

# Maricopa County Community College District

Single Audit Report

Year Ended June 30, 2018



A Report to the Arizona Legislature

Lindsey A. Perry  
Auditor General





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**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, 2018. 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 Higher Education—Institutional Aid program***

As described in the accompanying schedule of findings and questioned costs, the District did not comply with requirements regarding the Higher Education—Institutional Aid program for activities allowed or unallowed, allowable costs/cost principles, and level of effort as described in item 2018-101. Compliance with such requirements is necessary, in our opinion, for the District to comply with the requirements applicable to that program.

### ***Qualified opinion on Higher Education—Institutional Aid program***

In our opinion, except for the noncompliance described in the basis for qualified opinion paragraph, 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 the Higher Education—Institutional Aid program for the year ended June 30, 2018.

### ***Unmodified opinion on Student Financial Assistance Cluster***

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 the Student Financial Assistance Cluster for the year ended June 30, 2018.

### ***Other matters***

The results of our auditing procedures disclosed an other instance of noncompliance that is required to be reported in accordance with the Uniform Guidance and that is described in the accompanying schedule of findings and questioned costs as item 2018-104. Our opinion on each major federal program is not modified with respect to this matter.

### **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 a material weakness 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 2018-101 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 2018-102, 2018-103, and 2018-104 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, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated December 20, 2018, 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 28, 2019





# 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 for the Student Financial Assistance Cluster and qualified 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

### 2018-101

<b>CFDA number and name:</b>	84.031 <b>Higher Education—Institutional Aid</b>
<b>Award numbers and years:</b>	P031A110200, October 1, 2011 through September 30, 2017; P031S150032, October 1, 2015 through September 30, 2020; P031S150085, October 1, 2015 through September 30, 2020; P031S150098, October 1, 2015 through September 30, 2020; P031S160090, October 1, 2016 through September 30, 2021
<b>Federal agency:</b>	<b>U.S. Department of Education</b>
<b>Compliance requirements:</b>	Activities allowed or unallowed, allowable costs/cost principles, and level of effort
<b>Questioned costs:</b>	Unknown

**Condition and context**—The District did not always prepare, review, approve, and retain records supporting employees’ actual work performed or time and effort spent working on the program’s activities and ensuring that only allowable activities and costs were charged to the program and level-of-effort requirements were met. The District spent over \$1.5 million, or 81 percent, of total program expenditures on employee salaries and wages during the year. Specifically, we noted:

- For 11 of 30 hourly employees tested, comprising approximately \$5,375 of program expenditures, the supervisor did not review and approve the employee’s time sheet to verify the hours worked on the program were accurate. The District’s policies and procedures require a supervisory review and approval of hourly employees’ time sheets within the payroll system either prior to processing payroll or within a reasonable time period after processing payroll.
- For 4 of 19 salaried and contracted employees tested, comprising approximately \$46,126 of program expenditures, the District either did not have documentation supporting the employee’s time and effort spent working on program activities or did not prepare and approve the documentation until up to 1 year after the employee worked on the program. The District’s policies and procedures required a quarterly time-and-effort certification no later than 15 working days after the end of each quarter for each salaried employee or a certification after each project completion for each contracted employee. The policies and procedures also required these certifications to be reviewed, approved, and retained.
- For 1 of 4 employees tested who were required to meet level-of-effort requirements, comprising approximately \$44,789 of program expenditures, the District did not prepare required level-of-effort certifications in accordance with the District’s policy that requires such employees to submit a level-of-effort certification no later than 15 working days after the end of each quarter. Of the 4 certifications required for this employee, 2 were prepared up to 9 months late. This employee is also a salaried employee included in the errors noted in the above bullet.

**Criteria**—In accordance with 34 Code of Federal Regulations (CFR) §606.10(c)(1) and 2 CFR §200.430(h) and (i), the District should not charge federal programs for activities that are not included in the approved grant agreement. In addition, the District should maintain records that accurately reflect employees’ salaries

and wages charged to federal programs that reflect the actual work performed or time and effort spent working on federal programs. Therefore, the District should maintain effective internal controls that require adequate records for allocating employees' salaries and wages to federal programs and meeting required levels of certain employees' time and effort. These records should be prepared, approved within a reasonable time frame, and maintained as part of the District's established accounting policies and procedures. In addition, the District should have internal controls in place to ensure that employee time is charged to the appropriate federal program.

**Effect**—There is an increased risk that employees' salaries and wages charged to the program may not reflect the actual work performed or the time and effort spent working on program activities, which could result in unallowable costs being charged to the program and the required level of certain employees' time and effort not being met. It was not practical to extend our auditing procedures to determine any possible actual questioned costs because the District's accounting records supporting salaries and wages charged to the program were inadequate or not prepared timely.

**Cause**—The District made significant changes to its payroll system during the year and could not always locate records required by its policies and procedures to support the allowability of employees' salaries and wages charged to the program and that the required level of certain employees' time and effort spent on the program was met.

**Recommendation**—To help ensure that the District complies with the program's requirements for allowable activities and costs and level of effort, the District should evaluate and update its existing policies and procedures as necessary to:

- Monitor and enforce employees' adherence to its existing policies and procedures for preparing, reviewing, approving, and retaining accounting records to support employees' salaries and wages charged to federal programs. Such accounting records should accurately reflect employees' actual work performed or time and effort spent on federal program activities, encompass all activities worked on by employees for which they are compensated, and be approved and maintained as part of the District's established accounting policies and practices.
- Monitor the level of effort required of certain program employees' time and effort to ensure that required levels are met for the award period and supported by retained accounting records that are prepared, reviewed, and approved in a timely manner in accordance with District policy.

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 2017-104.

## 2018-102

<b>CFDA number and name:</b>	84.031 <b>Higher Education—Institutional Aid</b>
<b>Award numbers and years:</b>	P031A110200, October 1, 2011 through September 30, 2017; P031S150032, October 1, 2015 through September 30, 2020; P031S150085, October 1, 2015 through September 30, 2020; P031S150098, October 1, 2015 through September 30, 2020; P031S160090, October 1, 2016 through September 30, 2021
<b>Federal agency:</b>	<b>U.S. Department of Education</b>
<b>Compliance requirements:</b>	Cash management and reporting
<b>Questioned costs:</b>	None

**Condition and context**—For 1 of 6 reimbursement requests tested, the District did not review and approve the request prior to its submission to the pass-through grantor. The District’s policies and procedures require reimbursement requests to be reviewed and approved by someone who is independent of their preparation before submitting them to the grantor.

**Criteria**—In accordance with 2 CFR §200.305(b), the District must maintain effective financial management over its federal awards. To do so, the District pass-through grantor grant agreement requires the District to submit accurate reimbursement requests and completion reports that summarize all reimbursements requested for the award period. 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 award terms (2 CFR §200.303).

**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. We performed further auditing procedures and determined that the reimbursement requests and completion reports tested contained no unallowable costs or errors and that all other reimbursement requests and completion reports were reviewed and approved.

**Cause**—1 of the 5 District’s colleges participating in the program did not follow the established policies and procedures for its final reimbursement request.

**Recommendation**—To help ensure the District maintains effective financial management over the program and submits accurate reimbursement requests and completion reports, the District should follow its existing policies and procedures requiring an independent review and approval of reimbursement requests and completion reports prior to their submission to the pass-through grantor.

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

## 2018-103

**CFDA number and name:**

84.031 **Higher Education—Institutional Aid**

**Award numbers and years:**

P031A110200, October 1, 2011 through September 30, 2017;  
P031S150032, October 1, 2015 through September 30, 2020;  
P031S150085, October 1, 2015 through September 30, 2020;  
P031S150098, October 1, 2015 through September 30, 2020;  
P031S160090, October 1, 2016 through September 30, 2021

**Federal agency:**

**U.S. Department of Education**

**Compliance requirements:**

Activities allowed or unallowed and allowable costs/cost principles

**Questioned costs:**

None

**Condition and context**—For a total of 20 purchase-card transactions, comprising \$6,014 of total program expenditures, the District did not review and approve the transaction details and supporting documentation when its policies and procedures required a designated reviewer to examine and approve this information to ensure these purchases were allowable in accordance with the program’s requirements. Specifically, the District did not review and approve 1 of 10 purchase-card transactions initially tested. We then performed additional audit procedures examining 14 purchase-card monthly logs, noting an additional 19 purchase-card transactions that the District did not review and approve. The District spent nearly \$70,000, or 4 percent, of total program expenditures on goods and services purchased with purchase-cards.

**Criteria**—In accordance with 2 CFR §§200.403-.404, the District should ensure that all federal program costs are allowable and reasonable as provided by the program’s requirements and adequately documented. 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 award terms (2 CFR §200.303).

**Effect**—There is an increased risk that purchase-card transactions charged to the program may be unallowable if they are not reviewed and approved. We performed further auditing procedures and determined that the purchase-card transactions not reviewed and approved were allowable and reasonable.

**Cause**—The District did not always follow its existing policies and procedures for reviewing and approving purchase-card transactions.

**Recommendation**—To help ensure that the District does not charge unallowable or unreasonable purchase-card transactions to federal programs, it should follow its existing policies and procedures requiring a designated reviewer to examine and approve purchase-card transaction details and supporting documentation.

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

## 2018-104

<b>Cluster name:</b>	<b>Student Financial Assistance Cluster</b>
<b>CFDA numbers and names:</b>	84.007 <b>Federal Supplemental Educational Opportunity Grants</b> 84.033 <b>Federal Work-Study Program</b> 84.038 <b>Federal Perkins Loan Program—Federal Capital Contributions</b> 84.063 <b>Federal Pell Grant Program</b> 84.268 <b>Federal Direct Student Loans</b>
<b>Award year:</b>	July 1, 2017 through June 30, 2018
<b>Federal agency:</b>	<b>U.S. Department of Education</b>
<b>Compliance requirements:</b>	Special tests and provisions
<b>Questioned costs:</b>	N/A

**Condition and context**—The District did not have adequate policies and procedures to ensure that all student enrollment status changes were reported accurately to the National Student Loan Data System (NSLDS) within the required time frames. Specifically, for 4 of 40 students tested, the District did not report student enrollment status changes within 60 days after it received an enrollment reporting roster file from NSLDS. Further, for 6 of 40 students tested, the District reported incorrect student enrollment status changes to NSLDS.

**Criteria**—For the Federal Pell Grant and loan programs, 34 CFR §§674.19(f), 685.309(b), and 690.83(b)(2) require the District to report to the 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. Student enrollment status changes include reductions or increases in attendance levels, withdrawals, graduation, or approved leaves-of-absence. 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 award terms (2 CFR §200.303).

**Effect**—Student enrollment status changes in the NSLDS were not always accurate and reported in a timely manner, and therefore if the NSLDS does not accurately reflect students' enrollment on a timely basis, there is an increased risk that students may not be asked to repay student financial assistance grants and loans if or when required. Although the District did not report student enrollment status changes within the required time period for 4 students and reported incorrect student enrollment status changes for 6 students, the student enrollment changes reported did not require the students to repay the grant monies.

**Cause**—The District used a third-party servicer to report student enrollment status changes to NSLDS and did not have adequate written policies and procedures in place to identify and verify that all student enrollment status changes required to be reported were reported to the NSLDS accurately and in a timely manner.

**Recommendation**—To help ensure that the District complies with the Student Financial Assistance Cluster's student enrollment reporting requirements, the District should develop and implement procedures to monitor changes and verify that student enrollment status charges reported to NSLDS by its third-party servicer are accurate and reported within required time periods.

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 2017-101.



# DISTRICT SECTION

**Maricopa County Community College District**  
**Schedule of expenditures of federal awards**  
**Year ended June 30, 2018**

Federal agency/CFDA number	Federal program name	Cluster title	Pass-through grantor	Pass-through grantor's numbers	Program expenditures	Amount provided to subrecipients
<b>Department of Agriculture</b>						
10 17-CS-11030500-025	Forest Service				\$	49,157
<b>Department of Defense</b>						
12 002	Procurement Technical Assistance for Business Firms					299,553
<b>Department of Housing and Urban Development</b>						
14 218	Community Development Block Grants/Entitlement Grants	CDBG—Entitlement Grants Cluster	City of Phoenix	143921-0		15,582
<b>Department of the Interior</b>						
15 225	Recreation Resource Management					16,582
15 231	Fish, Wildlife and Plant Conservation Resource Management					26,329
	<b>Total Department of the Interior</b>					42,911
<b>Department of Labor</b>						
17 268	H-1B Job Training Grants		City of Phoenix	143705-0		117,848
17 282	Trade Adjustment Assistance Community College and Career Training (TAACCCT) Grants		Central Arizona College	TC-26465-14-60-A-4		851,694
17 282	Trade Adjustment Assistance Community College and Career Training (TAACCCT) Grants					160,350
	<i>Total 17.282</i>					1,012,044
	<b>Total Department of Labor</b>					1,129,892
<b>Department of State</b>						
19 009	Academic Exchange Programs—Undergraduate Programs		Northern Virginia University	S-ECAGD-13-CA-008 (CB), S-ECAGD-16-CA-1061		438,233
<b>National Aeronautics and Space Administration</b>						
43 001	Science		University of Arizona	PO #342519, PO #342520, PO #342523		71,417
<b>Institute of Museum and Library Services</b>						
45 310	Grants to States		State of Arizona Library	2017-0170-15		10,339
<b>National Science Foundation</b>						
47 041	Engineering Grants		Arizona State University	16-872 (ASU)		274
47 049	Mathematical and Physical Sciences		Arizona State University	12-928		11,635

**Maricopa County Community College District**  
**Schedule of expenditures of federal awards**  
**Year ended June 30, 2018**

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		Arizona State University	F16UR004/F2016ur010, F17UR026/F2017ur0042, F17UR027/F2017ur0043, F17UR028/F2017ur0044, F18UR007/S2018ur0014, F18UR008/S2018ur0015, F18UR016/S2018ur0022, F18UR022/S2018ur0029, F18UR026/S2018ur0033, KMS0051-18-42/S17UR014, KMS0051-18-42/S17UR023, KMS0051-18-42/ S17UR032, S17UR024/S2017ur0031, S17UR037/S2017ur0048, S18UR015/S2018ur0021, S18UR024/S2018ur0031, V18HS002/V2018sb0008, V18HS004/V2018sb0010, V18HS005/V2018sb0018, V2016sb0005/V16HS001, V2017sb0006/V17HS002, V2017sb0009/V17HS004, V2017sb0012/V17HS006	47,269	
47 076	Education and Human Resources		Pennsylvania State University	5429-MCCCD-NSF-1450	11,345	
47 076	Education and Human Resources				1,438,140	119,042
	<i>Total 47.076</i>				1,496,754	119,042
	<b>Total National Science Foundation</b>				<u>1,508,663</u>	<u>119,042</u>
<b>Small Business Administration</b>						
59 037	Small Business Development Centers				1,599,315	673,665
<b>Department of Education</b>						
84 007	Federal Supplemental Educational Opportunity Grants	Student Financial Assistance Cluster			2,691,204	
84 033	Federal Work-Study Program	Student Financial Assistance Cluster			2,311,776	
84 038	Federal Perkins Loan Program—Federal Capital Contributions	Student Financial Assistance Cluster			238,045	
84 063	Federal Pell Grant Program	Student Financial Assistance Cluster			129,748,450	
84 268	Federal Direct Student Loans	Student Financial Assistance Cluster			61,054,112	
	<i>Total Student Financial Assistance Cluster</i>				<u>196,043,587</u>	
84 002	Adult Education—Basic Grants to States		Arizona Department of Education	16AEAEF-612421-16B, 16FAECIV-612421-16B, 17FAEABE-712421-16B, 17FAEAPL-712421-16B, 17FAEIEL-712421-16B, 17FEDWIO-712421-16B, 18FAEABE-812421-01A, 18FAEAPL-812421-01A, 18FAEIEL-812421-01A, 18AEIET-812421-01A	2,101,651	
84 010	Title I Grants to Local Educational Agencies		Arizona Department of Education	16FT1TTI-610133-01A, 17FT1TTI-710133-01A, 18FT1TTI-810133-01A, 18FT1TTI-812481-01A	50,216	

See accompanying notes to schedule.

**Maricopa County Community College District**  
**Schedule of expenditures of federal awards**  
**Year ended June 30, 2018**

<b>Federal agency/CFDA number</b>	<b>Federal program name</b>	<b>Cluster title</b>	<b>Pass-through grantor</b>	<b>Pass-through grantor's numbers</b>	<b>Program expenditures</b>	<b>Amount provided to subrecipients</b>
84 021	Overseas Programs—Group Projects Abroad				17,933	
84 027	Special Education—Grants to States	Special Education Cluster (IDEA)	Arizona Department of Education	17FESCBG-710133-09A, 18FESCBG-810133-09A	32,907	
84 031	Higher Education—Institutional Aid				2,000,435	
84 042	TRIO—Student Support Services	TRIO Cluster			673,869	
84 047	TRIO—Upward Bound	TRIO Cluster			<u>496,586</u>	
	<i>Total TRIO Cluster</i>				<u>1,170,455</u>	
84 048	Career and Technical Education—Basic Grants to States		Arizona Department of Education	16FCTDBG-612331-20A, 17FCTDBG-712331-20A, 18FCTDBG-812331-20A	1,135,571	
84 116	Fund for the Improvement of Postsecondary Education				660,294	
84 335	Child Care Access Means Parents in School				807	
84 365	English Language Acquisition State Grants				12,453	
84 424	Student Support and Academic Enrichment Program		Arizona Department of Education	18FT4TIV-812481-01A	<u>7,948</u>	
	<b>Total Department of Education</b>				<u>203,234,257</u>	
	<b>Total expenditures of federal awards</b>				<u>\$ 208,399,319</u>	<u>\$ 792,707</u>

# **Maricopa County Community College District**

## **Notes to schedule of expenditures of federal awards**

### **Year ended June 30, 2018**

#### **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, 2018. 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 2018 *Catalog of Federal Domestic Assistance*. When a CFDA number was unknown, the 2-digit federal agency identifier and the federal contract number were used.

#### **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, 2018, of \$238,045.

# DISTRICT RESPONSE



2411 West 14th Street, Tempe, AZ. 85281  
T: 480.731.8000 • W: [www.maricopa.edu](http://www.maricopa.edu)

March 28, 2019

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 Vice Chancellor, Business Services & Controller

**Maricopa County Community College District**  
**Corrective Action Plan**  
**Year Ended June 30, 2018**

## **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**

### **2018-101**

CFDA number and program name: 84.031 Higher Education-Institutional Aid

Name of contact person: Kristina Winterstein, Accounting Manager

Anticipated completion date: June 30, 2019

The District has implemented new functionality within its Human Resources enterprise system (HCM) effective January 24, 2019, that allows the District to identify those employees who have not properly entered time worked on federal programs. The district has also implemented new policies and procedures that require employees, supervisors and principal investigators to submit complete time and effort forms within the correct timeframe identified in the existing District policy. The District has also implemented new reconciling policies and procedures to ensure that all salaries and wages charged to federal programs are supported by documented accounting records in accordance with existing District policy and comply with the program requirements for activities allowed.

Additionally, the District is currently reviewing procedures to identify time entered for work completed on federal projects that is automatically approved. The District will create policies and procedures to identify when automatic approvals are completed and create new procedures for obtaining proper documentation for those charges that support activities allowed or unallowed and allowable costs/costs principles.

### **2018-102**

CFDA number and program name: 84.031 Higher Education-Institutional Aid

Name of contact person: Kristina Winterstein, Accounting Manager

Anticipated completion date: June 30, 2019

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, 2018**

**2018-103**

CFDA number and program name: 84.031 Higher Education-Institutional Aid  
Name of contact person: David Martin, District Director, Procurement & Auxiliary Services  
Anticipated completion date: June 30, 2019

The District will review and strengthen its purchase-card approval procedures to better ensure that transactions are properly reviewed and approved and to ensure that charges to federal programs are allowable and reasonable.

**2018-104**

Cluster name: Student Financial Assistance Cluster  
CFDA number and program name: 84.007 Federal Supplemental Education Opportunity Grants  
84.033 Federal Work-Study Program  
80.038 Federal Perkins Loan Program – Federal Capital Contributions  
80.063 Federal Pell Grant Program  
84.268 Federal Direct Student Loans  
Name of contact person: Melissa Flores, Associate General Counsel, Senior  
Anticipated completion date: June 30, 2020

The District continues to develop and implement updated policies and procedures to ensure accuracy of enrollment reporting in the NSLDS system within required timelines established by the U.S. Department of Education and outlined in the NSLDS Enrollment Reporting Guide. The District has prioritized NSLDS enrollment reporting compliance as a critical and immediate need for resolution.



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March 28, 2019

Lindsey Perry  
Auditor General  
2910 N. 44th St., Ste. 410  
Phoenix, AZ 85018

Dear Ms. Perry:

We have prepared the accompanying summary schedule of prior audit findings as required by the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Specifically, we are reporting the status of audit findings included in the prior audit's schedule of findings and questioned costs. 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, 2018**

## **Status of Financial Statement Findings**

The District needs to improve procedures for approving adjunct faculty employment  
Finding numbers: 2017-01, 2016-01, 2015-01, 2014-01, 2013-03  
Status: Not corrected

As of June 30, 2018, the District had not fully implemented its corrective action due to the timing of system changes. As planned, changes were made to the District's enterprise systems (Human Capital Management-HCM and Student Information System-SIS) to require electronic approvals of adjunct faculty assignments initiated in SIS prior to the faculty member receiving access to his/her class roster, gradebook, etc. in February 2018. Since these changes were implemented after the start of the spring term, most assignments were converted from the legacy system and did not route through the new approval process. A new requirement to approve assignments is working as designed and is already showing better results for fiscal year 2019.

The District should improve procedures for approving employees' time sheets and reports  
Finding numbers: 2017-02, 2016-02, 2015-02, 2014-02  
Status: Not corrected

As of June 30, 2018, the District had not fully implemented its corrective action. During fiscal year 2016-17, the District developed and implemented a manual approval process for any time worked and paid, but not approved. Unfortunately, with the challenges encountered with the system changes noted in Finding 2018-01, all focus was shifted to resolving pay issues. We will resume efforts prior to the end of fiscal year 2018-19 to increase compliance.

The District should strengthen oversight of its information technology controls  
Finding numbers: 2017-03, 2016-03, 2015-03, 2014-03  
Status: Not corrected

As of June 30, 2018, the District had not fully implemented its corrective action due to the complexity of the requirements. The District is in the process of revising its strategy for managing technology oversight and controls. This enhanced strategy will be guided by the NIST Standards for Conformity schema and will allow the District to establish an effective level of oversight and control.

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

As of June 30, 2018, 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. The District is in the process of completing a comprehensive IT security risk assessment that will identify any gaps. As part of our initiative to reduce the District IT security threat

# Maricopa County Community College District

## Summary Schedule of Prior Audit Findings

### Year Ended June 30, 2018

surface and decrease the risks to information governed by the District, the District has adopted the NIST framework as a set of standards to help inform and enforce information security, risk mitigation, and create a more informed security culture. This set of standards includes an annual entity-wide IT risk assessment conducted by a disinterested third party and a review and continuing implementation of our data classification strategy.

The District should improve security over its information technology resources

Finding number: 2017-05, 2016-05, 2015-04, 2014-04

Status: Partially corrected

As of June 30, 2018, the District had not fully implemented its corrective action due to the complexity of the requirements. The District adopted a vulnerability scan process for systems and software that includes a remediation plan for all implementations. Further, the District recognizes the need for enhanced authentication, improved remote access process/directives, better device management and is developing a comprehensive identity management strategy for the District. We are pleased to note that patch management is being closely monitored. Issues are currently flagged and isolated/remediated as part of our current process to effectively mitigate risks from known vulnerabilities.

The District should improve access controls over its information technology resources

Finding number: 2017-06, 2016-06, 2015-05, 2014-05, 2013-01, 12-02, 11-01, 10-01, 09-01, 08-01

Status: Not corrected

As of June 30, 2018, the District had not fully implemented its corrective action due to the complexity of the requirements. Significant progress is being made in establishing a role-based access controls (RBACs) policy and processes that limit access based on the principle of "least privilege". Establishing effective RBAC policy and processes allows the District to ensure data is accessed only by users that require it and only while they require it. The RBAC policy and processes also improve internal controls, reduce access redundancy, and enhance information security of sensitive and regulated data.

The District should improve its contingency planning procedures for its information technology resources

Finding number: 2017-07, 2016-08, 2015-07, 2014-07, 2013-02

Status: Not corrected

As of June 30, 2018, the District had not fully implemented its corrective action due to the complexity of the requirements. The District also recognizes the need for contingency planning and has adopted an ITS continuity plan to ensure that in the event of a crisis or data loss, systems remain available and data is recoverable. The execution of the continuity plan directive is underway.

**Maricopa County Community College District**  
**Summary Schedule of Prior Audit Findings**  
**Year Ended June 30, 2018**

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

Cluster name: Student Financial Assistance Cluster

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

Finding numbers: 2017-101, 2016-101, 2015-105, 2014-102

Status: Not corrected.

As of June 30, 2018, the District had not fully implemented its corrective action due to the complexity of the requirements. The District continues to develop and implement updated policies and procedures to ensure accuracy of enrollment reporting in the NSLDS system within required timelines established by the U.S. Department of Education and outlined in the NSLDS Enrollment Reporting Guide. The District has prioritized NSLDS enrollment reporting compliance as a critical and immediate need for resolution.

Cluster name: Student Financial Assistance Cluster

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

Finding number: 2017-102

Status: Fully corrected.

Cluster name: Student Financial Assistance Cluster

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

Finding number: 2017-103

Status: Fully corrected.

**Maricopa County Community College District**  
**Summary Schedule of Prior Audit Findings**  
**Year Ended June 30, 2018**

CFDA number and program name: 84.031 Higher Education – Institutional Aid  
Finding number: 2017-104  
Status: Not corrected

As of June 30, 2018, the District had not fully implemented its corrective action due to challenges arising from changes made to the Human Resources System in February 2018. These challenges resulted in new functionality and procedures that were implemented in January 2019 which allows the District to identify those employees who have not properly entered time worked on federal programs. These changes will help ensure that personnel charges to federal programs are properly supported.

CFDA number and program name: 84.002 Adult Education – Basic Grants to States  
Finding number: 2016-104  
Status: Fully corrected

