

## Maricopa County Community College District Annual financial statement and compliance audits

The District's fiscal year 2022 reported financial information is reliable. However, we reported deficiencies and noncompliance over financial reporting and federal programs, summarized on the next page.

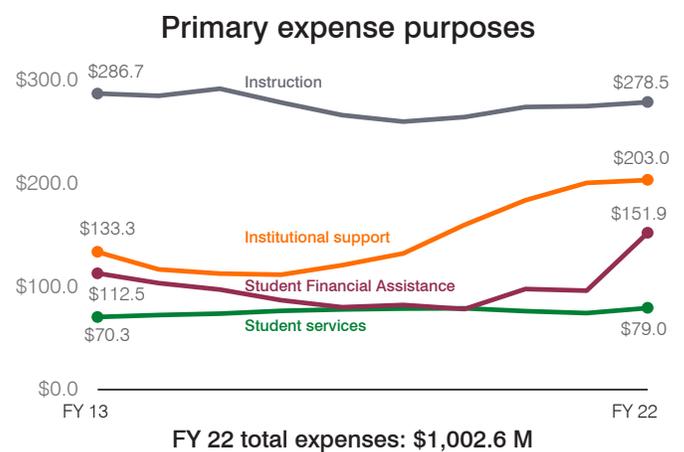
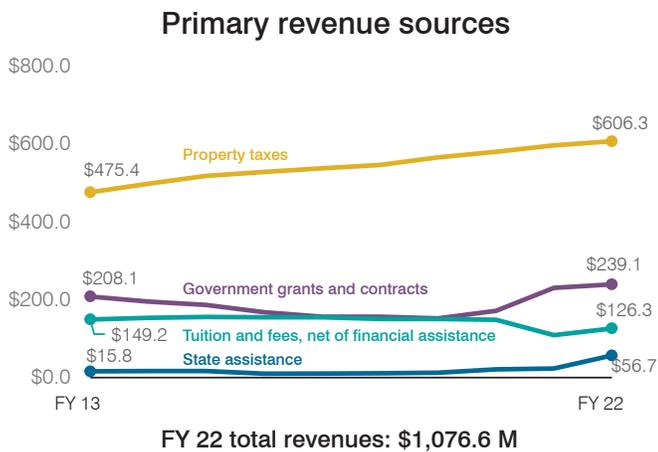
### Audits' purpose

To express our opinions on the District's financial statements and on compliance with certain federal requirements and, if applicable, to report findings over noncompliance with certain laws and regulations or other financial deficiencies.

### Primary revenue sources and how they were spent

Fiscal years (FY) 2013 through 2022

(In millions)



Source: Auditor General staff summary of information obtained from the District's financial statements.

### Largest primary revenue sources FY 2022

- **Property taxes 56.3%**—Levied and collected from property owners based on the assessed value of real and personal property within Maricopa County.
- **Government grants and contracts 22.2%**—Includes State and federal government grant programs awarded primarily for student financial aid and contracts to provide educational services.

### Largest primary expense purposes FY 2022

- **Instruction 27.8%**—Costs to provide instruction for all sessions and online learning, including instruction for general academics, vocational/technical programs, and community education.
- **Institutional support 20.2%**—Costs for District-wide planning and administrative support, including executive management, general and fiscal operations, information technology, and public relations/development.

### District's net position increased in FY 2022

District revenues were \$73.9 million greater than its expenses, increasing total net position to \$622.8 million at June 30, 2022. Net position includes all assets, such as buildings, vehicles, and cash and investments, less all liabilities, such as unpaid pension and other payroll obligations, long-term debt, and accounts payable. Of the total net position, \$583.3 million is restricted by external parties or is not in spendable form, and the remaining \$39.5 million is unrestricted.

## Auditor findings and recommendations

Summarized below are our findings and recommendations included in the District's [Report on Internal Control and on Compliance](#) and [Single Audit Report](#) where there is further information and the District's responses. The District needs to:

- Enforce written procedures requiring supervisors to review and approve employees' time sheets and monitor whether supervisors are performing reviews in accordance with District policies. We found that supervisors did not properly review 6,856 employee time sheets totaling approximately \$4.4 million in total wages during fiscal year 2022. Further, as a result of employees' supervisors not reviewing and approving time sheets, the District was exposed to an increased risk of fraud and misuse of public monies because it could not prevent, or detect and correct, employees intentionally or unintentionally misreporting their time worked or leave taken. We reported a similar finding in prior years.
- Ensure its Accounts Payable Department follows District written procedures when changing vendor information by directly contacting the vendor using existing contact information in the District's system to verify the changes before they are made and train its employees on these procedures. We found that the Department's lack of verification over vendor changes allowed public monies totaling \$28,612 to be stolen by fraudsters simply through an email request.
- Require its Student Financial Assistance (SFA) offices to follow federal guidelines and its existing policies and procedures over student financial assistance programs. We found that the SFA offices did not follow federal guidelines and District policies and procedures for notifying the NSLDS of enrollment changes accurately or within the required 60 days; reconcile its Direct Loans to the Common Origination Disbursement system and investigate discrepancies each month; and disburse credit balances to students within 14 days. We reported similar findings in prior years over student-enrollment reporting and Direct Loan monthly reconciliations.
- Develop and implement policies and procedures over the Higher Education—Institutional Aid programs federal endowments to modify its contracts with the Maricopa Community College Foundation to ensure compliance with federal regulations; designate an employee centrally to monitor the endowments with the Foundation to ensure the endowments are properly accounted for, spent, and invested; and submit all required endowment reports to U.S. Department of Education (ED). We found that the District did not properly monitor its Foundation to verify that the endowments were properly accounted for, spent, and invested. In addition, not all of the endowment reports were submitted to ED or compiled accurately. We reported a similar finding in the prior year.
- Ensure that the District's TRIO offices update their policies and procedures to require that student eligibility for the TRIO—Upward Bound program is properly reviewed and approved and that the offices maintain documentation supporting stipends earned by its participants. We found that 2 of the TRIO offices did not properly review and approve 21 of 24 students' eligibility determinations, and 1 office did not maintain supporting documentation for \$14,678 in stipends provided to students.
- Allocate sufficient resources and coordinate with all responsible offices to provide auditors with timely key information, and issue its Single Audit Report by the required deadline of March 31 each year. We found that the District did not submit its June 30, 2022, Single Audit Report to the federal audit clearinghouse until May 17, 2023, which was 47 days later than required.

## Auditor General website report links

- The June 30, 2022, Maricopa County Community College District Annual Comprehensive Financial Report, Report on Internal Control and on Compliance, and Single Audit Report that are summarized in these highlights can be found at this [link](#). These reports should be read to fully understand the District's overall financial picture and our reporting responsibilities.
- The District's reports from prior years are available at this [link](#).
- For help in understanding important information presented in these reports, please refer to our user guides at the following links:
  - [Financial Report User Guide for Colleges and Universities](#).
  - [Internal Control and Compliance Reports User Guide](#).