

**Cochise County Community College District  
(Cochise College)**

**Single Audit Reporting Package**

**Year Ended June 30, 2008**

**Cochise County Community College District  
(Cochise College)  
Single Audit Reporting Package  
Year Ended June 30, 2008**

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**Reports Issued Separately**

**Comprehensive Annual Financial Report**

**Independent Auditor's 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***

The Auditor General of the State of Arizona

The Governing Board of  
Cochise County Community College District

We have audited the financial statements of the business-type activities and discretely presented component unit of Cochise County Community College District as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 8, 2008. Our report was modified to include a reference to our reliance on other auditors and as to consistency because of the implementation of Governmental Accounting Standards Board Statement No. 50. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Cochise College Foundation, the discretely presented component unit, as described in our report on the District's financial statements. The financial statements of the Cochise College Foundation were not audited by the other auditors in accordance with *Government Auditing Standards*. The Cochise College Foundation did not provide the reported results of the other auditors' testing of internal control over its financial reporting. Consequently, this report does not include our consideration of the other auditors' testing of internal control over financial reporting that is reported on separately by those other auditors.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record,

process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's basic financial statements that is more than inconsequential will not be prevented or detected by the District's internal control. We consider item **08-1** described in the accompanying Schedule of Findings and Questioned Costs to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the basic financial statements will not be prevented or detected by the District's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiency described above is not a material weakness.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Cochise County Community College District's response to the finding identified in our audit is presented on page 11. We did not audit the District's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the members of the Arizona State Legislature, the Auditor General of the State of Arizona, the Governing Board, management, 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.



December 8, 2008

**Independent Auditor's Report on Compliance with Requirements  
Applicable to Each Major Program and on Internal Control over Compliance in  
Accordance with OMB Circular A-133**

The Auditor General of the State of Arizona

The Governing Board of  
Cochise County Community College District

**Compliance**

We have audited the compliance of Cochise County Community College District with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. The District's major federal programs are identified in the Summary of Auditor's 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.

In our opinion, Cochise County Community College District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

**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 in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 would not necessarily identify all deficiencies in the District's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A control deficiency in the District's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the District's internal control. We consider item **08-2** described in the accompanying Schedule of Findings and Questioned Costs to be a significant deficiency in internal control over compliance.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the District's internal control. We did not consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs to be a material weakness.

#### **Schedule of Expenditures of Federal Awards**

We have audited the financial statements of the business-type activities and discretely presented component unit of Cochise County Community College District as of and for the year ended June 30, 2008, and have issued our report thereon dated December 8, 2008. Our report was modified to include a reference to our reliance on other auditors and as to consistency because of the implementation of Governmental Accounting Standards Board Statement No. 50. 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.

Cochise County Community College District's response to the finding identified in our audit is presented on page 12. We did not audit the District's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the members of the Arizona State Legislature, the Auditor General of the State of Arizona, the Governing Board, management, 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.

*Miller, Allen & Co., P.C.*

January 26, 2009, except  
for the Schedule of Expenditures  
of Federal Awards, for which the  
date is December 8, 2008

**Cochise County Community College District  
(Cochise College)  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2008**

| Federal Grantor/Pass-Through Grantor/Program Title                                 | CFDA<br>Number | Pass-Through<br>Grantor's<br>Number                               | Expenditures        | Amount<br>Provided to<br>Subrecipients |
|--|----------------|---|---------------------|--|
| <b>U.S. Department of Labor</b>  |                |   |                     |  |
| Passed through the Arizona Department of Education:                                |                |   |                     |  |
| Incentive Grants-WIA Section 503   | 17.267         | 08FAEAED-870536-07A   | \$ 88,491           |  |
| <b>U.S. Small Business Administration</b>  |                |   |                     |  |
| Passed through Maricopa County Community College District:                         |                |   |                     |  |
| Small Business Development Centers   | 59.037         | 7-603001-Z-0003<br>8-603001-Z-0003-16-01                          | 71,322              |  |
| <b>U.S. Department of Education</b>  |                |   |                     |  |
| Direct Programs:   |                |   |                     |  |
| Student Financial Assistance Cluster:  |                |   |                     |  |
| Federal Supplemental Educational Opportunity Grants                                | 84.007         |   | 60,278              |  |
| Federal Family Education Loans   | 84.032         |   | 1,982,118           |  |
| Federal Work-Study Program   | 84.033         |   | 98,048              |  |
| Federal Pell Grant Program   | 84.063         |   | 3,630,629           |  |
| Academic Competitiveness Grants  | 84.375         |   | 8,025               |  |
| Total Student Financial Assistance Cluster   |                |   | <u>5,779,098</u>    |  |
| Higher Education-Institutional Aid   | 84.031         |   | 861,448             | \$ 225,293                             |
| TRIO-Student Support Services  | 84.042         |   | 179,664             |  |
| Passed through the Arizona Department of Corrections:                              |                |   |                     |  |
| Grants to States for Incarcerated Youth Offenders                                  | 84.331         | 10115DC-Transition  | 112,942             |  |
| Passed through the Arizona Department of Education:                                |                |   |                     |  |
| Adult Education-State Grant Program  | 84.002         | 08FAEABE-870536-03A<br>08FAECIV-870536-04A<br>08FAEADL-870536-05A | 303,441             |  |
| Career and Technical Education-Basic Grants to States                              | 84.048A        | 07FCTDBG-770536-05A<br>08FCTDBG-870536-01A                        | 203,747             |  |
| Even Start-State Educational Agencies  | 84.213         | 08FECEVS-870536-09A   | 86,500              |  |
| Tech-Prep Education  | 84.243A        | 07FCTDTP-770536-04A<br>08FCTDTP-870536-06A                        | 136,496             | 50,056                                 |
| Passed through the Arizona Commission for Postsecondary Education:                 |                |   |                     |  |
| Leveraging Educational Assistance Partnership                                      | 84.069A        | LEAP  | 9,901               |  |
| Special Leveraging Educational Assistance Partnership                              | 84.069B        | SLEAP   | 13,056              |  |
| Total U.S. Department of Education   |                |   | <u>7,686,293</u>    | <u>275,349</u>                         |
| <b>U.S. Department of Health and Human Services</b>                                |                |   |                     |  |
| Direct Programs:   |                |   |                     |  |
| Nursing Workforce Diversity  | 93.178         |   | 243,366             |  |
| Passed through Cochise County Health Department:                                   |                |   |                     |  |
| Centers for Disease Control and Prevention-Investigations and Technical Assistance | 93.283         | STEPS   | 27,862              |  |
| Passed through Southeastern Arizona Behavioral Healthcare Services:                |                |   |                     |  |
| Mentoring Children of Prisoners  | 93.616         | DOC MENTORING   | 10,714              |  |
| Total U.S. Department of Health and Human Services                                 |                |   | <u>281,942</u>      |  |
| Total Expenditures of Federal Awards   |                |   | <u>\$ 8,128,048</u> | <u>\$ 275,349</u>                      |

See accompanying notes to schedule.

**Cochise County Community College District  
(Cochise College)  
Notes to Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2008**

**Note 1 - Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Cochise 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 2008 *Catalog of Federal Domestic Assistance*.

**Cochise County Community College District  
(Cochise College)  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2008**

**Summary of Auditor's Results**

***Financial Statements***

|   |                    |           |
|---|--------------------|-----------|
| Type of auditor's report issued:  | <b>Unqualified</b> |           |
|   | <u>YES</u>         | <u>NO</u> |
| Material weakness identified in internal control over financial reporting?  | ___                | <u>X</u>  |
| Significant deficiency identified not considered to be a material weakness? | <u>X</u>           | ___       |
| Noncompliance material to the financial statements noted?                   | ___                | <u>X</u>  |

***Federal Awards***

|   |          |          |
|---|----------|----------|
| Material weakness identified in internal control over major programs?         | ___      | <u>X</u> |
| Significant deficiencies identified not considered to be material weaknesses? | <u>X</u> | ___      |

Type of auditor's report issued on compliance for major programs: **Unqualified**

|  |          |     |
|--|----------|-----|
| 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:

| <u>CFDA<br/>Number</u> | <u>Name of Federal Program or Cluster</u>               |
|------------------------|---|
| 84.002                 | Adult Education – State Grant Program                   |
| 84.031                 | Higher Education – Institutional Aid                    |
| 84.042                 | TRIO – Student Support Services                         |
| 84.048A                | Career and Technical Education – Basic Grants to States |
| 84.243A                | Tech-Prep Education                                     |
| 84.331                 | Grants to States for Incarcerated Youth Offenders       |
| 93.178                 | Nursing Workforce Diversity                             |

|  |              |
|--|--------------|
| Dollar threshold used to distinguish between Type A and Type B programs: | \$300,000    |
| Auditee qualified as low-risk auditee?                                   | <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> ___ |
|---|--------------|

**Cochise County Community College District  
(Cochise College)  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2008**

**Financial Statement Findings**

***Item: 08-1***

College policy requires employees to input their time for each pay period into the online time tracking system. This information is then routed to the applicable department manager for their approval, before being routed to the payroll department. Controls have not been established to help ensure that all required approvals are received before payroll is processed. As a result, for nine of forty payroll transactions selected for testing, hours worked that were input into the time tracking system by the employee were not indicated as approved by the department manager. In order for payroll to be processed for these employees, the payroll department overrode the required approval field within the system.

Controls should be established that require department managers to review all employee time input into the system and indicate their approval before payroll is processed.

**Cochise County Community College District  
(Cochise College)  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2008**

**Federal Award Findings and Questioned Costs**

***Item: 08-2***

*CFDA Numbers:* 84.002 Adult Education – State Grant Program; 84.031 Higher Education – Institutional Aid; 84.042 TRIO – Student Support Services; 84.048A – Career and Technical Education – Basic Grants to States; 84.243A – Tech–Prep Education; 84.331 – Grants to States for Incarcerated Youth Offenders; 93.178 Nursing Workforce Diversity

*Grantors:* U.S. Department of Education; U.S. Department of Health and Human Services

*Award Periods:* 7/1/07-6/30/08; 10/1/06-9/30/08; 9/1/06-8/31/08; 7/1/07-9/30/08; 7/1/07-9/30/08; 7/1/07-6/30/08; 7/1/06-12/31/08

*Award Numbers:* 08FAEABE-870536-03A, 08FAECIV-870536-04A, 08FAEADL-870536-05A; P031S030013, P031S030013-07; P042A051023-06, P042A051023-07; 07FCTDBG-770536-05A, 08FCTDBG-870536-01A; 07FCTDTP-770536-04A, 08FCTDTP-870536-06A; 10115DC – Transition; D19HP02640-03-06

*Questioned Costs:* N/A

College policy requires employees to input their time for each pay period into the online time tracking system. This information is then routed to the applicable department manager for their approval, before being routed to the payroll department. Controls have not been established to help ensure that all required approvals are received before payroll is processed. As a result, for nine of forty payroll transactions selected for testing, hours worked that were input into the time tracking system by the employee were not indicated as approved by the department manager. In order for payroll to be processed for these employees, the payroll department overrode the required approval field within the system.

Controls should be established that require department managers to review all employee time input into the system and indicate their approval before payroll is processed.

## District Responses

**Cochise County Community College District  
(Cochise College)  
Corrective Action Plan  
Year Ended June 30, 2008**

**Financial Statement Findings**

***Item: 08-1***

*Contact Person:* Kevin S. Butler, Vice President for Administration

*Anticipated Completed Date:* November 30, 2008

*Corrective Action:* In FY2007, the Cochise County Community College District expanded the use of the electronic time entry and approval payroll system to apply to all District employees, other than Federal Work-Study. Although there is no formal institutional policy on time record approval, upon an employee's timesheet submittal, the web time entry system sends a workflow notification to the employee's supervisor requesting their approval. The system does not release employee payroll data that initiates payment until the predetermined supervisor has approved the employee's time sheet.

During the transitional phase, College administration provided safeguards to ensure payment was made to employees in the event of system failure. The primary safeguard was to have Payroll personnel assist as back-up approvers to the supervisors. At the time, the overall risk to the College for having a third party approve time was assessed to be low. More current examinations of the process have indicated that the rate of approval failure needs to be addressed.

College administration continues to educate employees and approvers of system requirements, using district-wide emails. College administration also contacts each individual responsible for system failure. Beginning November 2008, the Payroll Department now sends a system timesheet printout to the approver whenever a system override is necessary. The approver must sign and return the printout to Payroll. Any changes noted are corrected in the system. The printouts are maintained as supplemental documentation to the payroll module. If the Payroll staff must make corrections or changes to incorrectly completed timesheets, a form is sent to the supervisor indicating what was incorrectly submitted and the correction that Payroll staff made. The employee and approver (supervisor) must both sign the form and return it to the Payroll Office as additional documentation for that Payroll.

**Cochise County Community College District  
(Cochise College)  
Corrective Action Plan  
Year Ended June 30, 2008**

**Federal Award Findings and Questioned Costs**

***Item: 08-2***

*CFDA Numbers:* 84.002 Adult Education – State Grant Program; 84.031 Higher Education – Institutional Aid; 84.042 TRIO – Student Support Services; 84.048A – Career and Technical Education – Basic Grants to States; 84.243A – Tech–Prep Education; 84.331 – Grants to States for Incarcerated Youth Offenders; 93.178 Nursing Workforce Diversity

*Contact Person:* Kevin S. Butler, Vice President for Administration

*Anticipated Completed Date:* November 30, 2008

*Corrective Action:* In FY2007, the Cochise County Community College District expanded the use of the electronic time entry and approval payroll system to apply to all District employees, other than Federal Work-Study. Although there is no formal institutional policy on time record approval, upon an employee's timesheet submittal, the web time entry system sends a workflow notification to the employee's supervisor requesting their approval. The system does not release employee payroll data that initiates payment until the predetermined supervisor has approved the employee's time sheet.

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**Cochise County Community College District  
(Cochise College)  
Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2008**

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

**Finding Numbers: 07-2**

*CFDA Numbers:* 84.042, 84.243

*Programs:* TRIO – Student Support Services, Tech-Prep Education

*Status:* Not Corrected

*Corrective Action:* In FY2007, the Cochise County Community College District expanded the use of the electronic time entry and approval payroll system to apply to all District employees, other than Federal Work-Study. Although there is no formal institutional policy on time record approval, upon an employee's timesheet submittal, the web time entry system sends a workflow notification to the employee's supervisor requesting their approval. The system does not release employee payroll data that initiates payment until the predetermined supervisor has approved the employee's time sheet.

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