



A REPORT
TO THE
ARIZONA LEGISLATURE

Financial Audit Division

Single Audit

Maricopa County Community College District

Year Ended June 30, 2015



Debra K. Davenport
Auditor General

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



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Maricopa County Community College District
Single Audit Reporting Package
Year Ended June 30, 2015

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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 *Government Auditing Standards*



DEBRA K. DAVENPORT, CPA
AUDITOR GENERAL

STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL

MELANIE M. CHESNEY
DEPUTY AUDITOR GENERAL

Independent Auditors' Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

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, 2015. 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 the requirements of laws, regulations, contracts, and grants 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 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, Maricopa County Community College District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance that are required to be reported in accordance with OMB Circular A-133 and that are described in the accompanying Schedule of Findings and Questioned Costs as items 2015-101 through 2015-105. Our opinion on each major federal program is not modified with respect to these matters.

Maricopa County Community College District's responses to the noncompliance findings identified in our audit are presented on pages 17 through 19. 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 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 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.

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. 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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items 2015-101 through 2015-105 that we consider to be significant deficiencies.

Maricopa County Community College District's responses to the internal control over compliance findings identified in our audit are presented on pages 17 through 19. 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.

Purpose of this Report

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

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, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated December 23, 2015, that contained an unmodified opinion on those financial statements. Our report also included a reference to our reliance on other auditors. Our audit was conducted for the purpose of forming our opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of the District's management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Jay Zsorey, CPA
Financial Audit Director

March 31, 2016

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**Maricopa County Community College District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2015**

| Federal agency/CFDA number | Federal program name | Cluster title | Pass-through grantor | Pass-through grantor's numbers | Program expenditures | Amount provided to subrecipients |
|--|--|------------------------------|-----------------------------------|--|----------------------|----------------------------------|
| Department of Agriculture | | | | | | |
| 10 555 | National School Lunch Program | Child Nutrition Cluster | Arizona Department of Education | ED09-0001, 78743000 | \$ 86,469 | |
| 10 223 | Hispanic Serving Institutions Education Grants | | | | <u>39,538</u> | <u>\$ 7,151</u> |
| | Total Department of Agriculture | | | | <u>126,007</u> | <u>7,151</u> |
| Department of Commerce | | | | | | |
| 11 300 | Investments for Public Works and Economic Development Facilities | Economic Development Cluster | | | <u>12,539</u> | |
| Department of Defense | | | | | | |
| 12 002 | Procurement Technical Assistance for Business Firms | | | | <u>373,769</u> | |
| Department of the Interior | | | | | | |
| 15 231 | Fish, Wildlife and Plant Conservation Resource Management | | Arizona Bureau of Land Management | L13AC00119 | <u>48,689</u> | |
| Department of Labor | | | | | | |
| 17 267 | Incentive Grants—WIA Section 503 | | Arizona Department of Education | 15FAECCR-512421-05A, 15FAEAEI-512421-51B | 588,071 | |
| 17 282 | Trade Adjustment Assistance Community College and Career Training (TAACCCT) Grants | | | | <u>3,404,875</u> | |
| | Total Department of Labor | | | | <u>3,992,946</u> | |
| Department of State | | | | | | |
| 19 014 | One-Time International Exchange Grant Program | | NOVA | S-ECAGD-13-CA-088(CB) | <u>383,249</u> | |
| National Aeronautics and Space Administration | | | | | | |
| 43 001 | Science | | University of Arizona | 215203, 215205 | <u>48,373</u> | |
| National Endowment for the Humanities | | | | | | |
| 45 162 | Promotion of the Humanities—Teaching and Learning Resources and Curriculum Development | | Gilder Lehrman Institute | None | <u>684</u> | |
| National Science Foundation | | | | | | |
| 47 049 | Mathematical and Physical Sciences | | Arizona State University | 12-928 | 74,729 | |
| 47 076 | Education and Human Resources | | Arizona State University | V2015sb0005/V15 HS005, V2015sb0004/V15 HS004, V14HS002/V2014sb0006, V2014sb0011/V14 HS005, V2015sb0003/V15 HS003 | 40,218 | |
| 47 076 | Education and Human Resources | | Collin College | DUE-1205077 | 1,547 | |
| 47 076 | Education and Human Resources | | JF Drake State Technical College | DPO-1201003 | 39,053 | |
| 47 076 | Education and Human Resources | | Northern Arizona University | SLC329X-1 | 37,752 | |

See accompanying notes to schedule.

**Maricopa County Community College District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2015**

| 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 | | Pennsylvania State University | 4691-MATEC-NSF-5105 | 128,814 | |
| 47 076 | Education and Human Resources | | | | <u>2,878,045</u> | <u>243,208</u> |
| | <i>Total 47.076</i> | | | | <u>3,125,429</u> | <u>243,208</u> |
| | Total National Science Foundation | | | | <u>3,200,158</u> | <u>243,208</u> |
| Small Business Administration | | | | | | |
| 59 037 | Small Business Development Centers | | | | <u>2,348,002</u> | <u>855,155</u> |
| Environmental Protection Agency | | | | | | |
| 66 951 | Environmental Education Grants | | | | <u>29,494</u> | |
| Nuclear Regulatory Commission | | | | | | |
| 77 008 | U.S. Nuclear Regulatory Commission Scholarship and Fellowship Program | | | | <u>6,250</u> | |
| Department of Energy | | | | | | |
| 81 123 | National Nuclear Security Administration (NNSA) Minority Serving Institutions (MSI) Program | | | | <u>98,789</u> | |
| Department of Education | | | | | | |
| 84 007 | Federal Supplemental Educational Opportunity Grants | Student Financial Assistance Cluster | | | 3,063,165 | |
| 84 033 | Federal Work-Study Program | Student Financial Assistance Cluster | | | 2,219,848 | |
| 84 038 | Federal Perkins Loan Program—Federal Capital Contributions | Student Financial Assistance Cluster | | | 539,312 | |
| 84 063 | Federal Pell Grant Program | Student Financial Assistance Cluster | | | 154,473,587 | |
| 84 268 | Federal Direct Student Loans | Student Financial Assistance Cluster | | | <u>121,044,812</u> | |
| | <i>Total Student Financial Assistance Cluster</i> | | | | <u>281,340,724</u> | |
| 84 010 | Title I Grants to Local Educational Agencies | | Arizona Department of Education | 14FT1TTI-460034-01A, 15FT1TTI-510133-01A, 15FT1TTI-512481-01A | 135,786 | |
| 84 027 | Special Education—Grants to States (IDEA, Part B) | Special Education Cluster (IDEA) | Arizona Department of Education | 15FESCBG-510133-09A, 15FESCBG-512481-09A | 39,662 | |
| 84 042 | TRIO—Student Support Services | TRIO Cluster | | | 682,239 | |
| 84 047 | TRIO—Upward Bound | TRIO Cluster | | | <u>495,978</u> | |
| | <i>Total TRIO Cluster</i> | | | | <u>1,178,217</u> | |
| 84 002 | Adult Education—Basic Grants to States | | Arizona Department of Education | 14FAEABE-470579-03A, 15FAEABE-570579-16B, 14FAECIV-470579-02A, 15FAECIV-570579-16B, 14FAEAEF-470579-01A, 15FAEAEF-570579-16B | 1,634,850 | |
| 84 031 | Higher Education—Institutional Aid | | | | 887,042 | |
| 84 048 | Career and Technical Education—Basic Grants to States | | Arizona Department of Education | 14FCTDBG-470570-01A, 15FCTDBG-570570-20A | 1,219,566 | |
| 84 335 | Child Care Access Means Parents in School | | | | 74,683 | |

See accompanying notes to schedule.

**Maricopa County Community College District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2015**

| Federal agency/CFDA number | Federal program name | Cluster title | Pass-through grantor | Pass-through grantor's numbers | Program expenditures | Amount provided to subrecipients |
|---|---|---------------|------------------------------------|--|-------------------------|--|
| 84 365 | English Language Acquisition State Grants | | | | 379,148 | |
| 84 367 | Improving Teacher Quality State Grants | | Arizona Department of Education | 14FT1TII-410133- 03A, 15FT1TII- 510133-03A | <u>7,736</u> | |
| | Total Department of Education | | | | <u>286,897,414</u> | |
| Corporation for National and Community Service | | | | | | |
| 94 006 | AmeriCorps | | Colorado Campus Compact | None | <u>4,234</u> | |
| | Total expenditures of federal awards | | | | <u>\$ 297,570,597</u> | <u>\$ 1,105,514</u> |

See accompanying notes to schedule.

Maricopa County Community College District
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2015

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 2015 *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, 2015, of \$529,829.

Maricopa County Community College District
 Schedule of Findings and Questioned Costs
 Year Ended June 30, 2015

Summary of Auditors' Results

Financial Statements

| | | |
|---|------------|-----------|
| Type of auditors' report issued: | Unmodified | |
| | Yes | No |
| Internal control over financial reporting: | | |
| Material weaknesses identified? | <u>X</u> | ___ |
| Significant deficiencies 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: | Unmodified | |
| 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 |
|-------------|---|
| 17.267 | Incentive Grants—WIA Section 503 |
| 17.282 | Trade Adjustment Assistance Community College and Career Training (TAACCT) Grants |
| | Student Financial Assistance Cluster: |
| 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 |
| 84.048 | Career and Technical Education—Basic Grants to States |
| 84.010 | Title I Grants to Local Educational Agencies |
| | TRIO Cluster: |
| 84.042 | TRIO—Student Support Services |
| 84.047 | TRIO—Upward Bound |

Maricopa County Community College District
Schedule of Findings and Questioned Costs
Year Ended June 30, 2015

Dollar threshold used to distinguish between Type A and Type B programs: \$486,896

| | Yes | No |
|--|-------------|--------------|
| 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> |
|---|--------------|-------------|

Maricopa County Community College District
Schedule of Findings and Questioned Costs
Year Ended June 30, 2015

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

2015-101

| | |
|---------------------------------|--|
| CFDA No. and Name: | 84.048 Career and Technical Education—Basic Grants to States |
| Award Numbers and Years: | 14FCTDBG-470570-01A; July 1, 2013 through September 30, 2014 15FCTDBG-570570-20A; July 1, 2014 through September 30, 2015 |
| Federal Agency: | Department of Education |
| Pass-Through Grantor: | Arizona Department of Education |
| Compliance Requirement: | Procurement |
| Questioned Costs: | Unknown |

Criteria: In accordance with 2 Code of Federal Regulations (CFR) §215.40-.46, the District should establish and follow competitive purchasing policies and procedures and maintain documentation showing the basis for vendor selection; justification for lack of competition, if applicable; and the basis for the award, including price, quality, and other factors considered.

Condition and context: The District did not always follow its policies and procedures when making program purchases to help ensure that they are competitive and advantageous to the federal program. Specifically, auditors noted that for one of five purchases tested, the District did not maintain documentation that it followed its competitive purchasing procedures to obtain price quotations or justify why sole-source procurement was appropriate for goods and services purchased totaling approximately \$31,380.

Effect: The District did not comply with the program's requirements for procurement. Also there is an increased risk that the District could potentially make purchases and award contracts that are not the most advantageous to the program. It was not practical to extend auditing procedures sufficiently to determine the amount of questioned costs, if any, that may have resulted from this finding. This finding has the potential to affect other federal programs that the District administers.

Cause: The District renewed a software license and considered the original software license purchase to be a sole-source procurement. However, the District did not maintain sole-source documentation supporting the original software purchase or the subsequent software renewal, as required by 2 CFR §215.46.

Recommendation: To help ensure that it complies with the program's procurement requirements, and obtains the most advantageous price for goods and services purchased with federal monies, the District should follow its existing competitive purchasing policies and procedures and prepare and retain supporting documentation evidencing that purchases were made through the required competitive process.

Maricopa County Community College District
Schedule of Findings and Questioned Costs
Year Ended June 30, 2015

This finding is similar to prior-year finding 2014-101.

2015-102

| | |
|--------------------------------|---|
| Cluster Name: | Student Financial Assistance Cluster |
| CFDA No. and Name: | 84.007 Federal Supplemental Educational Opportunity Grants 84.033 Federal Work-Study Program 84.038 Federal Perkins Loan Program—Federal Capital Contributions 84.063 Federal Pell Grant Program 84.268 Federal Direct Student Loans |
| Award Years: | 2014 and 2015 |
| Federal Agency: | Department of Education |
| Compliance Requirement: | Special Tests and Provisions |
| Questioned Costs: | None |

Criteria: In accordance with 34 CFR §§600.20(c)(1) and 600.21, the District is required to list on each of its college's Eligibility and Certification Approval Report (ECAR) the main campus and each location where it offers 50 percent or more of an eligible program. The District should also report changes pertaining to the addition, correction, or removal of a location to the federal awarding agency no later than 10 days after the change occurs.

Condition and context: The District has ten colleges that are each required to compile a separate ECAR. However, the District did not have adequate policies and procedures in place to ensure that all required information was included on each college's ECAR. Specifically, for 2 of 4 colleges' ECARs tested, the District did not identify 4 of its 25 locations on GateWay Community College's ECAR and did not identify 1 of 7 locations on Mesa Community College's ECAR.

Effect: The District did not comply with 34 CFR §§600.20(c)(1) and 600.21.

Cause: The District's colleges did not fully implement policies and procedures for reporting on each of its college's ECAR, and the colleges' reviews of the ECARs did not detect the omissions.

Recommendation: To help ensure that it complies with 34 CFR §§600.20(c)(1) and 600.21 and that each of its college's ECAR is complete and accurate, the District should establish policies and procedures for the colleges to follow regarding what information should be included on the ECAR. Policies and procedures should include developing a process to identify and accurately report all locations. In addition, a second employee should review and approve the ECAR for completeness and accuracy.

This finding is similar to prior-year finding 2014-102.

Maricopa County Community College District
Schedule of Findings and Questioned Costs
Year Ended June 30, 2015

2015-103

CFDA No. and Name: 84.048 **Career and Technical Education—Basic Grants to States**
Award Numbers and Years: 14FCTDBG-470570-01A; July 1, 2013 through September 30, 2014
15FCTDBG-570570-20A; July 1, 2014 through September 30, 2015
Federal Agency: **Department of Education**
Pass-Through Grantor: Arizona Department of Education
Compliance Requirement: Allowable Costs/Cost Principles
Questioned Costs: \$3,662

Criteria: In accordance with 34 CFR §74.21(b)(3), effective controls and accountability must be maintained over federal awards to ensure monies are used solely for authorized purposes.

Condition and context: The District spent over \$388,700, or 32 percent, of total program expenditures on employees' compensation for the program. The District performed procedures for certifying that employee compensation charged to the program represented a reasonable after-the-fact distribution of the employees' actual time and effort spent on the program; however, for 1 of 33 employees tested, the District detected that the employee's time and effort was incorrectly charged to the program, but it did not make an adjustment to reverse out the employee's compensation. As a result, \$3,662 of this employee's total compensation charged to the program was not allowable.

Effect: The District did not comply with the program's requirements for allowable costs. It was not practical to extend our auditing procedures sufficiently to determine additional questioned costs, if any, that may have resulted from this finding.

Cause: The District followed its existing policies and procedures for certifying employees' time and effort spent on the programs activities, but did not make the appropriate adjustments to the program's expenditures because of employee turnover.

Recommendation: To help ensure that the District complies with the program's requirements for allowable costs, the District should continue to follow its existing policies and procedures for certifying employee compensation charged to federal programs and ensure it makes adjustments to program expenditures, when necessary.

Maricopa County Community College District
Schedule of Findings and Questioned Costs
Year Ended June 30, 2015

2015-104

| | |
|---------------------------------|---|
| Cluster Name: | Student Financial Assistance Cluster |
| CFDA No. and Name: | 84.007 Federal Supplemental Educational Opportunity Grants 84.033 Federal Work-Study Program 84.038 Federal Perkins Loan Program—Federal Capital Contributions 84.063 Federal Pell Grant Program 84.268 Federal Direct Student Loans |
| Award Years: | 2014 and 2015 |
| Federal Agency: | Department of Education |
| Compliance Requirements: | Eligibility and Special Tests and Provisions |
| Questioned Costs: | \$11,592 |

Criteria: In accordance with 34 CFR §668.54, the District is required to verify students whose applications for federal financial assistance were selected for verification by the federal awarding agency. Students not completing verification are ineligible to receive further financial assistance and may be required to return previously received financial assistance, unless the student provides verification documentation within a reasonable time period.

Condition and context: The District's policies and procedures for students who are receiving financial assistance and selected for verification require the District's colleges to submit all student verification documentation to the District's central verification department for review and completion. However, auditors found that these policies and procedures were not always followed. Specifically, for 1 of 30 students tested for verification, the applicable college waived the student's verification requirement without obtaining evidence that the student should be excluded from verification, as outlined in the program's regulations. As a result, the District had no documentation to verify that the student was eligible to receive financial assistance totaling \$11,592.

Effect: The District did not comply with 34 CFR §668.54. Also, there is an increased risk that the District could potentially make federal financial assistance awards to students who have not completed the verification requirement. Auditors extended our sample size and identified no additional instances of students' verification process not being correctly completed. However, it was not practical to extend our auditing procedures sufficiently to determine additional questioned costs, if any, that may have resulted from this finding.

Cause: The applicable college did not follow the District's existing policies and procedures. Further, the District did not have adequate procedures in place to ensure that its verification policies and procedures were being followed at each of its colleges.

Maricopa County Community College District
Schedule of Findings and Questioned Costs
Year Ended June 30, 2015

Recommendation: To help ensure that it complies with 34 CFR §668.54, the District should improve its procedures for monitoring each of its colleges' compliance with district policies and procedures and provide additional training to the colleges on its verification process and the federal verification requirements. Further, the District's policies should include the requirement that no college can make verification exclusions except for those exclusions allowed by the program's regulations. Finally, the District should evaluate whether the student should continue to receive further federal financial assistance and return previously received financial assistance unless the student provides verification documentation.

2015-105

| | |
|--------------------------------|---|
| Cluster Name: | Student Financial Assistance Cluster |
| CFDA No. and Name: | 84.007 Federal Supplemental Educational Opportunity Grants 84.033 Federal Work-Study Program 84.038 Federal Perkins Loan Program—Federal Capital Contributions 84.063 Federal Pell Grant Program 84.268 Federal Direct Student Loans |
| Award Years: | 2014 and 2015 |
| Federal Agency: | Department of Education |
| Compliance Requirement: | Special Tests and Provisions |
| Questioned Costs: | None |

Criteria: For Pell and Direct Loan programs, 34 CFR §685.309(b) and §690.83(b)(2) require institutions to report to the National Student Loan Data System (NSLDS) student enrollment status changes within 30 days of a change or include the change in status in a response to an enrollment-reporting roster file within 60 days.

Condition and context: For 16 of 40 students tested, the students' enrollment status changes were not reported to NSLDS within 30 days, nor were the changes included in a response to an enrollment-reporting roster file within 60 days. In addition, for 8 of the 40 students tested, auditors noted errors in the students' enrollment status changes reported to NSLDS.

Effect: The District did not comply with the student enrollment reporting requirement included in the program's Special Tests and Provisions. Consequently, student statuses in the NSLDS were not always accurate and/or reported in a timely manner.

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

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

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March 31, 2016

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

Dear Ms. Davenport:

We have prepared the accompanying Corrective Action Plan as required by the standards applicable to financial audits contained in *Government Auditing Standards* and by U.S. Office of Management and Budget Circular A-133. Specifically, for each federal award finding that is included in the Schedule of Findings and Questioned Costs we are providing you with the names of the contact persons 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, 2015

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

2015-101

CFDA No. and Name: 84.048 Career and Technical Education—Basic Grants to States
Contact person: David Martin, District Director of Purchasing & Auxiliary Services
Anticipated completion date: March 31, 2016

All buyers have been reminded to document and retain such documentation of all sole source procurements and they are to be approved, as appropriate, per the Purchasing Manual.

2015-102

Cluster Name: Student Financial Assistance Cluster
CFDA No. and Name: 84.007 Federal Supplemental Educational Opportunity Grants
84.033 Federal Work-Study Program
84.038 Federal Perkins Loan Program—Federal Capital Contributions
84.063 Federal Pell Grant Program
84.268 Federal Direct Student Loans
Contact person: Kishia Brock, Vice President Strategy and Compliance
Anticipated completion date: June 30, 2016

The district office will develop a process to be followed by all colleges that includes a procedure for the identification of all programs and locations that should be included on the ECAR that will include a secondary review process of all ECARS prior to the submission for recertification. Additionally, the District will update the compliance review process that was established in the curriculum office in 2015 to include specific information on what type of information (programs/locations) must be included on the ECAR.

Finally, all colleges will review and update its ECAR for any deficiencies noted.

2015-103

CFDA No. and Name: 84.048 Career and Technical Education—Basic Grants to States
Contact person: Michelle Paul, Manager of Grants Accounting and Student Financial Services
Anticipated completion date: April 30, 2016

The unallowable expenditure will be removed from the program and the grantor will be refunded the applicable amount.

Maricopa County Community College District
Corrective Action Plan
Year Ended June 30, 2015

2015-104

Cluster Name: Student Financial Assistance Cluster
CFDA No. and Name: 84.007 Federal Supplemental Educational Opportunity Grants
84.033 Federal Work-Study Program
84.038 Federal Perkins Loan Program—Federal Capital Contributions
84.063 Federal Pell Grant Program
84.268 Federal Direct Student Loans
Contact person: Kishia Brock, Vice President Strategy and Compliance
Anticipated completion date: June 30, 2016

The District has developed an online tool-kit and a policies and procedures document that is distributed to all colleges. The Directors and Assistant Directors of Financial Aid (FA) collaborate with District Verification Assistant Directors on policies/procedures development and are well trained in the verification process. The District most recently provided follow-up verification training to the colleges in March of 2016 and will further collaborate with the FA Directors and Assistant Directors to ensure that staff continues to receive training on verification annually.

Finally, the district will collect the requested verification documents for the student and conduct a review to determine if the student remains eligible to receive federal student aid. Additionally, the file will be reviewed to determine if federal student aid received must be returned.

2015-105

Cluster Name: Student Financial Assistance Cluster
CFDA No. and Name: 84.007 Federal Supplemental Educational Opportunity Grants
84.033 Federal Work-Study Program
84.038 Federal Perkins Loan Program—Federal Capital Contributions
84.063 Federal Pell Grant Program
84.268 Federal Direct Student Loans
Contact person: Kishia Brock, Vice President Strategy and Compliance
Anticipated completion date: June 30, 2016

The District will work to refine policies and procedures to ensure that enrollment reporting is timely and accurate per the federal regulations. The District will work with the National Student Clearinghouse and with the District Office Financial Aid Operations team to establish a quality assurance process to ensure that improvements made to the NSLDS enrollment reporting processes continue to result in timely and accurate reporting.

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March 31, 2016

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

Dear Ms. Davenport:

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

Sincerely,

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

Maricopa County Community College District
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2015

Status of Federal Award Findings and Questioned Costs

CFDA No.: 17.282 Trade Adjustment Assistance Community College and Career Training (TAACCT)
Grants
84.048 Career and Technical Education – Basic Grants to States
Finding No.: 2014-101
Status: Partially corrected

All buyers have been reminded to document and retain such documentation of all sole source procurements and they are to be approved, as appropriate, per the Purchasing Manual.

CFDA Nos.: 84.007 Federal Supplemental Educational Opportunity Grants
84.033 Federal Work-Study Program
84.038 Federal Perkins Loan Program – Federal Capital Contributions
84.063 Federal Pell Grant Program
84.268 Federal Direct Student Loans
Finding No.: 2014-102
Status: Not corrected

The district office will develop a process to be followed by all colleges that includes a procedure for the identification of all programs and locations that should be included on the ECAR that will include a secondary review process of all ECARS prior to the submission for recertification. Additionally, the District will update the compliance review process that was established in the curriculum office in 2015 to include specific information on what type of information (programs/locations) must be included on the ECAR.

Finally, all colleges will review and update its ECAR for any deficiencies noted.