

# Coconino County Community College District

Single Audit Report

Year Ended June 30, 2020



A Report to the Arizona Legislature

Lindsey A. Perry  
Auditor General





The Arizona Office of the Auditor General's mission is to provide independent and impartial information and specific recommendations to improve the operations of State and local government entities. To this end, the Office provides financial audits and accounting services to the State and political subdivisions, investigates possible misuse of public monies, and conducts performance audits and special reviews of school districts, State agencies, and the programs they administer.

## The Joint Legislative Audit Committee

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

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

## Audit Staff

**Donna Miller**, Director  
**Taryn Stangle**, Manager

## Contact Information

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

(602) 553-0333

[contact@azauditor.gov](mailto:contact@azauditor.gov)

[www.azauditor.gov](http://www.azauditor.gov)



# TABLE OF CONTENTS

## Auditors' Section

**Independent auditors' report** on internal control over financial reporting and on compliance and other matters based on an audit of basic financial statements performed in accordance with *Government Auditing Standards* 1

**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 3

## **Schedule of Findings and Questioned Costs** 6

Summary of auditors' results 6

Financial statement findings 7

## **District section**

Schedule of expenditures of federal awards 9

Notes to schedule of expenditures of federal awards 10

## **District response**

Corrective action plan

Summary schedule of prior audit findings

## **Report issued separately**

Comprehensive Annual Financial Report



LINDSEY A. PERRY  
AUDITOR GENERAL

ARIZONA  
AUDITOR GENERAL

MELANIE M. CHESNEY  
DEPUTY AUDITOR GENERAL

## **Independent auditors' report on internal control over financial reporting and on compliance and other matters based on an audit of basic financial statements performed in accordance with *Government Auditing Standards***

Members of the Arizona State Legislature

The Governing Board of  
Coconino County Community College District

We have audited, 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, the financial statements of the business-type activities and discretely presented component unit of Coconino County Community College District as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 30, 2020. Our report includes a reference to other auditors who audited the financial statements of the Coconino Community College Foundation, the discretely presented component unit, as described in our report on the District's financial statements. The Foundation's financial statements were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Foundation.

### **Internal control over financial reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control 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 and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's basic financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2020-01 and 2020-02, that we consider to be significant deficiencies.

## **Compliance and other matters**

As part of obtaining reasonable assurance about whether the District's basic financial statements are free from 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 financial statements. 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*.

## **District's response to findings**

The District's responses to the findings identified in our audit are presented in its corrective action plan at the end of this report. The District is responsible for preparing a corrective action plan to address each finding. The District's responses and corrective action plan were not subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

## **Purpose of this report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Lindsey A. Perry, CPA, CFE  
Auditor General

November 30, 2020



LINDSEY A. PERRY  
AUDITOR GENERAL

ARIZONA  
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 the Uniform Guidance**

Members of the Arizona State Legislature

The Governing Board of  
Coconino County Community College District

**Report on compliance for each major federal program**

We have audited Coconino 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, 2020. 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 the District's major federal program 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 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, Coconino 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, 2020.

## **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.

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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

## **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 Coconino County Community College District as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated November 30, 2020, that contained unmodified opinions 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 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 A. Perry, CPA, CFE  
Auditor General

November 30, 2020



# SCHEDULE OF FINDINGS AND QUESTIONED COSTS

## Summary of auditors' results

### Financial statements

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with generally accepted accounting principles Unmodified

#### Internal control over financial reporting

Material weaknesses identified? No

Significant deficiencies identified? Yes

Noncompliance material to the financial statements noted? No

### Federal awards

#### Internal control over major programs

Material weaknesses identified? No

Significant deficiencies identified? No

Type of auditors' report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR §200.516(a)? No

#### Identification of major programs

Assistance Listings number	Name of federal program or cluster
84.007, 84.033, 84.063, 84.268	Student Financial Assistance Cluster
84.425	Education Stabilization Fund

Dollar threshold used to distinguish between Type A and Type B programs \$750,000

Auditee qualified as low-risk auditee? Yes

# Financial statement findings

## 2020-01

The District's deficiencies in its process for managing and documenting its risks may put its operations and IT systems and data at unintended and unnecessary risk

**Condition**—The District's process for managing and documenting its risks did not include identifying, classifying, and inventorying sensitive information that might need stronger access and security controls.

**Effect**—Without correcting this deficiency, the District's administration and IT management may put the District's operations and IT systems and data at unintended and unnecessary risk.

**Cause**—The District used its limited IT resources to address other IT deficiencies it considered higher priority for correction.

**Criteria**—The District should follow a credible industry source such as the National Institute of Standards and Technology to help effectively manage risk at the District. The District's risk assessment process should include identifying, classifying, and inventorying sensitive information to protect it; identifying State statutes and federal regulations that could apply to sensitive information it maintains; and requiring disclosure to affected parties if sensitive information is compromised.

**Recommendations**—The District should:

1. Allocate sufficient resources to implement a process for managing and documenting risks.
2. Evaluate and manage the risks of holding sensitive information by identifying, classifying, and inventorying the information the District holds to assess where stronger access and security controls may be needed to protect data in accordance with State statutes and federal regulations.

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

This finding is similar to prior-year finding 2019-01.

## 2020-02

The District's control procedures over IT systems and data were not sufficient, which increases the risk that the District may not adequately protect those systems and data

**Condition**—The District's control procedures were not sufficiently designed, documented, and implemented to respond to risks associated with its IT systems and data because its procedures over restricting access did not consistently help prevent or detect unauthorized or inappropriate access.

**Effect**—There is an increased risk that the District may not adequately protect its IT systems and data, which could result in unauthorized or inappropriate access and/or the loss of confidentiality or integrity of systems and data.

**Cause**—Because of critical needs caused by the COVID-19 pandemic in 2020, rather than develop, document, and implement procedures needed for restricting access, IT personnel focused primarily on transitioning employees and students to online instruction and addressing other IT deficiencies it considered higher priority for correction.

**Criteria**—The District should follow a credible industry source such as the National Institute of Standards and Technology to implement effective internal controls that protect its IT systems and help ensure the integrity and accuracy of the data it maintains. This includes restricting access through logical access controls to help ensure systems and data are accessed by users who have a need, systems and data access granted is appropriate, and key systems and data access is monitored and reviewed.

**Recommendations**—The District should:

1. Make it a priority to develop, document, and implement control procedures to address restricting access to IT systems and data.
2. Assign and periodically review employee user access ensuring appropriateness and compatibility with job responsibilities.
3. Remove terminated employees' access to IT systems and data.
4. Review all other account access to ensure it remains appropriate and necessary.
5. Enhance authentication requirements for IT systems.

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

This finding is similar to prior-year finding 2019-02.

# DISTRICT SECTION

**COCONINO COUNTY COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Fiscal Period 7/1/2019 - 6/30/2020**

<i>Federal Awarding Agency/Program Title</i>	<i>Federal CFDA Number</i>	<i>Name of Funder Pass-Through Entity</i>	<i>Identifying Number Assigned By Funder Pass-Through Entity</i>	<i>Federal Expenditures</i>	<i>Federal Program Total</i>	<i>Cluster Name</i>	<i>Cluster Total</i>
<b>NATIONAL SCIENCE FOUNDATION</b>							
<i>EDUCATION AND HUMAN RESOURCES</i>	47.076	<i>BOARD OF REGENTS, NSHE, OBO UNIV. OF NEVADA, LAS VEGAS</i>	19-GR06487-05	\$50,119	\$55,891	N/A	\$0
<i>EDUCATION AND HUMAN RESOURCES</i>	47.076	<i>AZ BOARD OF REGENTS FOR NORTHERN ARIZONA UNIVERSITY</i>	1003280-01	\$5,772	\$55,891	N/A	\$0
<b>TOTAL NATIONAL SCIENCE FOUNDATION</b>				<u>\$55,891</u>			
<b>SMALL BUSINESS ADMINISTRATION</b>							
<i>SMALL BUSINESS DEVELOPMENT CENTERS</i>	59.037	<i>MARICOPA COUNTY COMMUNITY COLLEGE DISTRICT</i>	N/A	\$99,538	\$99,538	N/A	\$0
<b>TOTAL SMALL BUSINESS ADMINISTRATION</b>				<u>\$99,538</u>			
<b>DEPARTMENT OF EDUCATION</b>							
<i>ADULT EDUCATION - BASIC GRANTS TO STATES</i>	84.002	<i>ARIZONA DEPARTMENT OF EDUCATION</i>	<i>20FAEABE-012231-01A 20FAEIEL-012231-01A 20FAEIET-012231-01 20FAEAPL-012231-01A 20FAEIET-012231-01A</i>	\$300,629	\$300,629	N/A	\$0
FEDERAL SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANTS	84.007			\$153,487	\$153,487	STUDENT FINANCIAL ASSISTANCE	\$5,269,889
FEDERAL WORK-STUDY PROGRAM	84.033			\$93,984	\$93,984	STUDENT FINANCIAL ASSISTANCE	\$5,269,889
TRIO_STUDENT SUPPORT SERVICES	84.042			\$235,092	\$235,092	TRIO CLUSTER	\$235,092
<i>CAREER AND TECHNICAL EDUCATION -- BASIC GRANTS TO STATES</i>	84.048	<i>ARIZONA DEPARTMENT OF EDUCATION</i>	<i>19FCTDBG-912231-20A 20FCTDBG-012231-20A 19FCTPSG-912231-43B</i>	\$281,802	\$281,802	N/A	\$0
FEDERAL PELL GRANT PROGRAM	84.063			\$2,881,237	\$2,881,237	STUDENT FINANCIAL ASSISTANCE	\$5,269,889
FEDERAL DIRECT STUDENT LOANS	84.268			\$2,141,181	\$2,141,181	STUDENT FINANCIAL ASSISTANCE	\$5,269,889
EDUCATION STABILIZATION FUND	84.425			\$638,767	\$638,767	N/A	\$0
<b>TOTAL DEPARTMENT OF EDUCATION</b>				<u>\$6,726,179</u>			
<b>DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>							
<i>BIOMEDICAL RESEARCH AND RESEARCH TRAINING</i>	93.859	<i>NORTHERN ARIZONA UNIVERSITY</i>	1003808-2	\$20,992	\$20,992	N/A	\$0
<b>TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>				<u>\$20,992</u>			
<b>TOTAL EXPENDITURE OF FEDERAL AWARDS</b>				<u>\$6,902,600</u>			

**Please Note:**

*Italicized award lines indicate pass-through funding*

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

**COCONINO COUNTY COMMUNITY COLLEGE DISTRICT**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Fiscal Period 7/1/2019 - 6/30/2020**

**Significant Accounting Policies Used in Preparing the SEFA**

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

**10% De Minimis Cost Rate**

The auditee used the de minimis cost rate.

**Basis of presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Coconino County Community College District for the year ended June 30, 2020. 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).

**Catalog of Federal Domestic Assistance (CFDA) numbers**

The program titles and CFDA numbers were obtained from the federal or pass-through grantor or the 2020 Catalog of Federal Domestic Assistance.

# DISTRICT RESPONSE



November 13, 2020

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

Dear Ms. Perry:

We have prepared the accompanying Corrective Action Plan as required by the standards applicable to financial audits contained in *Government Auditing Standards* and by the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*. Specifically, for each finding we are providing you with our responsible officials' views, the names of the contact people responsible for corrective action, the corrective action planned, and the anticipated completion date.

Sincerely,

Jami Van Ess  
Executive Vice President

**Coconino County Community College District**  
**Corrective action plan**  
**Year ended June 30, 2020**

Financial statement findings

2020-01

**The District's deficiencies in its process for managing and documenting its risks may put its operations and IT systems and data at unintended and unnecessary risk**

**Contact Person:** Brian Wilson, Director of Information Technology Systems

**Anticipated completion date:** June 30, 2022

**Corrective Action:** To help ensure the District has effective policies and procedures to identify, analyze, and respond to risks that may impact its IT resources, the District will strive to continue to mature its district-wide risk assessment program.

2020-02

**The District's control procedures over IT systems and data were not sufficient, which increases the risk that the District may not adequately protect those systems and data**

**Contact Person:** Brian Wilson, Director of Information Technology Systems

**Anticipated completion date:** June 30, 2022

**Corrective Action:** To help prevent and detect unauthorized access or use, manipulation, damage, or loss to its IT resources, the District will strive to review its logical access policies and procedures over its IT resources against current IT standards and best practices, update them where needed, and implement them district-wide, as appropriate.



November 13, 2020

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 audit findings and questioned costs. This schedule also includes the status of audit findings reported in the prior year audit's summary schedule of prior audit findings that were not corrected.

Sincerely,

Jami Van Ess  
Executive Vice President

# Coconino County Community College District

## Summary Schedule of Prior Audit Findings

### Year ended June 30, 2020

#### Status of Financial statement findings

##### Managing risk.

##### **Finding number: 2018-01 and 2019-01**

**Status:** Not corrected.

**Explanation:** Efforts continue to implement the prior year's corrective action plan. As anticipated, resource constraints and the requirements of operations and maintenance for existing technologies along with significant software updates and reorganization within the department have not allowed for adequate budget or time to implement the corrective action plan entirely. Additionally, the demands on the department due to the pandemic have been many and became a priority, delaying some of this implementation. Work is progressing, however.

##### Information technology (IT) Controls - access and security

##### **Finding number: 2018-02 and 2019-02**

**Status:** Partially corrected. Security has been effectively corrected as has physical access.

**Explanation:** Efforts continue to implement the prior year's corrective action plan. As anticipated, resource constraints and the requirements of operations and maintenance for existing technologies along with significant software updates and reorganization within the department have not allowed for adequate budget or time to implement the corrective action plan entirely. Additionally, the demands on the department due to the pandemic have been many and became a priority, delaying some of this implementation. Work is progressing, however.

#### Status of Federal Award findings and questioned costs

##### **Finding number: 2019-101**

**Status:** Corrected

Cluster name:	Student Financial Assistance Cluster
CFDA numbers and names:	84.007 Federal Supplemental Educational Opportunity Grants
	84.033 Federal Work-Study Program
	84.063 Federal Pell Grant Program
	84.268 Federal Direct Student Loans
Compliance requirement:	Special tests and provisions
Questioned costs:	N/A

