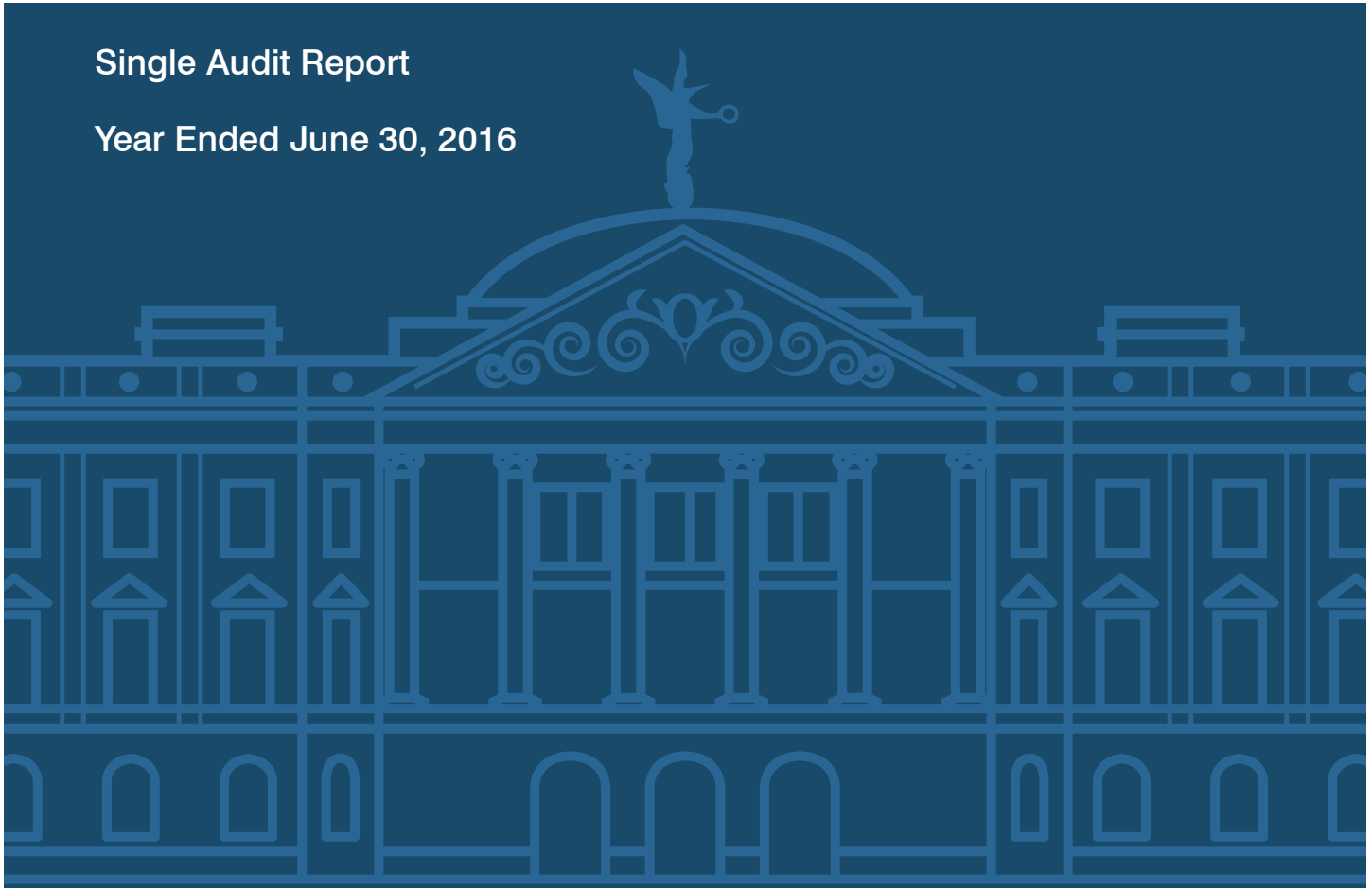


Maricopa County Community College District

Single Audit Report

Year Ended June 30, 2016



A Report to the Arizona Legislature

Debra K. Davenport
Auditor General





The Auditor General is appointed by the Joint Legislative Audit Committee, a bipartisan committee composed of five senators and five representatives. Her mission is to provide independent and impartial information and specific recommendations to improve the operations of state and local government entities. To this end, she provides financial audits and accounting services to the State and political subdivisions, investigates possible misuse of public monies, and conducts performance audits and special reviews of school districts, state agencies, and the programs they administer.

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Senator **Judy Burges**

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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*



DEBRA K. DAVENPORT, CPA
AUDITOR GENERAL

STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL

MELANIE M. CHESNEY
DEPUTY AUDITOR GENERAL

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

Members of the Arizona State Legislature

The Governing Board of
Maricopa County Community College District

Report on compliance for each major federal program

We have audited Maricopa County Community College District's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016. The District's major federal programs are identified in the Summary of Auditors' Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's responsibility

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

Auditors' responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on each major federal program

In our opinion, Maricopa County Community College District 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, 2016.

Other matters

The results of our auditing procedures disclosed instances of noncompliance that are required to be reported in accordance with the Uniform Guidance and that are described in the accompanying schedule of findings and questioned costs as items 2016-101 and 2016-102. Our opinion on each major federal program is not modified with respect to these matters.

Report on internal control over compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2016-104 to be a material weakness.

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 deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2016-101, 2016-102, and 2016-103 to be significant deficiencies.

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.

Maricopa County Community College District's response to findings

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

Report on schedule of expenditures of federal awards required by the Uniform Guidance

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, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated March 16, 2017, that contained an unmodified opinion on those financial statements. Our report also included a reference to our reliance on other auditors. Our audit was conducted for the purpose of forming our 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 the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of the District's management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Jay Zsorey, CPA
Financial Audit Director

March 31, 2017





SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Summary of auditors' results

Financial statements

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

Internal control over financial reporting

Material weaknesses identified? Yes

Significant deficiencies identified? Yes

Noncompliance material to the financial statements noted? No

Federal awards

Internal control over major programs

Material weaknesses identified? Yes

Significant deficiencies identified? Yes

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

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

Identification of major programs

CFDA number	Name of federal program or cluster
84.007, 84.033, 84.038, 84.063, 84.268	Student Financial Assistance Cluster
84.002	Adult Education—Basic Grants to States

Dollar threshold used to distinguish between Type A and Type B programs \$3,000,000

Auditee qualified as low-risk auditee? No

Other matters

Auditee's Summary Schedule of Prior Audit Findings required to be reported in accordance with 2 CFR 200.511(b)? Yes

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

2016-101

Cluster name:	Student Financial Assistance Cluster
CFDA no. and name:	84.007 Federal Supplemental Educational Opportunity Grants 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
Award year:	July 1, 2015 through June 30, 2016
Federal agency:	Department of Education
Compliance requirement:	Special tests and provisions
Questioned costs:	N/A

Criteria—For the cluster’s Pell grant and loan programs, 34 Code of Federal Regulations (CFR) §§674.19(f), 685.309(b), and 690.83(b)(2) require the District to accurately report to the National Student Loan Data System (NSLDS) student enrollment status changes within 30 days of a change or include the change in status in a response to an enrollment-reporting roster file within 60 days.

Condition and context—The District did not accurately report student enrollment status changes within the required time frames. Specifically, for 12 of 40 students tested, the students’ enrollment status changes were neither reported to NSLDS within 30 days, nor were the changes included in an enrollment-reporting roster file within 60 days. In addition, for 6 of 40 students tested, auditors noted errors in the students’ enrollment status changes reported to NSLDS.

Effect—Student enrollment statuses in the NSLDS were not always accurate and/or reported in a timely manner. Therefore, if the NSLDS does not accurately reflect students’ enrollment on a timely basis, students may not be asked to repay student financial assistance grants and loans if or when required.

Cause—The District did not have adequate policies and procedures to help ensure it identified all student enrollment status changes required to be reported and ensure the changes were reported within 30 days or included in a response to an enrollment-reporting roster file within 60 days.

Recommendation—The District should establish and implement policies and procedures to help ensure that it reports student enrollment status changes to the NSLDS within 30 days or include them in a response to an enrollment-reporting roster file within 60 days.

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

This finding is similar to prior-year finding 2015-105.

2016-102

CFDA no. and name:	84.002 Adult Education—Basic Grants to States
Award numbers:	16FAEAEI-612421-51B, 16FAEABE-612421-16B, 16FAEWIO-612421-05A, 16FAEWPL-612421-05A, 16FAEWPL-612421-05A
Award year:	July 1, 2015 through June 30, 2016
Federal agency:	Department of Education
Compliance requirements:	Activities allowed or unallowed and allowable costs/cost principles
Questioned costs:	\$5,411

Criteria—In accordance with 2 Code of Federal Regulations (CFR) §200.430(h) and (i), the District should maintain records that accurately reflect salaries and wages charged to federal programs. These records should be incorporated into the District’s records, reflect the work performed and the total activities for which employees are compensated; be supported by effective internal controls that provide reasonable assurance that charges to federal programs are accurate, allowable, and properly allocated; and comply with the District’s established accounting policies and practices. In addition, institutions of higher education, such as the District, have certain other considerations and possible limitations when determining the salaries and wages are allowable for the federal program.

Condition and context—The District spent over \$2 million, or 88 percent, of total program expenditures on employee salaries and wages for the program. Of these expenditures, approximately \$731,000 consisted of salaries and wages paid for employees who worked for the program based on special service assignments. Special service assignments are assignments for activities that are outside of an employee’s regular job responsibilities. For these employees, the District’s policies and procedures required that documentation be prepared and retained that includes a description of the activities performed and an approval of whether or not the activities were performed at the completion of the assignment. However, the District did not always follow its policies and procedures for employees working on the program under special service assignments. Specifically, for 3 of 60 special service assignments tested, the District did not prepare and retain the required documentation. These three employees’ salaries and wages totaled \$6,878 for the year.

Effect—There is an increased risk that employee salaries and wages charged to the program may not reflect employees’ actual time and effort spent working on program activities, which could result in unallowable costs being charged to the program. Auditors were able to perform additional auditing procedures to determine that one of these employee’s salaries and wages were allowable based on review of documentation the District prepared during the audit. However, auditors were unable to determine whether the other employees’ salaries and wages, totaling \$5,411, were allowable. Further, it was not practical for auditors to extend auditing procedures sufficiently to determine additional questioned costs, if any, that may have resulted from this finding.

Cause—The District did not always follow its existing policies and procedures for charging salaries and wages of employees with special service assignments to the program.

Recommendation—To help ensure that the District complies with the program’s requirements for allowable activities and costs, the District needs to follow its existing policies and procedures for preparing and retaining adequate records for employees on special service assignments working for federal programs. Specifically, such documentation should include a description of the activities performed and an approval of whether or not the activities were performed at the assignment’s completion.

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

2016-103

CFDA no. and name:	84.002 Adult Education—Basic Grants to States
Award numbers:	16FAEABE-612421-16B, 16FAEAEF-612421-16B, 16FAECIV-612421-16B, 16FAEAEI-612421-51B, 16FAEWIO-612421-05A, 16FAEAPL-612421-16B, 16FAEWPL-612421-05A
Award year	July 1, 2015 through June 30, 2016
Federal agency:	Department of Education
Compliance requirements:	Cash management and reporting
Questioned costs:	None

Criteria—In accordance with the requirements of 2 CFR §200.302, the District should maintain effective financial management and internal control over compliance with federal laws, regulations, and provisions of grant awards. Also, to comply with its grant agreement with the pass-through grantor, the District is required to submit accurate reimbursement requests and completion reports for the award period.

Condition and context—The District did not always follow its policies and procedures requiring reimbursement requests to be reviewed and approved by someone who is independent of their preparation before submitting them to the grantor. Specifically, for three of eight reimbursement requests tested, the reimbursement request was not reviewed and approved prior to its submission.

Effect—There is an increased risk that the District may request reimbursement for improper, duplicate, or unallowable costs or activities and receive federal monies that it is not entitled to or submit reports that are not accurate. Auditors were able to perform further auditing procedures to determine that the reimbursement requests and completion reports tested contained no errors and that all other reimbursement requests and completion reports were reviewed and approved.

Cause—The supervisor who was assigned the responsibility to review and approve the program’s reimbursement requests did not always follow the established procedure. The supervisor is no longer assigned to the program.

Recommendation—To help ensure the District maintains effective financial management and internal controls for preparing and submitting accurate reimbursement requests and completion reports for the program, the District needs to follow its existing policies and procedures requiring an independent review and approval of reimbursement requests and completion reports prior to their submission to the grantor.

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

2016-104

CFDA no. and name:	84.002 Adult Education—Basic Grants to States
Award numbers:	16FAEABE-612421-16B, 16FAEAEF-612421-16B, 16FAECIV-612421-16B, 16FAEAEI-612421-51B, 16FAEWIO-612421-05A, 16FAEAPL-612421-16B, 16FAEWPL-612421-05A
Award year	July 1, 2015 through June 30, 2016
Federal agency:	Department of Education
Compliance requirement:	Matching
Questioned costs:	None

Criteria—In accordance with the District's grant agreement with the pass-through grantor, the District is required to match 25 percent of total program expenditures with nonfederal monies based on its proposed matching cost plan that was submitted to the grantor. Additionally, in accordance with 2 CFR §200.306, matching costs should be allowable costs that are verifiable from the District's records and necessary and reasonable for accomplishing the program's objectives, and should not be matching costs for other federal programs.

Condition and context—The District's proposed plan for meeting the program's 25 percent matching cost requirement included estimated in-kind matching costs for classroom space, as well as various costs for employee salaries and wages, grounds maintenance, and other general expenses. However, the District's proposed matching cost plan submitted to the grantor included unallowable costs consisting of student scholarships and commencement costs approximating nearly \$88,000. In addition, the District did not have adequate written policies and procedures in place to record and track its matching costs for the program or review and approve costs identified as contributions to the program's matching cost requirement to ensure matching costs were allowable, accurately estimated and in-line with the proposed matching cost plan, and were sufficient to meet the program's 25 percent match for the award period.

Auditors compared the District's initial and final schedules of actual matching costs for the program and noted that the schedules included unallowable costs for student scholarships, which were specifically identified as unallowable costs in the grant agreement. In addition, the amounts estimated as in-kind matching costs for classroom space in the District's matching cost schedules did not agree with the amounts in the matching cost plan, as these costs were not properly valued and were underestimated when compared to the District's final schedule of estimated in-kind matching costs for the year. Also, the District did not submit a revised matching cost plan to the grantor when it determined that actual estimated in-kind matching costs for classroom space were not accurate.

Effect—The District did not properly prepare its matching cost plan submitted to the grantor. Also, there is an increased risk that the District may not meet its matching requirement if matching costs are not recorded and monitored throughout the award period and reviewed and approved for accuracy and allowability. Auditors were able to perform additional auditing procedures to determine that the District reasonably met the program's matching requirement based on the District's final matching cost schedule after removing unallowable costs.

Cause—The District did not have written policies and procedures for preparing its matching cost plan submitted to the grantor. In addition, the District lacked written policies and procedures for recording, tracking, reviewing, and approving matching costs incurred for the program throughout the award period to ensure that the costs were allowable and sufficient to meet the required matching percentage.

Recommendation—To help ensure the District complies with the program’s matching requirement, it should develop and implement written policies and procedures for preparing and reviewing its matching cost plan before submitting it to the grantor so that the plan is accurate and includes only those costs that are allowable. Additionally, the District should establish policies and procedures for recording, tracking, reviewing, and approving matching costs for the program. These policies and procedures should include documenting the District’s considerations for valuing in-kind matching costs, such as the fair value of comparable leasing costs for classroom space. In addition, the District should ensure that any estimated matching costs included in its plan are accurate, allowable, and supported, and should submit a revised matching cost plan to the grantor for changes in estimated matching costs.

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

DISTRICT SECTION

Maricopa County Community College District
Schedule of expenditures of federal awards
Year ended June 30, 2016

Federal agency/CFDA number	Federal program name	Cluster title	Pass-through grantor	Pass-through grantor's numbers	Program expenditures	Amount provided to subrecipients
Department of Agriculture						
10 555	National School Lunch Program	Child Nutrition Cluster	Arizona Department of Education	ED09-0001, 78743000	\$ 102,543	
10 223	Hispanic Serving Institutions Education Grants				20,979	
	Total Department of Agriculture				<u>123,522</u>	
Department of Defense						
12 002	Procurement Technical Assistance for Business Firms				488,750	
Department of the Interior						
15 225	Recreation Resource Management		Arizona Bureau of Land Management	L12AC20583	6,588	
15 231	Fish, Wildlife and Plant Conservation Resource Management		Arizona Bureau of Land Management	L13AC00119	61,642	
	Total Department of the Interior				<u>68,230</u>	
Department of Labor						
17 282	Trade Adjustment Assistance Community College and Career Training (TAACCCT) Grants		Central Arizona College	TC-2465-14-60-A-4	1,583,004	
17 282	Trade Adjustment Assistance Community College and Career Training (TAACCCT) Grants		Collin College	TC-22525-11-60-A-48	173,099	
17 282	Trade Adjustment Assistance Community College and Career Training (TAACCCT) Grants				2,009,418	
	<i>Total 17.282</i>				<u>3,765,521</u>	
	Total Department of Labor				<u>3,765,521</u>	
Department of State						
19 014	One-Time International Exchange Grant Program		NOVA	S-ECAGD-13-CA-088(CB)	428,751	
National Aeronautics and Space Administration						
43 001	Science		Arizona State University	263039	26,385	
43 001	Science		University of Arizona	215203, NNX14AR01A, 263332	88,468	
	<i>Total 43.001</i>				<u>114,853</u>	
	Total National Aeronautics and Space Administration				<u>114,853</u>	
National Science Foundation						
47 049	Mathematical and Physical Sciences		Arizona State University	12-928	57,770	
47 076	Education and Human Resources		Arizona State University	V2015sb0005/ V15HS005, V15HS001/ V2015sb0001, KMS0051-18-38/ SUB, V16HS004/ V2016sb0006, V2016sb0005/ V16HS001, V2016sb0004/ V16HS003	16,611	
47 076	Education and Human Resources		Collin College	DUE-1205077	34,020	

See accompanying notes to schedule.

Maricopa County Community College District
Schedule of expenditures of federal awards
Year ended June 30, 2016

Federal agency/CFDA number	Federal program name	Cluster title	Pass-through grantor	Pass-through grantor's numbers	Program expenditures	Amount provided to subrecipients
47 076	Education and Human Resources		Northern Arizona University	SLC329X-1	43,799	
47 076	Education and Human Resources		Pennsylvania State University	4691-MATEC-NSF-5105	166,286	
47 076	Education and Human Resources				<u>2,237,089</u>	
	<i>Total 47.076</i>				<u>2,497,805</u>	205,312
	Total National Science Foundation				<u>2,555,575</u>	<u>205,312</u>
Small Business Administration						
59 037	Small Business Development Centers				<u>2,657,739</u>	<u>805,993</u>
Environmental Protection Agency						
66 951	Environmental Education Grants				<u>19,470</u>	
Nuclear Regulatory Commission						
77 008	U.S. Nuclear Regulatory Commission Scholarship and Fellowship Program				<u>12,500</u>	
Department of Education						
84 007	Federal Supplemental Educational Opportunity Grants	Student Financial Assistance Cluster			3,350,405	
84 033	Federal Work-Study Program	Student Financial Assistance Cluster			2,493,647	
84 038	Federal Perkins Loan Program—Federal Capital Contributions	Student Financial Assistance Cluster			490,951	
84 063	Federal Pell Grant Program	Student Financial Assistance Cluster			137,374,894	
84 268	Federal Direct Student Loans	Student Financial Assistance Cluster			<u>101,096,176</u>	
	<i>Total Student Financial Assistance Cluster</i>				<u>244,806,073</u>	
84 010	Title I Grants to Local Educational Agencies		Arizona Department of Education	16FT1TTI-610133-04A, 16FT1TTI-612481-01A	157,527	
84 027	Special Education—Grants to States	Special Education Cluster (IDEA)	Arizona Department of Education	16FESCBG-610133-09A, 16FESCBG-612481-09A	46,867	
84 042	TRIO—Student Support Services	TRIO Cluster			539,157	
84 047	TRIO—Upward Bound	TRIO Cluster			<u>466,408</u>	
	<i>Total TRIO Cluster</i>				<u>1,005,565</u>	
84 002	Adult Education—Basic Grants to States		Arizona Department of Education	16FAEAEI-612421-51B, 16FAEABE-612421-16B, 16FAEAEF-612421-16B, 16FAECIV-612421-16B, 16FAEWIO-612421-05A, 16FAEWPL-612421-05A, 16FAEAPL-61421-16B	2,321,620	
84 031	Higher Education—Institutional Aid				932,779	
84 048	Career and Technical Education—Basic Grants to States		Arizona Department of Education	15FCTDBG-570570-20A, 16FCTDBG-612331-20A	1,154,049	
84 116	Fund For The Improvement Of Postsecondary				319,992	21,448

See accompanying notes to schedule.

Maricopa County Community College District
Schedule of expenditures of federal awards
Year ended June 30, 2016

Federal agency/CFDA number	Federal program name	Cluster title	Pass-through grantor	Pass-through grantor's numbers	Program expenditures	Amount provided to subrecipients
84 335	Child Care Access Means Parents in School				28,233	
84 365	English Language Acquisition State Grants				408,535	
Total Department of Education					<u>251,181,240</u>	
Total expenditures of federal awards					<u>\$ 261,416,151</u>	<u>\$ 1,032,753</u>

Maricopa County Community College District

Notes to schedule of expenditures of federal awards

Year ended June 30, 2016

Note 1 - Basis of presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Maricopa County Community College District for the year ended June 30, 2016. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Note 2 - Summary of significant accounting policies

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

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

The program titles and CFDA numbers were obtained from the federal or pass-through grantor or the 2016 *Catalog of Federal Domestic Assistance*.

Note 4 - Indirect cost rate

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

Note 5 - 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, 2016, of \$490,950.

DISTRICT RESPONSE



2411 W. 14th Street, Tempe, Arizona 85281 - 6942 • T 480.731.8000 • F 480.731.8506 • www.maricopa.edu

March 31, 2017

Debbie Davenport
Auditor General
2910 N. 44th Street, Suite 410
Phoenix, AZ 85018

Dear Ms. Davenport:

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 the names of the contact people responsible for corrective action, the corrective action planned, and the anticipated completion date.

Sincerely,

Kimberly Brainard Granio, CPA, M.Ed.
Associate Vice Chancellor, Business Services & Controller

Maricopa County Community College District
Corrective Action Plan
Year Ended June 30, 2016

Financial Statement Findings

The corrective action plan for financial statement findings was included 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

2016-101

Cluster Name: Student Financial Assistance Cluster
CFDA no. and program name: 84.007 Federal Supplemental Educational Opportunity Grants
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
Name of contact person: Kishia Brock, Vice President Strategy and Compliance
Anticipated completion date: June 30, 2017

Over the last year, the District has worked with the National Student Clearinghouse (NSC) to identify reporting issues and refine processes to aid with the accurate and timely transmission of enrollment reporting data. The District has created a manual to aid college staff with the resolution of error reports provided by both NSLDS and NSC. The District will continue to work with NSC to refine processes and generate resources to aid the timely completion of error resolution reports to ensure timely enrollment reporting. The District will also evaluate and fine tune the reports generated by the Student Information System prior to submitting data to NSC and thus NSLDS.

2016-102

CFDA no. and program name: 84.002 Adult Education-Basic Grants to States
Name of contact person: Michelle Paul, Manager of Grants Accounting and Student Financial Services
Anticipated completion date: April 30, 2017

The District will continue to work with Colleges and District Office Divisions to ensure that special services assignments are adequately documented and approved at the completion of the assignment.

2016-103

CFDA no. and program name: 84.002 Adult Education-Basic Grants to States
Name of contact person: Michelle Paul, Manager of Grants Accounting and Student Financial Services
Anticipated completion date: April 30, 2017

The District has procedures in place which include properly reviewing reports prior to submission. Greater care will be taken by staff to follow these procedures and to maintain proper evidence of such review.

Maricopa County Community College District
Corrective Action Plan
Year Ended June 30, 2016

2016-104

CFDA no. and program name: 84.002 Adult Education-Basic Grants to States
Name of contact person: Michelle Paul, Manager of Grants Accounting and Student Financial Services
Anticipated completion date: April 30, 2017

The District will work with College staff and the project director to refine policies and procedures to ensure that College matching plans are reviewed for accuracy and allowability prior to submission. Additionally the District, College staff, and Project Director will implement policies and procedures for recording, tracking, reviewing, and approving matching costs throughout the grant award period to ensure costs included are accurate, allowable, and supportable.



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March 31, 2017

Debbie Davenport
Auditor General
2910 N. 44th Street, Suite 410
Phoenix, AZ 85018

Dear Ms. Davenport:

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,

Kimberly Brainard Granio, CPA, M.Ed.
Associate Vice Chancellor, Business Services & Controller

Maricopa County Community College District
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2016

Status of Financial Statement Findings

The District needs to improve procedures for approving adjunct faculty employment
Finding Nos.: 2015-01, 2014-01, 2013-03
Status: Not corrected

As of June 30, 2016, the District had not fully implemented its corrective action. Standardized alternative procedures were implemented at each college by Fall 2016 to require the initiator of adjunct faculty assignments to manually review and approve such assignments each semester and approvals will be maintained either in hard copy form or electronically.

The District needs to improve procedures for approving employees' time sheets
Finding Nos.: 2015-02, 2014-02
Status: Not corrected

As of June 30, 2016, the District had not implemented its corrective action. During FY2017, the District has developed and implemented a manual approval process for any time worked and paid, but not approved. Additionally, personnel policies are being reviewed to determine what corrective action may be taken when repeated time-approver non-compliance is evidenced. There are many budget checks of expenses throughout the fiscal year and any material deviations from budgeted wages or large variances from prior year's actual expenses would be noted and investigated. Furthermore, all grant-funded time sheets that are not approved by a supervisor are manually certified by the project director.

The District should continue improving information technology oversight and risk management
Finding Nos.: 2015-03, 2014-03
Status: Not corrected

As of June 30, 2016, the District had not fully implemented its corrective action. The Vice Chancellor for Information Technology and Chief Information Security Officer will work with the college presidents to achieve improved oversight and will continue to enhance and improve the Information Technology risk-assessment processes at the District Office and colleges.

The District should continue improving IT security
Finding Nos.: 2015-04, 2014-04
Status: Partially corrected

As of June 30, 2016, the District had not fully implemented its corrective action. Information technology policies, known as IT Directives, have been created, approved, and adopted district-wide to strengthen information technology security. Additional procedures will be created as needed by the colleges to further strengthen security as the threat landscape continues to evolve.

The District should continue improving IT access controls
Finding Nos.: 2015-05, 2014-05, 2013-01, 12-02, 11-01, 10-01, 09-01, 08-01
Status: Not corrected

Maricopa County Community College District
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2016

As of June 30, 2016, the District had not fully implemented its corrective action; however, significant improvement over access controls has been made over the past several years notwithstanding the long history of this finding. The District will continue assessing and enhancing its policies and procedures over Information Technology access controls and will continue its efforts to monitor college compliance with Information Technology policies and procedures.

The District should continue improving IT change management processes

Finding Nos.: 2015-06, 2014-06, 2013-01

Status: Partially corrected

As of June 30, 2016, the District had not fully implemented its corrective action. The District Office Change Advisory Board (CAB), which governs the change management program and processes, meets weekly to review and communicate changes to information technology systems at the district level. CAB was further enhanced to include core members from the Colleges. The District will continue to enhance and improve its change management program and assist the colleges in updating their written guidance to reflect improved change management procedures as necessary.

The District should continue improving data backup and recovery policies and procedures

Finding Nos.: 2015-07, 2014-07, 2013-02

Status: Not corrected

As of June 30, 2016, the District had not fully implemented its corrective action. The District will continue to enhance and improve its college backup and data recovery policies and procedures.

Status of Federal Award Findings and Questioned Costs

CFDA No. and program name: 84.048 Career and Technical Education—Basic Grants to States

Finding Nos.: 2015-101, 2014-101

Status: Fully corrected

Cluster Name: Student Financial Assistance Cluster

CFDA No. and program Name:

84.007 Federal Supplemental Educational Opportunity Grants

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

Finding No.: 2015-102

Status: Fully corrected

CFDA No. and program name: 84.048 Career and Technical Education—Basic Grants to States

Maricopa County Community College District
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2016

Finding No.: 2015-103
Status: Fully corrected

Cluster Name: Student Financial Assistance Cluster
CFDA No. and program name:
84.007 Federal Supplemental Educational Opportunity Grants
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

Finding No.: 2015-104
Status: Fully corrected

Cluster Name: Student Financial Assistance Cluster
CFDA No. and program name:
84.007 Federal Supplemental Educational Opportunity Grants
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

Finding Nos.: 2015-105, 2014-102
Status: Not corrected

As of June 30, 2016, the District had not fully implemented its corrective action. Over the last year, the District has worked with the National Student Clearinghouse (NSC) to identify reporting issues and refine processes to aid with the accurate and timely transmission of enrollment reporting data. The District has created a manual to aid college staff with the resolution of error reports provided by both the National Student Loan Data System (NSLDS) and the NSC. The District will continue to work with the NSC to refine processes and generate resources to aid the timely completion of error resolution reports to ensure timely enrollment reporting. The District will also evaluate and fine-tune the reports generated by the Student Information System prior to submitting data to the NSC and thus the NSLDS.

