



A REPORT  
TO THE  
ARIZONA LEGISLATURE

Financial Audit Division

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Single Audit

# Maricopa County Community College District

Year Ended June 30, 2011

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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, 2011

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Reports Issued Separately

Comprehensive Annual Financial Report	
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 <i>Government Auditing Standards</i>	





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 with Requirements  
That Could Have a Direct and Material Effect on 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 Maricopa County Community College District's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. 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.

As described in item 11-101 in the accompanying Schedule of Findings and Questioned Costs, the District did not comply with requirements regarding the allowable costs/cost principles requirement that is applicable to its WIA Cluster and allowable costs/cost principles and matching requirements that are applicable to its Adult Education—Basic Grants to States program. Compliance with such requirements is necessary, in our opinion, for the District to comply with the requirements applicable to these programs.

In our opinion, except for the noncompliance described in the preceding paragraph, Maricopa County Community College District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. The results of our auditing procedures also disclosed other instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133, and that is described in the accompanying Schedule of Findings and Questioned Costs as item 11-101.

### **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 to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be a material weakness and other deficiencies that we consider to be 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 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 item 11-101 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 11-101, 11-102, and 11-103 to be significant deficiencies.

### **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, 2011, and have issued our report thereon dated November 21, 2011. Our report was modified to include a reference to our reliance on other auditors. Our audit was performed for the purpose of forming our

opinions on the financial statements that collectively comprise the 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 17 through 19. 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, management, others within the District, 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.



Jay Zsorey, CPA  
Financial Audit Director

March 28, 2012, except for the  
Schedule of Expenditures of Federal Awards,  
for which the date is November 21, 2011.

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Maricopa County Community College District  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2011

Federal Grantor/Program Title/Pass-Through Grantor	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>					
Child Nutrition Cluster					
National School Lunch Program, passed through the Arizona Department of Education	10.555	ED05-0001	\$ 41,523		\$ 41,523
Total Child Nutrition Cluster			<u>41,523</u>		<u>41,523</u>
Hispanic Serving Institutions Education Grants	10.223		46,840		46,840
Child and Adult Care Food Program, passed through the Arizona Department of Education	10.558	07-24-2007	13,780		13,780
Total U.S. Department of Agriculture			<u>102,143</u>		<u>102,143</u>
<b>U.S. Department of Commerce</b>					
Economic Development Cluster					
Investments for Public Works and Economic Development Facilities	11.300		1,006,598		1,006,598
Total Economic Development Cluster			<u>1,006,598</u>		<u>1,006,598</u>
<b>U.S. Department of Housing and Urban Development</b>					
CDBG—Entitlement Grants Cluster					
Community Development Block Grants/Entitlement Grants, passed through the City of Phoenix	14.218	128007	23,428		23,428
Community Development Block Grants/Entitlement Grants, passed through the City of Mesa	14.218	2114-4024-09	71,031		71,031
Total CDBG—Entitlement Grants Cluster			<u>94,459</u>		<u>94,459</u>
Total U.S. Department of Housing and Urban Development			<u>94,459</u>		<u>94,459</u>
<b>U.S. Department of the Interior</b>					
Rangeland Resource Management	15.237		49,658		49,658
<b>U.S. Department of Labor</b>					
WIA Cluster					
ARRA—WIA Adult Program, passed through the Arizona Department of Education	17.258	11FAEIBA-170579-02A	167,431		167,431
Total WIA Cluster			<u>167,431</u>		<u>167,431</u>
ARRA—Youthbuild, passed through the City of Phoenix	17.274	SGA-DFA-PY-08-21	26,654		26,654
Total U.S. Department of Labor			<u>194,085</u>		<u>194,085</u>
<b>U.S. Department of State</b>					
Academic Exchange Programs—Undergraduate Programs, passed through Northern Virginia Community College	19.009	S-ECAAS-10-CA-069 S-ECAAS-11-CA-097	123,117		123,117
<b>National Aeronautics and Space Administration</b>					
Science, passed through the University of Arizona	43.001	Y550645, P383119	11,623		11,623
<b>National Endowment for the Humanities</b>					
Promotion of the Humanities—Federal/State Partnership, passed through the Arizona Humanities Council	45.129	GG18-5008-2008	4,282		4,282
<b>Institute of Museum and Library Services</b>					
Grants to States, passed through the Arizona Department of Library, Archives, and Public Records	45.310	NA	9,140		9,140
<b>National Science Foundation</b>					
Education and Human Resources	47.076		1,748,305	\$ 10,968	1,759,273
Education and Human Resources, passed through Arizona Board of Regents	47.076	SLC329X-1	16,887		16,887
Education and Human Resources, passed through Pennsylvania State University	47.076	3785-MATEC-NSF-2498	116,498		116,498

(Continued)

See accompanying notes to schedule.

Maricopa County Community College District  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2011  
(Continued)

Federal Grantor/Program Title/Pass-Through Grantor	CFDA Number (Note 2)	Pass-Through Grantor's Number	Direct Expenditures	Pass- Through Expenditures	Total Expenditures (Note 3)
Education and Human Resources, passed through University of New Mexico	47.076	271343-87M8 271343-87M6	\$ 27,742		\$ 27,742
Education and Human Resources, passed through Arizona State University	47.076	05-544, V2011usd0003/V11US002	1,644		1,644
Total Education and Human Resources			<u>1,911,076</u>	<u>\$ 10,968</u>	<u>1,922,044</u>
Total National Science Foundation			<u>1,911,076</u>	<u>10,968</u>	<u>1,922,044</u>
<b>U.S. Small Business Administration</b>					
Small Business Development Centers	59.037		1,115,115	1,253,188	2,368,303
Small Business Development Centers, passed through Colorado Office of Development and International Trade	59.037	SBAHQ-10-V-0003	16,012		16,012
Total U.S. Small Business Administration			<u>1,131,127</u>	<u>1,253,188</u>	<u>2,384,315</u>
<b>U.S. Department of Energy</b>					
National Nuclear Security Administration (NNSA) Minority Serving Institutions (MSI) Program	81.123		751,709		751,709
<b>U.S. Department of Education</b>					
Special Education Cluster (IDEA)					
Special Education—Grants to States, passed through the Arizona Department of Education	84.027	11FESCBG-170585-03A 11FESCBG-160034-03A	20,419		20,419
Total Special Education Cluster (IDEA)			<u>20,419</u>		<u>20,419</u>
TRIO Cluster					
TRIO—Student Support Services	84.042		658,494		658,494
TRIO—Upward Bound	84.047		431,217		431,217
Total TRIO Cluster			<u>1,089,711</u>		<u>1,089,711</u>
State Fiscal Stabilization Fund Cluster					
ARRA—State Fiscal Stabilization Fund (SFSF)—Education State Grants, Recovery Act, passed through the Arizona Department of Education	84.394	11FAASFF-170585-01A 11FAASFF-160034-01A	19,813		19,813
ARRA—State Fiscal Stabilization Fund (SFSF)—Education State Grants, Recovery Act, passed through the Arizona Governor's Office of Economic Recovery	84.394	GOER-IGA-FY2011-1016	174,148		174,148
Total State Fiscal Stabilization Fund Cluster			<u>193,961</u>		<u>193,961</u>
Adult Education—Basic Grants to States, passed through the Arizona Department of Education	84.002	11FAEABE-170579-05A 11FAECIV-170579-03A 11FAEAEF-170579-04A	2,478,492 1,815,575		2,478,492 1,815,575
Higher Education—Institutional Aid	84.031				
Career and Technical Education—Basic Grants to States, passed through the Arizona Department of Education	84.048	10FCTDBG-070570-01A 11FCTDBG-170570-01A	909,397		909,397
Leveraging Educational Assistance Partnership, passed through the Arizona Commission for Postsecondary Education	84.069	None	213,700		213,700
Fund for the Improvement of Postsecondary Education	84.116		360,675		360,675
Tech-Prep Education, passed through the Arizona Department of Education	84.243	10FCTDTP-070576-01A 11FCTDTP-170576-01A	234,197 151,675	64,666	298,863 151,675
Child Care Access Means Parents in School	84.335				
Transition to Teaching, passed through the Arizona Department of Education	84.350	10FAATRT-070579-06C 11FAATRT-170584-01A	3,417		3,417
Mathematics and Science Partnerships, passed through the Arizona Department of Education	84.366	10FSDPPR-070744-04A	33,447		33,447

(Continued)

See accompanying notes to schedule.

Maricopa County Community College District  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2011  
(Continued)

Federal Grantor/Program Title/Pass-Through Grantor	CFDA Number (Note 2)	Pass-Through Grantor's Number	Direct Expenditures	Pass- Through Expenditures	Total Expenditures (Note 3)
Improving Teacher Quality State Grants, passed through the Arizona Department of Education	84.367	11FAATII-160034-05A	\$ 61,043		\$ 61,043
Improving Teacher Quality State Grants, passed through Arizona State University	84.367	09-018	<u>2,058</u>		<u>2,058</u>
Total Improving Teacher Quality State Grants			<u>63,101</u>		<u>63,101</u>
ARRA—Education Jobs Fund, passed through the Arizona Department of Education	84.410	11FAAEJB-170585-01A 11FAAEJB-160034-02A	<u>79,130</u>		<u>79,130</u>
Total U.S. Department of Education			<u>7,646,897</u>	\$ 64,666	<u>7,711,563</u>
<b>U.S. Department of Health and Human Services</b>					
Substance Abuse and Mental Health Services—Projects of Regional and National Significance, passed through the University of Oklahoma Health Sciences Center	93.243	U79 SM57278-05	20,049		20,049
ARRA—Health Information Technology Professionals in Health Care, passed through Los Rios Community College	93.721	759107	<u>579,932</u>		<u>579,932</u>
Total U.S. Department of Health and Human Services			<u>599,981</u>		<u>599,981</u>
<b>Corporation for National and Community Service</b>					
Learn and Serve America—Higher Education	94.005		89,114	50,941	140,055
AmeriCorps, passed through the Colorado Campus Compact Program Development and Innovation Grants	94.006 94.007	None	28,049 <u>144,133</u>	<u>1,000</u>	28,049 <u>145,133</u>
Total Corporation for National and Community Service			<u>261,296</u>	<u>51,941</u>	<u>313,237</u>
<b>U.S. Department of Homeland Security</b>					
Centers for Homeland Security, passed through the University of Oklahoma Health Sciences Center	97.061	2008-ST-061-ST0004	<u>12,620</u>		<u>12,620</u>
<b>Student Financial Assistance Cluster</b>					
<b>U.S. Department of Education</b>					
Federal Supplemental Educational Opportunity Grants	84.007		1,847,280		1,847,280
Federal Family Education Loans	84.032		352,760		352,760
Federal Work-Study Program	84.033		2,016,976		2,016,976
Federal Perkins Loan Program—Federal Capital Contributions	84.038		818,279		818,279
Federal Pell Grant Program	84.063		177,794,995		177,794,995
Federal Direct Student Loans	84.268		193,074,812		193,074,812
Academic Competitiveness Grants	84.375		<u>770,749</u>		<u>770,749</u>
Total U.S. Department of Education			<u>376,675,851</u>		<u>376,675,851</u>
<b>U.S. Department of Health and Human Services</b>					
Scholarships for Health Professions Students from Disadvantaged Backgrounds	93.925		<u>18,000</u>		<u>18,000</u>
Total Student Financial Assistance Cluster			<u>376,693,851</u>		<u>376,693,851</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$390,603,662</u>	<u>\$1,380,763</u>	<u>\$391,984,425</u>

See accompanying notes to schedule.

Maricopa County Community College District  
Notes to Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2011

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 2011 *Catalog of Federal Domestic Assistance*.

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, 2011, of \$760,146.

Maricopa County Community College District  
 Schedule of Findings and Questioned Costs  
 Year Ended June 30, 2011

**Summary of Auditors' Results**

**Financial Statements**

	Unqualified	
	<b>Yes</b>	<b>No</b>
Type of auditors' report issued:		
Internal control over financial reporting:		
Material weakness identified?	<u>X</u>	—
Significant deficiency identified?	<u>X</u>	—
Noncompliance material to the financial statements noted?	—	<u>X</u>

**Federal Awards**

Internal control over major programs:		
Material weakness identified?	<u>X</u>	—
Significant deficiencies identified?	<u>X</u>	—
Type of auditors' report issued on compliance for major programs: Unqualified for all major programs except for the WIA Cluster and Adult Education—Basic Grants to States program, which were qualified.		
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
	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
93.925	Scholarships for Health Professions Students from Disadvantaged Backgrounds
	Economic Development Cluster:
11.300	Investments for Public Works and Economic Development Facilities

Maricopa County Community College District  
 Schedule of Findings and Questioned Costs  
 Year Ended June 30, 2011

CFDA Number	Name of Federal Program or Cluster
	WIA Cluster:
17.258	ARRA—WIA Adult Program
59.037	Small Business Development Centers
81.123	National Nuclear Security Administration Minority Serving Institutions Program
	TRIO Cluster:
84.042	TRIO—Student Support Services
84.047	TRIO—Upward Bound
84.002	Adult Education—Basic Grants to States
84.031	Higher Education—Institutional Aid
84.048	Career and Technical Education—Basic Grants to States
93.721	ARRA—Health Information Technology Professionals in Health Care

Dollar threshold used to distinguish between Type A and Type B programs: \$458,717

	<b>Yes</b>	<b>No</b>
Auditee qualified as low-risk auditee?	<u>    </u>	<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>	<u>    </u>
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Maricopa County Community College District  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2011

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

11-101

**WIA Cluster:**

CFDA No.: 17.258 **ARRA—WIA Adult Program**

**U.S. Department of Labor**

Passed through the Arizona Department of Education

Award Period/Award Numbers: July 1, 2010 through June 30, 2011/11FAEIBA-170579-02A

CFDA No.: 81.123 **National Nuclear Security Administration (NNSA) Minority Serving Institutions (MSI) Program**

**U.S. Department of Energy**

Award Period/Award Numbers: October 1, 2006 through September 30, 2012/DE-FG52-06NA27576

CFDA No.: 84.002 **Adult Education—Basic Grants to States**

**U.S. Department of Education**

Passed through the Arizona Department of Education

Award Period/Award Numbers: July 1, 2010 through June 30, 2011/11FAEABE-170579-05A, 11FAECIV-170579-03A, and 11FAEAEF-170579-04A

CFDA No.: 84.031 **Higher Education—Institutional Aid**

**U.S. Department of Education**

Award Period/Award Numbers: October 1, 2009 through September 30, 2010/P031S080118-09, P031S090050, P031S080044-09, and P031S050004

October 1, 2010 through September 30, 2011/P031S080118-10, P031S090050-10, and P031S080044-10

Allowable Costs/Cost Principles and Matching

Questioned Cost: Unknown

Criteria: The District should have effective policies and procedures to ensure that employee compensation charged to federal programs is properly supported by records and reasonably represents actual time and effort worked on federal programs. 2 Code of Federal Regulations (CFR) §220, Appendix A, Section J(10), requires the District to maintain records that certify on an after-the-fact basis that employee compensation charged to federal programs represents a reasonable distribution of employees' actual time and effort worked on federal programs. Specifically, when employee compensation charges are based on assigned work activity, a statement should be prepared by the supervisor at least annually to certify the assignment objectives were met.

Maricopa County Community College District  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2011

Condition and context: The District required supervisors to prepare a statement to describe how employees with special service assignments met the assigned objectives. However, for 1 of 12 payroll charges tested for the Higher Education—Institutional Aid (Higher Ed) program and 1 of 10 payroll charges tested for the National Nuclear Security Administration (NNSA) Minority Servicing Institutions (MSI) Program, the statements certifying the assignment objectives were met were not prepared upon completion of the assignment.

The District also created assignments for instructors and support staff for courses taught in relation to federal programs. However, the District did not prepare a statement at least annually to certify the assignment objectives were met. Specifically, auditors noted the following:

- Of the 18 payroll charges tested for the ARRA—WIA Adult Program (WIA), certification statements were not prepared for 2 instructors and 2 support staff.
- Of the 25 payroll charges tested for the Adult Education—Basic Grants to States (Adult Ed) program, certification statements were not prepared for 17 instructors and 2 support staff.
- Of the 23 payroll charges tested for the matching requirement of the Adult Ed program, certification statements were not prepared for 18 instructors and 1 support staff.

Auditors performed additional procedures for instructors to verify that a course was taught. However, the District was not able to provide additional support to verify the hours charged for support staff.

Of the instances noted above for instructors and support staff for the Adult Ed program, additional professional development and student orientation charges were included in the assignments. However, there was no documentation maintained to support that the work was performed for 3 of 25 direct payroll charges tested for the Adult Ed program and 12 of 23 payroll charges tested for the matching requirement of the Adult Ed program.

Effect: Unallowable federal charges or improper payments to employees may have occurred. It was not practical to extend our auditing procedures sufficiently to determine the amount of questioned costs, if any, that may have resulted from this finding. This finding is considered a significant deficiency in internal control over compliance and noncompliance with the NNSA MSI and Higher Ed programs' allowable costs/cost principles compliance requirement. In addition, this finding is considered a material weakness in internal control over compliance and material noncompliance with the WIA Cluster's allowable costs/cost principles compliance requirement. Furthermore, this finding is considered a material weakness in internal control over compliance and material noncompliance with the Adult Ed program's allowable costs/cost principles and matching compliance requirements.

Cause: The special services assignments were not always certified by a supervisor upon completion due to oversight. Further, in the other instances noted, the District had not established adequate policies and procedures to ensure assignment objectives were met.

Recommendation: The District should improve its current policies and procedures and perform the following:

Maricopa County Community College District  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2011

- Make sure that each supervisor prepares a statement detailing how the employee met the assignment's objectives within a reasonable time period upon completion. This statement should be completed at least annually for all assigned work activity.
- Require employees to document and support all incidental charges, including professional development and student orientation, made to a federal program to certify that the charges occurred.

11-102

CFDA No.: 84.002 **Adult Education—Basic Grants to States**

**U.S. Department of Education**

Passed through the Arizona Department of Education

Award Period/Award Numbers: July 1, 2010 through June 30, 2011/11FAEABE-170579-05A, 11FAECIV-170579-03A, and 11FAEAEF-170579-04A

CFDA No.: 84.031 **Higher Education—Institutional Aid**

**U.S. Department of Education**

Award Period/Award Numbers: October 1, 2009 through September 30, 2010/P031S080118-09, P031S090050, P031S080044-09, and P031S050004  
October 1, 2010 through September 30, 2011/P031S080118-10, P031S090050-10, and P031S080044-10

TRIO Cluster:

CFDA Nos.: 84.042 **TRIO—Student Support Services**

84.047 **TRIO—Upward Bound**

**U.S. Department of Education**

Award Period/Award Numbers: September 1, 2009 through August 31, 2010/P042A050417, P042A050361, P042A050101, P047A070073, and P047A070379  
September 1, 2010 through August 31, 2011/P042A100846, P042A100882, P042A100862, P047A070073, and P047A070379

Student Financial Assistance Cluster:

CFDA Nos.: 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**

CFDA No.: 93.925 **Scholarships for Health Professions Students from Disadvantaged Backgrounds**

**U.S. Department of Health and Human Services**

Award Period: July 1, 2010 through June 30, 2011

Cash Management and Reporting

Questioned Cost: None

Maricopa County Community College District  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2011

Criteria: In accordance with 34 CFR §80.20(b)(3), effective controls and accountability must be maintained over federal monies to ensure that they are used solely for authorized purposes. Therefore, all reports should be reviewed and approved for accuracy prior to submission.

Condition and context: The District did not always follow its procedures to ensure that reports were reviewed and approved prior to submission. While performing testwork over cash management and reporting, auditors noted that for 3 of 17 reports tested for the Student Financial Assistance (SFA) Cluster and for 3 of 6 reports tested for the Adult Education—Basic Grants to States program, there was no evidence of review. In addition, for 7 of 17 reports tested for the SFA Cluster and 1 of 6 reports tested for the TRIO Cluster and Higher Education—Institutional Aid program, the reports were reviewed after submission to the grantor agency.

Effect: The District could request reimbursement for costs not incurred and receive federal monies that it is not entitled to. This finding is a significant deficiency in internal control over compliance with the SFA Cluster's cash management requirements and with the Adult Education—Basic Grants to States, TRIO Cluster, and Higher Education—Institutional Aid programs' cash management and reporting requirements.

Cause: The controls designed by the District were not consistently applied due to staffing shortages and lack of management oversight.

Recommendation: The District should ensure that supervisors review reports for mathematical accuracy and compare amounts to supporting documentation prior to submitting them to the grantor. Evidence of the supervisor's review should be maintained.

11-103

CFDA No.: 11.300 **Investments for Public Works and Economic Development Facilities**

**U.S. Department of Commerce**

Award Period/Award Numbers: July 21, 2009 through July 20, 2014/07-01-06319

Davis-Bacon Act

Questioned Cost: None

Criteria: In accordance with 29 CFR §5, the Davis-Bacon Act requires that all laborers and mechanics employed by contractors or subcontractors who are funded with federal monies be paid prevailing wage rates established by the U.S. Department of Labor. In addition, the Davis-Bacon Act includes a requirement for the contractor or subcontractor to submit weekly, for each week in which any contract work is performed, a copy of the payroll records and a statement of compliance.

Condition and context: During fiscal year 2011, the Facilities Planning and Development Department paid contractors and subcontractors \$464,949 over a period of 29 weeks for work performed on a federally-funded project. The Department included standard language in its construction contracts requiring the payment of prevailing wages. Auditors determined that the Department did not have procedures to perform and did not perform a review of the certified payrolls submitted by the contractors and subcontractors. However, auditors performed additional procedures and determined that all certified payrolls were received by the District.

Maricopa County Community College District  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2011

Effect: Laborers and mechanics could be paid at less than prevailing wage rates. This finding is a significant deficiency in internal control over compliance with the program's Davis-Bacon Act requirements.

Cause: The Department lacked an understanding of the Davis-Bacon Act requirements associated with the federal project.

Recommendation: The District should establish Davis-Bacon Act policies and procedures for its departments. These policies should include a confirmation that all payrolls are received weekly and that the payrolls contain the necessary statement of compliance to ensure the contractors or subcontractors were paying prevailing wage rates.

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**DR. RUFUS GLASPER**  
CHANCELLOR

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March 23, 2012

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 corrective action, the corrective action planned, and the anticipated completion date for the audit finding included in the Schedule of Findings and Questioned Costs for the fiscal year ended June 30, 2011.

Sincerely,

A handwritten signature in cursive script that reads 'Kimberly Brainard Granio'.

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

MARICOPA COUNTY COMMUNITY COLLEGE DISTRICT

Corrective Action Plan  
Year Ended June 30, 2011

11-101

CFDA Nos.: 17.258 ARRA – WIA Adult Program, # 11FAEIBA-170579-02A  
81.123 National Nuclear Security Administration (NNSA) Minority Serving Institutions (MSI) Program, # DE\_FG52-06NA27576  
84.002 Adult Education – Basic Grants to States, #'s 11FAEABE-170579-05A, 11FAECIV-170579-03A, 11FAEAEF-170579-04A  
84.031 Higher Education – Institutional Aid, #'s P031S080118-09, P031S090050, P031S080044-09, P031S050004, P031S080118-10, P031S090050-10, P031S080044-10

Contact Person: Michelle Paul, Manager of Grants Accounting and Student Financial Services  
Anticipated Completion Date: March 2012

Corrective Action Planned:

The District utilizes its Human Resources System (HRMS) to send automatic notifications to staff when a Special Service Assignment is completed and ready to be certified. Escalating follow up notifications have also been in place. Due to system issues, these notifications were not active for a portion of FY2011. When this inactivity was detected, manual procedures were employed. All FY2011 assignments have been certified and we anticipate that the automated notification process will be corrected via an HRMS upgrade scheduled for June 2012.

For Instructional and support staff assignments, the District will review the feasibility of implementing additional functionality in HRMS to document completion of these assignments on-line. In the interim, the District will work to ensure that completion of assignments is adequately documented.

11-102

CFDA Nos.: 84.002 Adult Education – Basic Grants to States, #'s 11FAEABE-170579-05A, 11FAECIV-170579-03A, 11FAEAEF-170579-04A  
84.031 Higher Education – Institutional Aid, #'s P031S080118-09, P031S090050, P031S080044-09, P031S050004, P031S080118-10, P031S090050-10, P031S080044-10  
84.042 TRIO – Student Support Services, #'s P042A050417, P042A050361, P042A050101, P042A100846, P042A100882, P042A100862  
84.047 TRIO – Upward Bound, #'s P047A070073, P047A070379  
84.007 Federal Supplemental Educational Opportunity Grants  
84.032 Federal Family Education Loans  
84.033 Federal Work-Study Programs  
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  
93.925 Scholarships for Health Professions Students from Disadvantaged Backgrounds

Contact Person: Michelle Paul, Manager of Grants Accounting and Student Financial Services  
Anticipated Completion Date: March 2012

MARICOPA COUNTY COMMUNITY COLLEGE DISTRICT

Corrective Action Plan  
Year Ended June 30, 2011

Corrective Action Planned:

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.

11-103

CFDA No.: 11.300 Investments for Public Works and Economic Development Facilities, # 07-01-06319

Contact Person: Michelle Paul, Manager of Grants Accounting and Student Financial Services

Anticipated Completion Date: March 2012

Corrective Action Planned:

The Facilities Planning and Development Department has developed procedures to review all certified payrolls submitted by contractors and subcontractors for compliance with the Davis-Bacon Act wage requirements.

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March 23, 2012

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 has 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,

A handwritten signature in black ink that reads 'Kimberly Brainard Granio'.

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

**Maricopa County Community College District  
Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2011**

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

Finding No. 10-101  
Status: Partially corrected

The District has corrected the internal control deficiencies related to reporting new locations to the USDOE in a timely manner and we continue to work with a consultant and the USDOE to determine the amount of federal assistance awarded to students in error, if any.

The District has implemented a revised academic calendar and related policies and procedures and believes it is awarding and disbursing financial aid in accordance with the new calendar and we continue to work with a consultant and the USDOE to resolve any questions that remain. We are also working with a consultant and the USDOE to determine the amount of federal assistance awarded to students in error, if any.