified not considered to be material weaknesses?	<u>X</u>	___	
Noncompliance material to the financial statements noted?	___	<u>X</u>	

***Federal Awards***

Material weakness identified in internal control over major programs?	___	<u>X</u>	
Significant deficiencies identified not considered to be material weaknesses?	<u>X</u>	___	
Type of auditors' report issued on compliance for major programs:		Unqualified	
Any audit findings disclosed that are required to be reported in accordance with Circular A-133 (section .510[a])?	<u>X</u>	___	

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
47.076	Education and Human Resources
	Student Financial Assistance Cluster:
84.007	Federal Supplemental Educational Opportunity Grants
84.032	Federal Family Education Loans
84.033	Federal Work-Study Program
84.038	Federal Perkins Loan Program—Federal Capital Contributions
84.063	Federal Pell Grant Program
84.268	Federal Direct Student Loans
84.375	Academic Competitiveness Grants
84.002	Adult Education—State Grant Program

Dollar threshold used to distinguish between Type A and Type B programs:		\$1,806,743	
Auditee qualified as low-risk auditee?	<u>X</u>	___	

***Other Matters***

Auditee's Summary Schedule of Prior Audit Findings required to be reported in accordance with Circular A-133 (section .315[b])?	<u>X</u>	___	
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Maricopa County Community College District  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2007

Financial Statement Findings

Financial statement findings were reported in the separately issued 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*.

Federal Award Findings and Questioned Costs

07-101

CFDA No.: 47.076 **Education and Human Resources**, #s DUE-0501854, DUE-0302523, DUE-0402075, DUE-0603379, DUE-0603491, DUE-0501626, DUE-0702753, DUE-0220800, DUE-0422512, DUE-0220755, DUE-0324025, DRL-0101998, DRL-0353469 (direct grants); 2123-8224C (passed through from Central New Mexico Community College); 07-793, 05-544, F06US001, S07US002, and S07US005 (passed through from Arizona State University); DUE-0402263 (passed through from Mohawk Valley Community College); and R430138 (passed through from University of Buffalo).

**National Science Foundation**

Award Period: July 1, 2006 through June 30, 2007

Questioned Cost: \$40,096

The District did not adequately monitor employees who were paid under special service employment contracts. The special service employment contracts are used to pay employees for temporary services that are beyond their normal hours of employment and job responsibilities. Specifically, the District's policies required employees to submit written statements describing how the objective of the employment contracts were met and these must be approved by the employees' supervisors. However, for seven of seven special service employment contracts tested, the District did not maintain documentation that the employees performed the work that was outlined in the contracts. In addition, for two of the special service employment contracts tested, there were no dates indicating when the contracts were approved. Further, for five of the special service employment contracts tested, the contracts were not approved by the appropriate supervisors. As a result, auditors were unable to determine for the contracts noted above, totaling \$40,096, if the work was performed by the employees. The special service employment contracts during fiscal year 2007 were \$90,146 of federal program expenditures. This finding has the potential to affect other district federal programs.

It was not practical to extend our auditing procedures sufficiently to determine whether any additional questioned costs resulted from this finding. This finding is a significant deficiency and noncompliance over the activities allowed or unallowed and allowable costs/cost principles compliance requirements. This instance of noncompliance is similar to a prior-year finding.

The District should ensure that each college is following the District's policies and procedures when using special service employment contracts.

Maricopa County Community College District  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2007

07-102

CFDA No.: 47.076 **Education and Human Resources**, #s DUE-0501854, DUE-0302523, DUE-0402075, DUE-0603379, DUE-0603491, DUE-0501626, DUE-0702753, DUE-0220800, DUE-0422512, DUE-0220755, DUE-0324025, DRL-0101998, DRL-0353469 (direct grants); 2123-8224C (passed through from Central New Mexico Community College); 07-793, 05-544, F06US001, S07US002, and S07US005 (passed through from Arizona State University); DUE-0402263 (passed through from Mohawk Valley Community College); and R430138 (passed through from University of Buffalo).

**National Science Foundation**

Award Period: July 1, 2006 through June 30, 2007

Questioned Cost: \$20,875

The District did not have adequate internal controls to ensure that only eligible students received National Science Foundation (NSF) computer science, engineering, and mathematics scholarship awards that were funded under contract #s DUE-0220800 and DUE-0422512. Specifically, for all scholarships awarded during the period July 1, 2006 through June 30, 2007, three students at Mesa Community College and one student at Phoenix College did not demonstrate a financial need as outlined by the U.S. Department of Education guidelines for federal financial aid. In addition, at Glendale Community College, eight students were awarded scholarships after dropping below full-time equivalency status. These students were awarded a combined total of \$20,875 in scholarships for that period. During fiscal year 2007, the District awarded a total of \$138,375 in scholarships at the three participating colleges.

This finding is a significant deficiency and noncompliance over the activities allowed or unallowed and eligibility compliance requirements. This instance of noncompliance is similar to a prior-year finding.

To comply with the NSF Publications 02-006 and 04-506 and to strengthen internal controls, the District should establish policies and procedures to ensure that NSF scholarships are awarded only to eligible students.

07-103

**Student Financial Assistance Cluster:**

CFDA No.: 84.007 **Federal Supplemental Educational Opportunity Grants**

84.032 **Federal Family Education Loans**

84.033 **Federal Work-Study Program**

84.038 **Federal Perkins Loan Program—Federal Capital Contributions**

84.063 **Federal Pell Grant Program**

84.268 **Federal Direct Student Loans**

84.375 **Academic Competitiveness Grants**

**U.S. Department of Education**

Award Period: July 1, 2006 through June 30, 2007

Questioned Cost: Unknown

The District is required to notify the Secretary of Education or guaranty agency within 30 days when a student who receives a Stafford, Unsubsidized Stafford, or Federal PLUS Federal Family Education Loan ceases to be enrolled at least half time unless it expects to submit its next student status confirmation

Maricopa County Community College District  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2007

report (SSCR) within the next 60 days. The District's procedures are to have each community college submit a SSCR every 60 days and not notify the guarantor agency or secretary within 30 days every time a student changes their enrollment status. However, Chandler/Gilbert Community College, Estrella Mountain Community College, Mesa Community College, Paradise Valley Community College, and Rio Salado College did not submit SSCRs every 60 days. Auditors noted six instances for which SSCRs were submitted between 62 and 137 days.

It was not practical to extend our auditing procedures sufficiently to determine questioned costs, if any, that may have resulted from this finding. This finding is a significant deficiency and noncompliance over the special tests and provisions compliance requirement. This instance of noncompliance is similar to a prior-year finding.

To comply with 34 Code of Federal Regulations (CFR) §682.610, the District should ensure that each college is either submitting a SSCR every 60 days or notifying guaranty agencies within 30 days when a Stafford, Unsubsidized Stafford, or Federal PLUS loan recipient ceases to be enrolled at least half time.

07-104

**Student Financial Assistance Cluster:**

CFDA No.: 84.007 Federal Supplemental Educational Opportunity Grants

84.032 Federal Family Education Loans

84.033 Federal Work-Study Program

84.038 Federal Perkins Loan Program—Federal Capital Contributions

84.063 Federal Pell Grant Program

84.268 Federal Direct Student Loans

84.375 Academic Competitiveness Grants

**U.S. Department of Education**

Award Period: July 1, 2006 through June 30, 2007

Questioned Cost: Unknown

The District did not have adequate internal controls to ensure that its colleges were requesting and disbursing federal family education loans (FFEL) to students within the designated time frames outlined in 34 CFR §§668.164(f) and 167(a). The earliest the District may disburse an initial installment of a loan under the FFEL program is either 30 days after the first day of the student's program of study for a first-year, first-time borrower or 10 days before the first day of classes for all other borrowers. In addition, the District may not request monies from the lender until 3 days before it plans to disburse the loans to the borrowers. Auditors noted that for 8 out of 46 students tested, the District disbursed monies to students between 1 to 3 days early. Further, for an additional 5 students, the District disbursed loans to students between 4 and 17 days after receipt and not within 3 days. Auditors did not note any questioned costs for the sample items tested.

It was not practical to extend our auditing procedures sufficiently to determine questioned costs, if any, that may have resulted from this finding. This finding is a significant deficiency and noncompliance over the special tests and provisions compliance requirement. This instance of noncompliance is similar to a prior-year finding.

Maricopa County Community College District  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2007

To comply with 34 CFR §§668.164(f) and 668.167(a), the District should monitor when federal loans are disbursed to students. Also, the District should ensure that federal loan monies are not held longer than 3 days before disbursement.

07-105

**Student Financial Assistance Cluster:**

CFDA No.: 84.007 Federal Supplemental Educational Opportunity Grants

84.032 Federal Family Education Loans

84.033 Federal Work-Study Program

84.038 Federal Perkins Loan Program—Federal Capital Contributions

84.063 Federal Pell Grant Program

84.268 Federal Direct Student Loans

84.375 Academic Competitiveness Grants

**U.S. Department of Education**

Award Period: July 1, 2006 through June 30, 2007

Questioned Cost: Unknown

Paradise Valley Community College did not have adequate internal controls to ensure that all adjustments to Federal Direct Student Loans were recorded on the Direct Loan Servicing System. Specifically, the College did not identify or adjust incorrect fiscal year 2007 award amounts recorded on the system in a timely manner. As a result, during test work, auditors noted that for one of five student loans tested the award was incorrectly reported to the U.S. Department of Education. The student loan was subsequently corrected by the College in January 2008. In addition, there was the potential that additional student loans were recorded inaccurately on the Direct Loan Servicing System.

It was not practical to extend our auditing procedures sufficiently to determine questioned costs, if any, that may have resulted from this finding. This finding is a significant deficiency and noncompliance over the special tests and provisions compliance requirement.

To comply with 34 CFR §685.301(d), the College should record adjustments to student loans in the Direct Loan Servicing System within 30 days.



www.maricopa.edu

**DR. RUFUS GLASPER**  
CHANCELLOR

2411 W. 14th St.  
Tempe, Arizona  
85281-6942

•  
Telephone

480.731.8000

•  
Fax

480.731.8506  
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March 19, 2008

Ms. Debbie Davenport  
Auditor General  
2910 N. 44<sup>th</sup> Street, Suite 410  
Phoenix, AZ 85018

Dear Ms. Davenport:

The accompanying corrective action plan has been prepared as required by U.S. Office of Management and Budget Circular A-133. Specifically, we are providing you with the name of the contact person responsible for the corrective action, the corrective action planned, and the anticipated completion date for the audit findings included in the Schedule of Findings and Questioned Costs for the fiscal year ended June 30, 2007.

Sincerely,

Kimberly Brainard Granio, CPA  
Director, Financial Services and Controller



MARICOPA COUNTY COMMUNITY COLLEGE DISTRICT  
Corrective Action Plan  
Year Ended June 30, 2007

Federal Award Findings and Questioned Costs

07-101

CFDA No.: 47.076 Education and Human Resources, #'s DUE-0501854, DUE-0302523, DUE-0402075, DUE-0603379, DUE-0603491, DUE-0501626, DUE-0702753, DUE-0220800, DUE-0422512, DUE-0220755, DUE-0324025, DRL-0101998, DRL-0353469 (direct grants); 2123-8244C (passed through from Central New Mexico Community College, formerly Albuquerque Technical Vocational Institute); 07-793, 05-544, F06US001, S07US002, and S07US005 (passed through from Arizona State University); DUE-0402263 (passed through Mohawk Valley Community College); and R430138 (passed through University of Buffalo)

Contact person: Michelle Paul

Anticipated completion date: June 2008

Corrective Action Planned:

Effective February 2008 the District has implemented on-line approval of Special Services assignments through the District's Human Resources (HR) system. In addition, the District is in the process of implementing functionality within the on-line HR system that will document the completion of the contracted work. In the interim, the District will work with Grant Project Directors to ensure that the completion of contracted work is properly documented.

07-102

CFDA No.: 47.076 Education and Human Resources, #'s DUE-0501854, DUE-0302523, DUE-0402075, DUE-0603379, DUE-0603491, DUE-0501626, DUE-0702753, DUE-0220800, DUE-0422512, DUE-0220755, DUE-0324025, DRL-0101998, DRL-0353469 (direct grants); 2123-8244C (passed through from Central New Mexico Community College, formerly Albuquerque Technical Vocational Institute); 07-793, 05-544, F06US001, S07US002, and S07US005 (passed through from Arizona State University); DUE-0402263 (passed through Mohawk Valley Community College); and R430138 (passed through University of Buffalo)

Contact person: Michelle Paul

Anticipated completion date: Spring 2008

Corrective Action Planned:

Effective Spring 2008, all candidates that are selected for a National Science Foundation Computer, Science, Engineering, and Mathematics Scholarships (CSEMS) award will be required to complete a FAFSA which will be reviewed by the college's financial aid office to determine need and eligibility prior to awarding the scholarship. In addition, candidates that receive multiple award disbursements will be reviewed for eligibility compliance prior to the second award disbursement.

MARICOPA COUNTY COMMUNITY COLLEGE DISTRICT  
Corrective Action Plan  
Year Ended June 30, 2007

07-103

CFDA No.: 84.007 Federal Supplemental Educational Opportunity Grants  
84.032 Federal Family Education Loans  
84.033 Federal Work-Study Program  
84.038 Federal Perkins Loan Program-Federal Capital Contributions  
84.063 Federal Pell Grant Program  
84.268 Federal Direct Student Loans  
84.375 Academic Competitiveness Grant

Contact person: Michelle Paul

Anticipated completion date: June 2008

Corrective Action Planned:

With the implementation of the student information system in February 2008, the colleges are in the process of moving the Student Status Confirmation Reports (SSCR) submissions to the National Student Clearinghouse. The District has requested that the National Student Clearinghouse put all the colleges on a monthly SSCR reporting schedule to the National Student Loan Data System (NSLDS).

07-104

CFDA No.: 84.007 Federal Supplemental Educational Opportunity Grants  
84.032 Federal Family Education Loans  
84.033 Federal Work-Study Program  
84.038 Federal Perkins Loan Program-Federal Capital Contributions  
84.063 Federal Pell Grant Program  
84.268 Federal Direct Student Loans  
84.375 Academic Competitiveness Grant

Contact person: Michelle Paul

Anticipated completion date: Fall 2008

Corrective Action Planned:

The District is in the process of implementing the financial aid module of the Peoplesoft student information system. This module includes tools that can assist with the request and disbursement process based on the start of classes for the payment period. For award year 08-09, the District will develop business processes to utilize the system as effectively as possible in addition to monitoring when federal loan funds are requested and disbursed in order to comply with Federal disbursement rules. In the interim, the District will continue to monitor when federal loans are requested and disbursed as well as remind all Financial Aid offices to document any exceptions that are made.

MARICOPA COUNTY COMMUNITY COLLEGE DISTRICT  
Corrective Action Plan  
Year Ended June 30, 2007

07-105

CFDA No.: 84.007 Federal Supplemental Educational Opportunity Grants  
84.032 Federal Family Education Loans  
84.033 Federal Work-Study Program  
84.038 Federal Perkins Loan Program-Federal Capital Contributions  
84.063 Federal Pell Grant Program  
84.268 Federal Direct Student Loans  
84.375 Academic Competitiveness Grant

Contact person: Michelle Paul

Anticipated completion date: March 2008

Corrective Action Planned:

Paradise Valley Community College will reconcile Direct Loans at the end of each calendar month. All necessary adjustments to Direct Loans will be made to EDEExpress, the Direct Loan Serving System, as soon as the monthly reconciliation is completed.



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CHANCELLOR

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•  
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•  
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•

March 19, 2008

Ms. Debbie Davenport  
Auditor General  
2910 N. 44<sup>th</sup> Street, Suite 410  
Phoenix, AZ 85018

Dear Ms. Davenport:

The accompanying Summary Schedule of Prior Audit Findings had been prepared as required by U.S. Office of Management and Budget Circular A-133. Specifically, we are reporting the status of audit findings included in the prior audit's Schedule of Findings and Questioned Costs related to federal awards.

Sincerely,

•  
Kimberly Brainard Granio, CPA  
Director, Financial Services and Controller

**Maricopa County Community College District  
Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2007**

**Status of Federal Award Findings and Questioned Costs**

Finding No. 06-101

Status: Partially Corrected

The District has reviewed the Special Service Employment contracts noted in this finding and have verified that work was completed and was in compliance with allowable costs for the programs. In addition, the district has implemented procedures as of February 2008 in order to comply with the District's Governing Board approved changes regarding Special Service Employment contracts.

Contact person: Michelle Paul

Finding No. 06-102

Status: Partially Corrected

Mesa Community College has revised the scholarship application for the National Science Foundation Computer Science, Engineering, and Mathematics Scholarships (CSEMS) award to comply with the eligibility requirements for this program. Additionally, all FY 07-08 CSEMS scholarship awards have been reviewed for eligibility compliance. This finding should be corrected for the 07-08 award year.

Contact person: Michelle Paul

Finding No. 06-103

Status: Partially Corrected

The colleges have requested through National Student Loan Data System (NSLDS) to have the Student Status Reports (SSCR) run monthly as of 6/1/2007. This finding should be corrected for the 07-08 award year.

Contact person: Michelle Paul

Finding No. 06-104

Status: Partially Corrected

The District is in the process of implementing the financial aid module of the Peoplesoft student information system. This module includes tools that can assist with the request and disbursement process based on the start of classes for the payment period. For award year 08-09, the District will develop business processes to utilize the system as effectively as possible in addition to monitoring when federal loan funds are requested and disbursed in order to comply with Federal disbursement rules.

Contact person: Michelle Paul

**Maricopa County Community College District  
Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2007**

Finding No. 06-105  
Status: Fully Corrected