

**REPORT
 HIGHLIGHTS**
 SINGLE AUDIT

Subject

The District spent \$79 million of federal monies and additional required state matching monies this past year for 37 programs. The largest federal programs consisted of student financial assistance 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.

Our Conclusion

The District maintained adequate internal controls over financial reporting. The District also maintained adequate internal controls over, and complied with, the federal program requirements.



2002

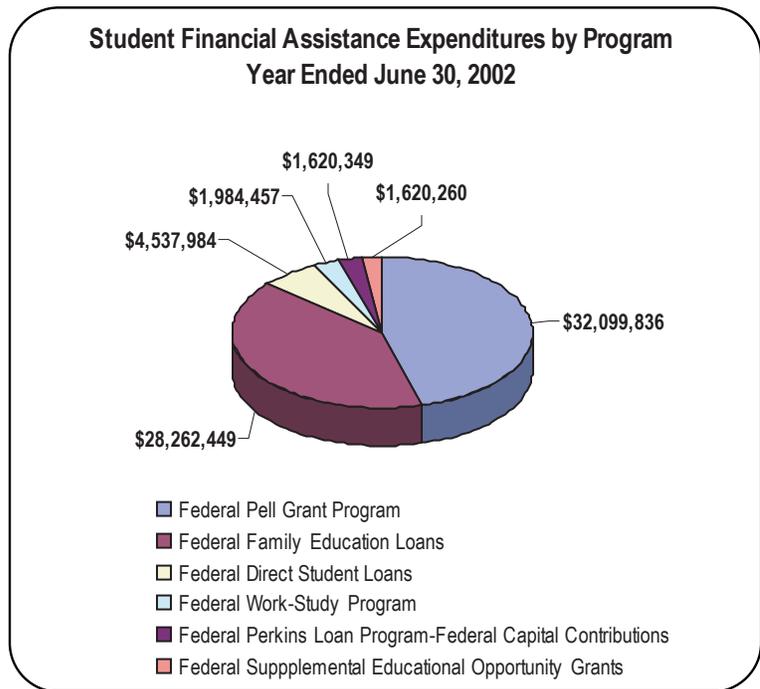
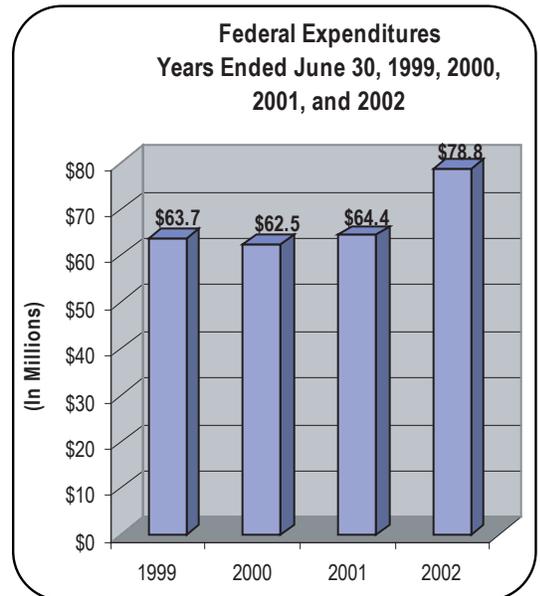
Year Ended June 30, 2002

**Expenditures of Federal Awards
 Increased \$14.4 Million**

The District's expenditures of federal monies increased \$14.4 million, or 22 percent from fiscal year 2001 to fiscal year 2002 as illustrated in the top right figure. This large increase occurred after 2 years of little change.

The largest increase was a \$12.8 million increase (22 percent) in student financial assistance (SFA) monies from the prior fiscal year. The Federal Family Education Loans programs increased \$4.9 million (21 percent) and the Federal Pell Grant Program increased \$7.2 million (29 percent) from the prior fiscal year.

The District spent 89 percent of its federal funding for SFA programs in fiscal year 2002. The breakdown of the District's SFA expenditures is illustrated below.



The District Needs to Continue Implementing Necessary Information Technology Controls

Two internal control findings over financial reporting presented in the Single Audit Reporting Package are similar to findings that appeared in the prior year's report. Although the District has partially corrected these problems, they continue to be important because of the District's increased dependence on information technology. The District is continuing to move to a Web-based environment and implement e-commerce, including a new student information system.

- The District needs to continue implementing procedures to restrict external access to the District's student information system at the campus level.
- The District should establish, document, and test a disaster recovery plan for all of its critical systems.

TO OBTAIN MORE INFORMATION

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



or by visiting our Web site at:
www.auditor.gen.state.az.us

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The Single Audit Fact Sheet

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

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Year Ended June 30, 2002