

**REPORT  
 HIGHLIGHTS**  
 SINGLE AUDIT

**Subject**

The District spent \$4.2 million of federal monies and additional required matching monies this past year for 12 programs. The largest federal programs consisted of student financial assistance and educational programs. In return, the District must be accountable for its use of both federal and state monies, maintain strong internal controls, and comply with federal program requirements. As auditors, our job is to determine whether the District has met its responsibilities.

**Our Conclusion**

The District maintained adequate internal controls over financial reporting, with two exceptions. See page 2 for further details. The District also maintained adequate internal controls over and complied with federal program requirements for the programs tested.



2007

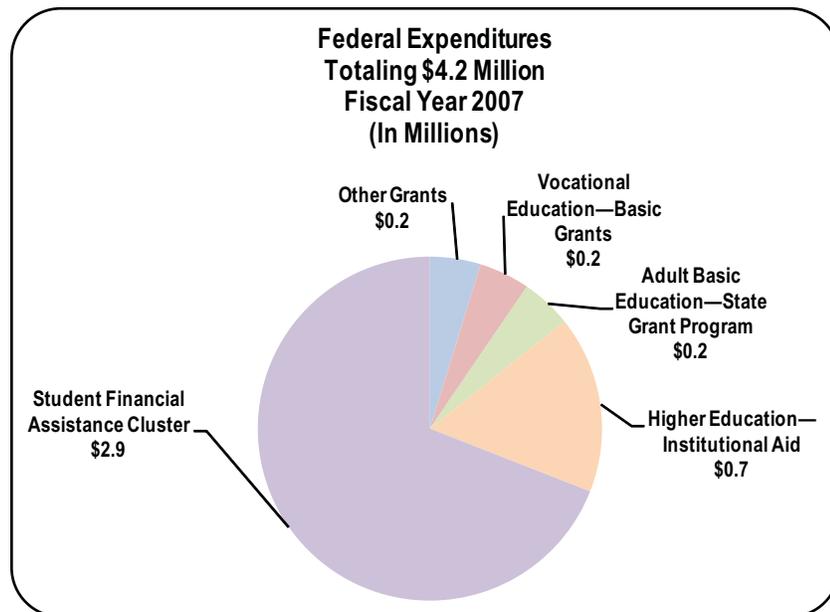
Year Ended June 30, 2007

**The District Spent \$4.2 Million of Federal Monies**

The District spent \$4.2 million of federal monies and additional required district matching monies this past year for 12 federal grant programs. The largest federal grants were for student financial assistance and educational programs. Under the guidelines established by the Single Audit Act, auditors tested the Student Financial Assistance Cluster, which included the following federal programs:

- Federal Supplemental Educational Opportunity Grants
- Federal Family Education Loans Program
- Federal Work-Study Program
- Federal Pell Grant Program
- Federal Academic Competitiveness Grant

In addition, auditors tested the Higher Education—Institutional Aid program.



# The District Should Strengthen Internal Controls over its Computer Systems and Journal Entries

It is critical that the District establish and enforce effective internal control over financial reporting. However, auditors identified the following deficiencies in the design and operation of the District's internal controls over its computer systems and journal entries.

## Computer Systems

The District needs a written and tested disaster recovery plan in place to ensure that its operations and electronic files are not compromised because of a system or equipment failure or other interruption. The plan should be updated annually; include sufficient detail for each of the District's critical

systems; be communicated and distributed to the necessary employees responsible for recovery; and be stored at an offsite facility.

## Journal Entries

The District has assigned and separated the functions of preparing and approving journal entries between two individuals. However, the District needs additional procedures during the absence of one of these two individuals. The proper separation of these responsibilities will help ensure that errors or unauthorized adjustments to the financial statements are prevented or detected by the District.

### The Single Audit Fact Sheet

- Two weaknesses in financial reporting internal controls.
- No weaknesses in federal compliance internal controls.
- No violations of federal program compliance requirements.
- No program costs were questioned as a result of our audit.

### TO OBTAIN MORE INFORMATION

A copy of the full report can be obtained by calling  
**(602) 553-0333**



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

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