

Maricopa County Community College District

Single Audit Report

Year Ended June 30, 2019



A Report to the Arizona Legislature

Lindsey A. Perry
Auditor General





The Arizona Office of the Auditor General's mission is to provide independent and impartial information and specific recommendations to improve the operations of State and local government entities. To this end, the Office 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.

The Joint Legislative Audit Committee

Representative **Anthony T. Kern**, Chair
Representative **John Allen**
Representative **Timothy M. Dunn**
Representative **Mitzi Epstein**
Representative **Jennifer Pawlik**
Representative **Rusty Bowers** (ex officio)

Senator **Rick Gray**, Vice Chair
Senator **Lupe Contreras**
Senator **Andrea Dalessandro**
Senator **David C. Farnsworth**
Senator **David Livingston**
Senator **Karen Fann** (ex officio)

Audit Staff

Donna Miller, Director
Taryn Stangle, Manager

Contact Information

Arizona Office of the Auditor General
2910 N. 44th St., Ste. 410
Phoenix, AZ 85018-7271

(602) 553-0333

contact@azauditor.gov

www.azauditor.gov



TABLE OF CONTENTS

Auditors section

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 1

Schedule of findings and questioned costs 4

Summary of auditors' results 4

Financial statement findings 6

Federal award findings and questioned costs 6

District section

Schedule of expenditures of federal awards 9

Notes to schedule of expenditures of federal awards 11

District response

Corrective action plan

Summary schedule of prior audit findings

Reports issued separately

Comprehensive Annual Financial Report

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*



MELANIE M. CHESNEY
DEPUTY AUDITOR GENERAL

ARIZONA AUDITOR GENERAL
LINDSEY A. PERRY

JOSEPH D. MOORE
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, 2019. 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 qualified and unmodified opinions on compliance for major federal programs. However, our audit does not provide a legal determination of the District's compliance.

Basis for qualified opinion on Student Financial Assistance Cluster

As described in the accompanying schedule of findings and questioned costs, the District did not comply with requirements regarding the Student Financial Assistance Cluster for special tests and provisions as described in item 2019-101. Compliance with such requirements is necessary, in our opinion, for the District to comply with the requirements applicable to that program.

Qualified opinion on Student Financial Assistance Cluster

In our opinion, except for the noncompliance described in the basis for qualified opinion paragraph, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Student Financial Assistance Cluster for the year ended June 30, 2019.

Unmodified opinion on Higher Education—Institutional Aid program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Higher Education—Institutional Aid program for the year ended June 30, 2019.

Other matters

The results of our auditing procedures disclosed other 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 2019-102 and 2019-103. 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 have not been identified. However, as discussed below, we did identify 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 deficiencies in internal control

over compliance described in the accompanying schedule of findings and questioned costs as items 2019-101 and 2019-102 to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2019-103 to be a significant deficiency.

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.

District response to findings

The 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 is responsible for preparing a corrective action plan to address the finding. The District's responses and corrective action plan 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 District's business-type activities and discretely presented component unit as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated December 19, 2019, 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 opinion 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.

Lindsey Perry, CPA, CFE
Auditor General

March 30, 2020



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 weakness 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 deficiency identified? Yes

Type of auditors' report issued on compliance for major programs

Qualified for the Student Financial Assistance Cluster and unmodified for the Higher Education—Institutional Aid program

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
84.031	Higher Education—Institutional Aid

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

2019-101

Cluster name:	Student Financial Assistance Cluster
CFDA numbers and names:	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, 2018 through June 30, 2019
Federal agency:	U.S. Department of Education
Compliance requirements:	Special tests and provisions
Questioned costs:	Unknown

Condition and context—The District did not accurately report student’s original enrollment status and subsequent status changes to the National Student Loan Data System (NSLDS) for 37 of 40 students tested.

Criteria—The District is required to report to the NSLDS student enrollment status and any status changes for the Federal Pell Grant and Federal Direct Student Loans programs. Student enrollment status changes include reductions or increases in attendance levels, withdrawals, graduations, or approved leaves-of-absence. (34 Code of Federal Regulations (CFR) §§685.309(b) and 690.83(b)(2)) Also, the District must establish and maintain effective internal control over its federal awards that provides reasonable assurance that it is managing them in compliance with all applicable laws, regulations, and the award terms. (2 CFR §200.303)

Effect—The District’s students may not be asked to repay student financial assistance grants and loans if or when required if the NSLDS does not accurately reflect students’ enrollment status.

Cause—The District’s student information system had the correct student enrollment status data; however, that data did not upload correctly to NSLDS, and the District did not review the reports that were submitted.

Recommendation—To help ensure that its students are asked to repay student financial assistance grants and loans as required, the District should develop and implement procedures to verify that student enrollment status recorded on its student information system and reported to NSLDS are accurate.

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

This finding is similar to prior-year finding 2018-104.

2019-102

Cluster name:	Student Financial Assistance Cluster
CFDA numbers and names:	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, 2018 through June 30, 2019
Federal agency:	U.S. Department of Education
Compliance requirements:	Reporting
Questioned costs:	Unknown

Condition and context—When reporting Federal Pell Grant Program information on the Common Origination and Disbursement (COD) system, the District did not report accurate information for 5 of 40 students tested. Specifically, 1 student’s disbursement date was inaccurate, and 3 students’ cost of attendance did not match the cost of attendance calculated and recorded in the District’s student information system. In addition, for 1 of 40 students tested, the District did not report the actual disbursement date within the required 15-calendar-day period.

Criteria—Federal regulations require the District to report disbursement data, such as anticipated or actual disbursement dates and amounts, as well as student record origination data, such as a student’s social security number, enrollment date, verification status code, and cost of attendance on the COD system for the Federal Pell Grant Program. Also, the District must report actual disbursement dates within 15 calendar days after it disburses payments to students. (34 CFR §690.83(b)(2)) In addition, the District must establish and maintain effective internal control over its federal awards that provides reasonable assurance that it is managing them in compliance with all applicable laws, regulations, and award terms. (2 CFR §200.303)

Effect—There is an increased risk that students may be over-awarded Pell monies if the COD system does not accurately reflect students’ cost of attendance and disbursement data or if that data is not submitted in a timely manner.

Cause—The District did not designate employees to review information that it reported on the COD for accuracy and timeliness.

Recommendation—To help ensure that the District does not over-award Pell monies to students, the District should:

- Enforce its policies and procedures to accurately report students’ origination and disbursement data to the COD system in a timely manner.
- Require someone who is independent of the COD reporting preparation to verify the accuracy of information reported to the COD system.

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

2019-103

Cluster name:	Student Financial Assistance Cluster
CFDA numbers and names:	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, 2018 through June 30, 2019
Federal agency:	U.S. Department of Education
Compliance requirements:	Special tests and provisions
Questioned costs:	Not applicable

Condition and context—The District had no evidence that it had performed the required risk assessment and documented safeguards of the student financial aid information it maintains.

Criteria—The District's agreement with the U.S. Department of Education requires the District to protect student financial aid information by designating an employee to coordinate its information security program. The District must also perform a risk assessment and document a safeguard for each risk identified. (Gramm-Leach-Bliley Act, 16 CFR §314)

Effect—The District's administration and information technology (IT) management may put the District's operations and IT systems and data, including student financial aid information, at unintended and unnecessary risk.

Cause—The District designated an individual to coordinate its information security program over its student financial aid information but relied on an informal and undocumented process to manage, assess, and respond to IT risks.

Recommendation—To help ensure that the District protects student financial aid information, the District should:

- Perform a risk assessment to identify reasonably foreseeable internal and external risks to the security, confidentiality, and integrity of student financial aid information that could result in the unauthorized disclosure, misuse, alteration, destruction or other compromise of such information. The risk assessment should consider risks related to:
 - Employee training and management.
 - Information systems, including network and software design, as well as information processing, storage, transmission, and disposal.
 - Detecting, preventing, and responding to attacks, intrusions, or other system failures.
- Document and implement a safeguard for each risk identified.
- Monitor the effectiveness of the safeguards' key controls, systems, and procedures on a periodic basis.
- Evaluate and adjust the information security program in light of the testing and monitoring results, any significant changes to the District's operations or business arrangements, and any other circumstances that may have a significant impact on the information security program.

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

DISTRICT SECTION

**MARICOPA COUNTY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Fiscal Period 7/1/2018 - 6/30/2019**

Federal Awarding Agency/Program Title	Federal CFDA Number	Name of Funder Pass-Through Entity	Identifying Number Assigned By Funder Pass-Through Entity	Total Amount Provided to Sub-Recipients	Federal Expenditures	Federal Program Total	Cluster Name	Cluster Total
DEPARTMENT OF AGRICULTURE								
CAPACITY BUILDING FOR NON-LAND GRANT COLLEGES OF AGRICULTURE (NLGCA)	10.326	U.S. DEPARTMENT OF AGRICULTURE	ASUB00000179		\$2,767	\$2,767	N/A	\$0
TOTAL DEPARTMENT OF AGRICULTURE					<u>\$2,767</u>			
DEPARTMENT OF COMMERCE								
INVESTMENTS FOR PUBLIC WORKS AND ECONOMIC DEVELOPMENT FACILITIES	11.300	U.S. DEPARTMENT OF COMMERCE ECONOMIC DEV. A	07 01 07361		\$246,623	\$246,623	N/A	\$0
TOTAL DEPARTMENT OF COMMERCE					<u>\$246,623</u>			
DEPARTMENT OF DEFENSE								
PROCUREMENT TECHNICAL ASSISTANCE FOR BUSINESS FIRMS	12.002				\$664,005	\$664,005	N/A	\$0
TOTAL DEPARTMENT OF DEFENSE					<u>\$664,005</u>			
DEPARTMENT OF THE INTERIOR								
RECREATION AND VISITOR SERVICES	15.225	ARIZONA BUREAU OF LAND MANAGEMENT	L12AC20583		\$823	\$823	N/A	\$0
TOTAL DEPARTMENT OF THE INTERIOR					<u>\$823</u>			
DEPARTMENT OF LABOR								
INCENTIVE GRANTS/WIA SECTION 503	17.267	ARIZONA DEPARTMENT OF EDUCATION	16FAEAEI-612421-51B		\$7	\$7	N/A	\$0
H-1B JOB TRAINING GRANTS	17.268	CITY OF PHOENIX	143705-0		\$53,086	\$53,086	N/A	\$0
TRADE ADJUSTMENT ASSISTANCE COMMUNITY COLLEGE AND CAREER TRAINING (TAACCT) GRANTS	17.282	CENTRAL ARIZONA COLLEGE	MOU DATED 2/4/15		\$6,353	\$6,353	N/A	\$0
TOTAL DEPARTMENT OF LABOR					<u>\$59,446</u>			
DEPARTMENT OF STATE								
ACADEMIC EXCHANGE PROGRAMS - UNDERGRADUATE PROGRAMS	19.009	NORTHERN VIRGINIA UNIVERSITY	S-ECAGD-16-CA-1061		\$418,586	\$418,586	N/A	\$0
TOTAL DEPARTMENT OF STATE					<u>\$418,586</u>			
NATIONAL AERONAUTICS & SPACE ADMINISTRATION								
SCIENCE	43.001	UNIVERSITY OF ARIZONA	PO #342519 PO #342520 PO #342523		\$57,765	\$57,765	N/A	\$0
TOTAL NATIONAL AERONAUTICS & SPACE ADMINISTRATION					<u>\$57,765</u>			
INSTITUTE OF MUSEUM AND LIBRARY SERVICES OR NATIONAL ENDOWMENT FOR THE ARTS OR NATIONAL ENDOWMENT FOR THE HUMANITIES								
GRANTS TO STATES	45.310	ARIZONA DEPARTMENT OF LIBRARY AND PUBLIC RECORDS	2017-0170-15 2018-ARIZONA-81328 2018-0260-8 2018-0271-04		\$8,083	\$8,083	N/A	\$0
TOTAL INSTITUTE OF MUSEUM AND LIBRARY SERVICES OR NATIONAL ENDOWMENT FOR THE ARTS OR NATIONAL ENDOWMENT FOR THE HUMANITIES					<u>\$8,083</u>			
NATIONAL SCIENCE FOUNDATION								
ENGINEERING GRANTS	47.041	UNIVERSITY OF TEXAS EL PASO	226100998H		\$14,694	\$14,694	N/A	\$0
MATHEMATICAL AND PHYSICAL SCIENCES	47.049	ARIZONA STATE UNIVERSITY	1744539		\$13,997	\$13,997	N/A	\$0
EDUCATION AND HUMAN RESOURCES	47.076	ARIZONA STATE UNIVERSITY	VARIOUS		\$65,924	\$1,574,840	N/A	\$0
EDUCATION AND HUMAN RESOURCES	47.076				\$1,508,916	\$1,574,840	N/A	\$0
TOTAL NATIONAL SCIENCE FOUNDATION					<u>\$1,603,531</u>			
SMALL BUSINESS ADMINISTRATION								
SMALL BUSINESS DEVELOPMENT CENTERS	59.037			\$487,547	\$1,556,446	\$1,556,446	N/A	\$0
TOTAL SMALL BUSINESS ADMINISTRATION				<u>\$487,547</u>	<u>\$1,556,446</u>			
DEPARTMENT OF EDUCATION								
ADULT EDUCATION/BASIC GRANTS TO STATES	84.002	ARIZONA DEPARTMENT OF EDUCATION	VARIOUS		\$2,506,183	\$2,506,183	N/A	\$0
FEDERAL SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANTS	84.007				\$3,232,248	\$3,232,248	STUDENT FINANCIAL ASSISTANCE CLUSTER	\$178,225,691
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	84.010	ARIZONA DEPARTMENT OF EDUCATION	16FT1TTI-610133-01A 18FT1TTI-810133-01A 18FT1TTI-812481-01A 19FT1TTI-910133-01A 19FT1TTI-912481-01A		\$264,899	\$264,899	N/A	\$0
SPECIAL EDUCATION GRANTS TO STATES	84.027	ARIZONA DEPARTMENT OF EDUCATION	18FESCBG-810133-09A 18FESCBG-812481-09A 19FESCBG-910133-09A 19FESCBG-912481-09A		\$43,180	\$43,180	SPECIAL EDUCATION CLUSTER (IDEA)	\$43,180
HIGHER EDUCATION INSTITUTIONAL AID	84.031				\$2,340,214	\$2,340,214	N/A	\$0
FEDERAL WORK-STUDY PROGRAM	84.033				\$2,364,808	\$2,364,808	STUDENT FINANCIAL ASSISTANCE CLUSTER	\$178,225,691
FEDERAL PERKINS LOAN (FPL)-FEDERAL CAPITAL CONTRIBUTIONS	84.038				\$214,609	\$214,609	STUDENT FINANCIAL ASSISTANCE CLUSTER	\$178,225,691
TRIO STUDENT SUPPORT SERVICES	84.042				\$701,979	\$701,979	TRIO CLUSTER	\$1,121,077
TRIO UPWARD BOUND	84.047				\$419,098	\$419,098	TRIO CLUSTER	\$1,121,077

			16FCTDBG-612331-20A V048A130003					
			17FCTDBG-712331-20A					
			18FCTDBG-812331-20A					
			19FCTDBG-912331-20A					
CAREER AND TECHNICAL EDUCATION	BASIC GRANTS TO STATES	84.048	ARIZONA DEPARTMENT OF EDUCATION		\$1,229,949	\$1,229,949	N/A	\$0
FEDERAL PELL GRANT PROGRAM		84.063			\$118,330,470	\$118,330,470	STUDENT FINANCIAL ASSISTANCE CLUSTER	\$178,225,691
FUND FOR THE IMPROVEMENT OF POSTSECONDARY EDUCATION		84.116			\$242,498	\$242,498	N/A	\$0
FEDERAL DIRECT STUDENT LOANS		84.268			\$54,083,556	\$54,083,556	STUDENT FINANCIAL ASSISTANCE CLUSTER	\$178,225,691
CHILD CARE ACCESS MEANS PARENTS IN SCHOOL		84.335			\$18,905	\$18,905	N/A	\$0
SUPPORTING EFFECTIVE INSTRUCTION STATE GRANTS		84.367	ARIZONA DEPARTMENT OF EDUCATION	16FT1TTI-610133-01A 18FT1TII-810133-03A 19FT1TII-910133-03A 18FT1TII-812481-03A	\$27,026	\$27,026	N/A	\$0
STUDENT SUPPORT AND ACADEMIC ENRICHMENT PROGRAM		84.424	ARIZONA DEPARTMENT OF EDUCATION	18FT4TIV-812481-01A 19FT4TIV-910133-01A 19FT4TIV-912481-01A	\$29,976	\$29,976	N/A	\$0
TOTAL DEPARTMENT OF EDUCATION					<u>\$186,049,598</u>			
DEPARTMENT OF HEALTH AND HUMAN SERVICES								
INJURY PREVENTION AND CONTROL RESEARCH AND STATE AND COMMUNITY BASED PROGRAMS		93.136	ARIZONA DEPARTMENT OF HEALTH SERVICE	ADHS19-210770	\$3,290	\$3,290	N/A	\$0
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES					<u>\$3,290</u>			
TOTAL EXPENDITURE OF FEDERAL AWARDS					<u>\$487,547</u>	<u>\$190,670,963</u>		

Please Note:

Italicized award lines indicate pass-through funding

The accompanying Notes to the Schedule of Expenditures of Federal Awards are an integral part of the schedule.

MARICOPA COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Fiscal Period 7/1/2018 - 6/30/2019

Significant Accounting Policies Used in Preparing the SEFA

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.

10% De Minimis Cost Rate

The auditee did not use the de minimis cost rate.

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, 2019. 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.

Catalog of Federal Domestic Assistance (CFDA) numbers

The program titles and CFDA numbers were obtained from the federal or pass-through grantor or the 2019 Catalog of Federal Domestic Assistance.

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, 2019 of \$214,609.

DISTRICT RESPONSE



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

March 30, 2020

Lindsey Perry
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 audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Specifically, for each finding we are providing you with our responsible officials' views, the names of the contact people responsible for corrective action, the corrective action planned, and the anticipated completion date.

Sincerely,

Kimberly Brainard Granio, CPA, M.Ed.
Associate Chief Financial Officer & Controller

Maricopa County Community College District
Corrective Action Plan
Year Ended June 30, 2019

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

2019-101

CFDA number 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 persons: Annette Linders, District Director, Financial Aid Compliance

Anticipated completion date: July 31, 2020

The District understands the importance of reporting accurate enrollment status to the National Student Loan Database (NSLDS). The District is working to implement a centralized Quality Assurance (QA) team to review, reconcile, and correct enrollment mismatches between NSLDS and the District's Student Information System (SIS). This team will be in place no later than May 1, 2020, and continue indefinitely.

Maricopa County Community College District
Corrective Action Plan
Year Ended June 30, 2019

2019-102

CFDA number 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 persons: Annette Linders, District Director, Financial Aid Compliance

Anticipated completion date: July 31, 2020

To ensure that policies and procedures are followed regarding accurate reporting of student information to the Common Origination and Disbursement (COD) system, the District will implement additional reconciliation and monitoring procedures. While the COA did change and was not reported to COD, it is important to note that there was no change in the student aid eligibility in the sample.

2019-103

CFDA number 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 persons: Jacob Vipond, Acting Chief Information Security Officer

Anticipated completion date: June 30, 2021

The District is in the process of finalizing its risk mitigation strategy related to entity-wide IT security. The District is performing an annual risk assessment to identify reasonably foreseeable internal and external risks to the security, confidentiality, and integrity of student financial aid information that could result in the unauthorized disclosure, misuse, alteration, destruction or other compromise of such information. The risk assessment will consider risks related to:

- Employee training and management.
- Information systems, including network and software design, as well as information processing, storage, transmission, and disposal.
- Detecting, preventing, and responding to attacks, intrusions, or other system failures.
- Document and implement a safeguard for each risk identified.
- Monitor the effectiveness of the safeguards' key controls, systems, and procedures on a periodic basis.
- Evaluate, and adjust the information security program in light of the testing and monitoring results, any significant changes to the District's operations or business arrangements, and any other circumstances that may have a significant impact on the information security program.

Furthermore, in the current fiscal year, additional protections were added to secure this data during intake, transmission and processing.



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

March 30, 2020

Lindsey Perry
Auditor General
2910 N. 44th Street, Suite 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. 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 Chief Financial Officer & Controller

Maricopa County Community College District
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2019

Status of Financial Statement Findings

The District needs to improve procedures for approving adjunct faculty employment
Finding Nos.: 2018-01, 2017-01, 2016-01, 2015-01, 2014-01, 2013-03
Status: Partially corrected

As of June 30, 2019, the District had only partially implemented its corrective action due to the complexity of the District's systems. As of June 30, 2019, the District had implemented a process to ensure adjunct faculty employment was properly approved prior to payment. However, system configuration to address integration issues was not implemented until January 2019 resulting in calculation errors continuing in to fiscal year 2018-19. No additional errors have occurred in this manner since January 2019. The District continues to improve its testing of and training for system changes prior to implementation.

The District should follow procedures for approving employees' time sheets
Finding Nos.: 2018-02, 2017-02, 2016-02, 2015-02, 2014-02
Status: Not corrected

As of June 30, 2019, the District had not fully implemented its corrective action due to the complexity of its systems. The District's Human Capital Management System (HCM) is not currently configured to require supervisory approvals of time sheets prior to paying employees for hours recorded as Department of Labor regulations require that employees be paid for time worked regardless of approval status. A process to manually approve any time worked and paid, but not approved in HCM, was re-initiated in the fall 2019. Monitoring and additional efforts to increase compliance are underway.

Maricopa County Community College District
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2019

The District should improve its risk-assessment process related to information technology security
Finding Nos.: 2018-03, 2017-04, 2016-04, 2015-03, 2015-04, 2014-03
Status: Not corrected

As of June 30, 2019, the District had not fully implemented its corrective action due to the complexity of the requirements. The District is in the process of finalizing its risk mitigation strategy related to entity-wide IT security and is conducting a comprehensive IT security risk assessment that will identify any gaps. As part of our initiative to reduce the District IT security threat surface and decrease the risks to information governed by the District, the District is also adopting the NIST framework as a set of standards to help inform and advance the District-wide goals of improved information security, risk mitigation, and compliance, while also creating a more informed security culture. This set of standards will include an annual entity-wide IT risk assessment, and adopting a continued improvement operational model.

The District should strengthen its Information technology (IT) controls—access, security, and contingency planning
Finding Nos.: 2018-04;
2017-03, 2016-03, 2015-03, 2014-03 (oversight);
2017-06, 2016-06, 2015-05, 2014-05, 2013-01, 12-02, 11-01, 10-01, 09-01, 08-01 (access)
2017-05, 2016-05, 2015-04, 2014-04 (security)
2017-07, 2016-08, 2015-07, 2014-07, 2013-02 (contingency planning)
Status: Partially corrected

As of June 30, 2019, the District had not fully implemented its corrective action (access and security) due to the complexity of the requirements. The District recognizes the benefits of adopting guidance from a credible industry source, specifically the National Institute of Standards and Technology, and plans to conduct periodic reviews of employee access and apply principles of least privilege across all systems, specifically users with elevated permissions.

Status of Federal Award Findings and Questioned Costs

CFDA No. and program name: 84.031 Higher Education – Institutional Aid
Finding Nos.: 2018-101, 2017-104
Status: Fully corrected

CFDA No. and program name: 84.031 Higher Education – Institutional Aid
Finding No.: 2018-102
Status: Fully corrected

Maricopa County Community College District
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2019

CFDA No. and program name: 84.031 Higher Education – Institutional Aid
Finding No.: 2018-103
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 Nos.: 2018-104, 2017-101, 2016-101, 2015-105, 2014-102
Status: Not corrected

As of June 30, 2019, the District had not fully implemented its corrective action due to the complexity of the requirements. The District understands the importance of reporting accurate enrollment status to the National Student Loan Database (NSLDS). The District is working to implement a centralized Quality Assurance (QA) team to review, reconcile, and correct enrollment mismatches between NSLDS and the District's Student Information System (SIS). This team will be in place no later than May 1, 2020, and continue indefinitely.

