

Pinal County Community College District (Central Arizona College)

Single Audit Report

Year Ended June 30, 2020



A Report to the Arizona Legislature

Lindsey A. Perry
Auditor General





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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
Pinal 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 Pinal 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 April 25, 2022. Our report includes a reference to other auditors who audited the financial statements of the Central Arizona 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. 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 material weaknesses.

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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and that are described in the accompanying schedule of findings and questioned costs as item 2020-01.

District 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

Lindsey A. Perry, CPA, CFE
Auditor General

April 25, 2022



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
Pinal County Community College District

Report on compliance for each major federal program

We have audited Pinal 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 each of the District's major federal programs 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 qualified and unmodified opinions on compliance for major federal programs. However, our audit does not provide a legal determination of the District's compliance.

Basis for qualified opinion on the Student Financial Assistance Cluster

As described in the accompanying schedule of findings and questioned costs, the District did not comply with requirements regarding the Student Financial Assistance Cluster's special test and provisions as described in item 2020-102. Compliance with such requirements is necessary, in our opinion, for the District to comply with the requirements applicable to that program.

Qualified opinion on the Student Financial Assistance Cluster

In our opinion, except for the noncompliance described in the basis for qualified opinion paragraph, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Student Financial Assistance Cluster for the year ended June 30, 2020.

Unmodified opinion on the Education Stabilization Fund

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Education Stabilization Fund program identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2020.

Other matters

The results of our auditing procedures disclosed other instances of noncompliance that are required to be reported in accordance with the Uniform Guidance and that are described in the accompanying schedule of findings and questioned costs as items 2020-101, 2020-103, and 2020-104. Our opinion on each major federal program is not modified with respect to these matters.

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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2020-101 and 2020-102 to be material weaknesses.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2020-103 and 2020-104 to be significant deficiencies.

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.

District 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 compliance, and accordingly, we express no opinion on them.

Report on schedule of expenditures of federal awards required by the Uniform Guidance

We have audited the financial statements of the District's business-type activities and discretely presented component unit 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 April 25, 2022, that contained an unmodified opinion 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 opinion 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

Lindsey A. Perry, CPA, CFE
Auditor General

April 28, 2022



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? | Yes |
| Significant deficiencies identified? | None reported |
| Noncompliance material to the financial statements noted? | No |

Federal awards

Internal control over major programs

| | |
|--------------------------------------|-----|
| Material weaknesses identified? | Yes |
| Significant deficiencies identified? | Yes |

Type of auditors' report issued on compliance for major programs

Unmodified for the COVID-19 Education Stabilization Fund program (Assistance Listing 84.425) and qualified for the Student Financial Assistance Cluster (Assistance Listings 84.007, 84.033, 84.063, 84.268).

| | |
|---|-----|
| Any audit findings disclosed that are required to be reported in accordance with 2 CFR §200.516(a)? | Yes |
|---|-----|

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 | COVID-19 - Education Stabilization Fund |

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

| | |
|--|----|
| Auditee qualified as low-risk auditee? | No |
|--|----|

Financial statement findings

2020-01

The District issued its Annual Financial Report late, resulting in untimely financial information for decision makers and the District losing its credit rating

Condition—The District issued its Annual Financial Report 22 months after fiscal year-end, 14 months later than long-term debt covenants require and 13 months later than State law requires.

Effect—The District did not provide timely financial information to its governing board, creditors, and others who rely on it to make important decisions about the District's operations. Additionally, because the District had not issued timely financial statements, its Annual Budgeted Expenditure Limitation Report (ABELR), which relies on information from the Annual Financial Report and was due 9 months after fiscal year-end, will also be issued late. Finally, the District lost its credit rating with one rating agency in January 2021 and risks its credit rating being lost or downgraded with others because the District failed to comply with its long-term debt covenants.

Cause—The District lacked the personnel and readily available system reports necessary to reconcile its accounting system data to prepare its Annual Financial Report in a timely manner. The District fell behind its financial reporting deadlines when it implemented a new student system in fiscal year 2018 and an accounting system in fiscal year 2019 and, accordingly, issued its previous year's Annual Financial Report 15 months late. Consequently, the District's current-year report was delayed.

Criteria—The District's long-term debt covenants required it to issue its June 30, 2020, audited Annual Financial Report by March 1, 2021. Further, State law required the District to issue its annual audited Annual Financial Report and ABELR within 9 months after fiscal year-end, or by March 31, 2021 (Arizona Revised Statutes §41-1279.07[C]).

Recommendations—The District should:

1. Allocate sufficient resources to reconcile its accounting system data in a timely manner prior to report preparation.
2. Prepare and issue its Annual Financial Report in accordance with deadlines.

The District's corrective action plan at the end of this report includes the views and planned corrective action of its responsible officials. We are not required to audit and have not audited these responses and planned corrective actions and therefore provide no assurances as to their accuracy.

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 implemented to respond to risks associated with its IT systems and data. The District lacked sufficient procedures over the following:

- **Restricting access**—Procedures did not consistently help prevent or detect unauthorized or inappropriate access to its IT systems and data.
- **Securing systems and data**—IT security policies and procedures lacked controls to prevent unauthorized or inappropriate access or use, manipulation, damage, or loss.

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—Although the District made progress on correcting prior-year IT control weaknesses, the District did not sufficiently implement policies and procedures over protecting IT systems and data because resources were dedicated to continued operations.

Criteria—Implementing effective internal controls that follow a credible industry source, such as the National Institute of Standards and Technology, help the District to protect its IT systems and ensure the integrity and accuracy of the data it maintains, as follows:

- **Restrict access through logical access controls**—Help to 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.
- **Secure systems and data through IT security internal control policies and procedures**—Help prevent, detect, and respond to instances of unauthorized or inappropriate access or use, manipulation, damage, or loss to its IT systems and data.

Recommendations—The District should:

1. Make it a priority to implement remaining IT policies and procedures and ensure the procedures are being consistently followed.
2. Monitor employees' adherence to the IT policies and procedures on a periodic basis to ensure they are consistently followed and inform employees of updates to the policies and procedures throughout the year.

Restrict access—To restrict access to its IT systems and data, implement processes to:

3. Assign and periodically review employee user access ensuring appropriateness and compatibility with job responsibilities.
4. Remove terminated employees' access to IT systems and data.
5. Review all other account access to ensure it remains appropriate and necessary.

Secure systems and data—To secure IT systems and data, implement processes to:

6. Ensure all employees complete ongoing training that the District offers on IT security risks and their responsibilities to ensure systems and data are protected.

7. Ensure awarding and subsequent monitoring of IT vendor contracts is adequately conducted to ensure vendor qualifications and adherence to the vendor contract.

The District's corrective action plan at the end of this report includes the views and planned corrective action of its responsible officials. We are not required to audit and have not audited these responses and planned corrective actions and therefore provide no assurances as to their accuracy.

This finding is similar to prior-year finding 2019-03.

Federal award findings and questioned costs

2020-101

Assistance Listings numbers and names: Not applicable
Questioned costs: N/A

Condition—Contrary to federal regulations and guidance and Arizona Department of Education (ADE) grant requirements, the District did not submit its June 30, 2020, Single Audit Report to the federal audit clearinghouse until May 2022, which was 8 months later than allowed by the COVID-19-related single audit extension of September 30, 2021.

Effect—Submitting the Single Audit Report late prevents the federal government, the State, and other grantors of federal awards from having current information to effectively monitor their programs and could delay corrective actions that need to be taken by the District. In addition, ADE placed the District on hold during fiscal year 2020 from receiving reimbursement through its ADE grant award for \$112,884 in grant program expenditures, and the District had to use its institutional monies instead. Further, federal and other State grantors may deny future federal awards or subject the District to additional cash-monitoring requirements. This finding was not a result of internal control deficiencies of individual federal programs and, accordingly, did not have a direct and material effect on the reporting requirements over the District's major federal programs.

Cause—The District failed to prepare its June 30, 2020, Annual Financial Report in a timely manner for the reasons we reported in finding 2020-01.

Criteria—Federal regulations normally require the District to submit its Single Audit Report to the federal audit clearinghouse no later than 9 months after fiscal year-end (2 CFR §200.512). However, due to the COVID-19 pandemic, the U.S. Office of Management and Budget (OMB) extended this deadline by allowing an automatic 6-month extension until September 30, 2021, for the District to submit its June 30, 2020, Single Audit Report.¹ In addition, ADE requires the District to issue its Single Audit Report by the established Federal deadline before the District is reimbursed for expenditures.

¹ Executive Office of the President, OMB. (March 19, 2021). OMB Memorandum M-21-20, *Promoting Public Trust in the Federal Government through Effective Implementation of the American Rescue Plan Act and Stewardship of the Taxpayer Resources*. [whitehouse.gov/Grants Policies & Regulations](https://www.whitehouse.gov/Grants-Policies-&Regulations). Retrieved on February 23, 2022. https://www.whitehouse.gov/wp-content/uploads/2021/03/M_21_20.pdf

Recommendation—The District should improve its financial reporting process, as noted in finding 2020-01, so that it can submit all future Single Audit Reports on or before the federally required submission deadline, which is normally no later than 9 months after fiscal year-end or by March 31 of the subsequent year. However, as allowed by OMB for the June 30, 2021 report, the deadline was extended to and is due no later than September 30, 2022.

The District’s corrective action plan at the end of this report includes the views and planned corrective action of its responsible officials. We are not required to audit and have not audited these responses and planned corrective actions and therefore provide no assurances as to their accuracy.

This finding is similar to prior-year finding 2019-101.

2020-102

| | |
|---|---|
| Cluster name: | Student Financial Assistance Cluster |
| Assistance Listings 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 |
| Award numbers and year: | P007A190134; P033A190134; P063P192910; P268K202910; July 1, 2019 through June 30, 2020 |
| Federal agency: | U.S. Department of Education |
| Compliance requirement: | Special tests and provisions |
| Questioned costs: | Unknown |

Condition—Contrary to federal regulations, the District did not report student enrollment status changes to the National Student Loan Data System (NSLDS) within the required time periods for 41 of 60 students we tested and did not report the correct status change dates for 7 of 60 students we tested.

Effect—By failing to accurately and timely report its students’ enrollment status changes to NSLDS, the District’s students may not be asked to repay student financial assistance grants and loans if or when required.

Cause—The District had not developed and implemented written procedures to verify that student enrollment status changes recorded on its student information system and reported to NSLDS were accurate and were reported to NSLDS within required time periods. Consequently, the individual assigned with reporting student enrollment status changes to NSLDS did not always verify that reports being generated with student enrollment data were accurate and submitted on time. Further, the District had not assigned an employee independent of submitting the enrollment status changes to review the information for accuracy until the Spring 2020 semester.

Criteria—Federal regulations require the District to report to the NSLDS student enrollment status changes within 30 days of a change or include the change in status in a response to an enrollment-reporting roster file within 60 days for the Federal Pell Grant and Federal Direct Student Loans programs. Student enrollment status changes include reductions or increases in attendance levels, withdrawals, graduations, or approved leaves-of-absence (34 Code of Federal Regulations (CFR) §§690.83[b][2] and 685.309[b]). Federal regulation also requires establishing and maintaining effective internal control over federal awards that provides reasonable assurance that federal awards are being managed in compliance with all applicable laws, regulations, and award terms (2 CFR §200.303).

Recommendation—The District should develop and implement procedures to verify that student enrollment status changes recorded on its student information system and reported to NSLDS are accurate and this data is reported to NSLDS within required time periods.

The District's corrective action plan at the end of this report includes the views and planned corrective action of its responsible officials. We are not required to audit and have not audited these responses and planned corrective actions and therefore provide no assurances as to their accuracy.

This finding is similar to prior-year finding 2019-102.

2020-103

| | |
|---|---|
| Cluster name: | Student Financial Assistance Cluster |
| Assistance Listings 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 |
| Award numbers and year: | P007A190134; P033A190134; P063P192910; P268K202910; July 1, 2019 through June 30, 2020 |
| Federal agency: | U.S. Department of Education |
| Compliance requirement: | Special tests and provisions |
| Questioned costs: | Not applicable |

Condition—Contrary to federal regulation, the District did not reconcile its Federal Direct Student Loans program's cash receipts and disbursements records to the Common Origination and Disbursement (COD) system's School Account Statement data file until March 2020. Furthermore, the monthly reconciliations performed from March 2020 through June 2020 were not complete because they did not include all necessary records.

Effect—There is an increased risk that the District may not identify and resolve discrepancies between its cash receipts and disbursements records and the COD. These discrepancies would be more readily identified if the District were to conduct the required monthly reconciliations. Consequently, federal Direct Loan servicers that rely on COD information may obligate students for a loan they did not receive or that was recorded at the wrong amount and may begin charging students interest on student financial assistance loans before the student's 6-month interest grace period has ended.

Cause—The District did not have written policies and procedures in place to ensure that its records were reconciled to the COD system at least monthly from July 2019 through February 2020 and at the award's year-end for program closeout.

Criteria—Federal regulation requires monthly and program-year closeout reconciliations of the Federal Direct Student Loans program monies received to pay its students to the actual disbursement records submitted to the COD system (34 CFR §685.300[b][5] and [9]). Federal regulation also requires establishing and maintaining effective internal control over federal awards that provides reasonable assurance that federal programs are being managed in compliance with all applicable laws, regulations, and award terms (2 CFR §200.303).

Recommendations—The District should:

1. Implement effective written policies and procedures to perform the required monthly and award year-end reconciliations of its Federal Direct Student Loans cash receipts and disbursements records to the District's information reported on the COD system and investigate and resolve any discrepancies noted.
2. Ensure that the reconciliations are complete and are performed monthly and at program-year closeout.

The District's corrective action plan at the end of this report includes the views and planned corrective action of its responsible officials. We are not required to audit and have not audited these responses and planned corrective actions and therefore provide no assurances as to their accuracy.

This finding is similar to prior-year finding 2019-104.

2020-104

| | |
|---|---|
| Cluster name: | Student Financial Assistance Cluster |
| Assistance Listings 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 |
| Award numbers and year: | P007A190134; P033A190134; P063P192910; P268K202910; July 1, 2019 through June 30, 2020 |
| Federal agency: | U.S. Department of Education |
| Compliance requirement: | Special tests and provisions |
| Questioned costs: | Not applicable |

Condition—The District did not document in its risk assessment that it considered risks for employee training and management and data disposal or that it implemented safeguards for each of these areas if a risk was identified.

Effect—The District's administration and information technology (IT) management may put the District's operations and IT systems and data, including student financial aid information, at unintended and unnecessary risk, which could result in unauthorized or inappropriate access and/or the loss of confidentiality or integrity of systems and data.

Cause—The District designated an individual to coordinate its information security program over its student financial aid information but relied on an informal and undocumented process and did not include all required elements.

Criteria—Federal regulations require the District to perform a risk assessment to identify reasonably foreseeable internal and external risks to the security, confidentiality, and integrity of student financial aid information that could result in the unauthorized disclosure, misuse, alteration, destruction, or other compromise of such information, and to document a safeguard for each risk identified. The risk assessment should consider risks related to employee training and management as well as data disposal (Title 16 U.S. CFR, Parts 313 and 314, as required by the Gramm-Leach-Bliley Act, P.L. 106-102).

Recommendations—The District should:

1. Ensure that its student financial aid information risk assessment considers and documents the risks related to employee training and management and data disposal.
2. Document and implement a safeguard if a risk is identified for employee training and management or data disposal.

The District's corrective action plan at the end of this report includes the views and planned corrective action of its responsible officials. We are not required to audit and have not audited these responses and planned corrective actions and therefore provide no assurances as to their accuracy.

DISTRICT SECTION

**PINAL 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 Assistance Listing Number</i> | <i>Additional Award Identification (Optional)</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> |
|--|--|---|--|--|-----------------------------|------------------------------|------------------------------|----------------------|
| DEPARTMENT OF AGRICULTURE | | | | | | | | |
| HISPANIC SERVING INSTITUTIONS EDUCATION GRANTS | 10.223 | | | | \$30,712 | \$30,712 | N/A | \$0 |
| TOTAL DEPARTMENT OF AGRICULTURE | | | | | <u>\$30,712</u> | | | |
| DEPARTMENT OF JUSTICE | | | | | | | | |
| SECOND CHANCE ACT REENTRY INITIATIVE | 16.812 | | ARIZONA DEPARTMENT OF CORRECTIONS | 2016-RV-BX-0001 | \$96,938 | \$96,938 | N/A | \$0 |
| TOTAL DEPARTMENT OF JUSTICE | | | | | <u>\$96,938</u> | | | |
| DEPARTMENT OF LABOR | | | | | | | | |
| WIOA YOUTH ACTIVITIES | 17.259 | | PINAL COUNTY | DI16-002115 | \$501,859 | \$501,859 | WIOA CLUSTER | \$501,859 |
| INDUSTRY - RECOGNIZED APPRENTICESHIP MODEL IN MANUFACTURING | 17.268 | | PIMA COUNTY COMMUNITY COLLEGE DISTRICT | HG-33037-19-60-A-4 | \$65,531 | \$65,531 | N/A | \$0 |
| TOTAL DEPARTMENT OF LABOR | | | | | <u>\$567,390</u> | | | |
| NATIONAL AERONAUTICS & SPACE ADMINISTRATION | | | | | | | | |
| EDUCATION | 43.008 | | UNIVERSITY OF ARIZONA | 342518 | \$12,786 | \$12,786 | N/A | \$0 |
| TOTAL NATIONAL AERONAUTICS & SPACE ADMINISTRATION | | | | | <u>\$12,786</u> | | | |
| NATIONAL SCIENCE FOUNDATION | | | | | | | | |
| EDUCATION AND HUMAN RESOURCES | 47.076 | | | | \$31,952 | \$55,426 | N/A | \$0 |
| EDUCATION AND HUMAN RESOURCES | 47.076 | | ARIZONA STATE UNIVERSITY | DUE-1564909 | \$15,476 | \$55,426 | N/A | \$0 |
| EDUCATION AND HUMAN RESOURCES | 47.076 | | | | \$7,998 | \$55,426 | N/A | \$0 |
| TOTAL NATIONAL SCIENCE FOUNDATION | | | | | <u>\$55,426</u> | | | |
| SMALL BUSINESS ADMINISTRATION | | | | | | | | |
| SMALL BUSINESS DEVELOPMENT CENTERS | 59.037 | | MARICOPA COUNTY COMMUNITY COLLEGE DISTRICT | 9-603001-EZ-0025 0-603001-EZ-0036 | \$30,593 | \$30,593 | N/A | \$0 |
| TOTAL SMALL BUSINESS ADMINISTRATION | | | | | <u>\$30,593</u> | | | |
| DEPARTMENT OF EDUCATION | | | | | | | | |
| ADULT EDUCATION - BASIC GRANTS TO STATES | 84.002 | | ARIZONA DEPARTMENT OF EDUCATION | 20FAEABE-012601-01A 20FAEIEL-012601-01A 20FAEAPL-012601-01A 20FAELET-012601-01A 20FAEAWF-012601-01 | \$400,250 | \$400,250 | N/A | \$0 |
| FEDERAL SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANTS | 84.007 | | | | \$152,570 | \$152,570 | STUDENT FINANCIAL ASSISTANCE | \$10,903,244 |
| HIGHER EDUCATION-INSTITUTIONAL AID | 84.031 | | | | \$477,261 | \$477,261 | N/A | \$0 |
| FEDERAL WORK-STUDY PROGRAM | 84.033 | | | | \$113,612 | \$113,612 | STUDENT FINANCIAL ASSISTANCE | \$10,903,244 |
| TRIO - STUDENT SUPPORT SERVICES | 84.042 | | | | \$293,660 | \$293,660 | TRIO CLUSTER | \$574,472 |
| TRIO UPWARD BOUND | 84.047 | | | | \$280,812 | \$280,812 | TRIO CLUSTER | \$574,472 |
| CAREER AND TECHNICAL EDUCATION - BASIC GRANTS TO STATES | 84.048 | | ARIZONA DEPARTMENT OF EDUCATION | 19FCTDBG-912601-20A 20FCTDBG-012601-20A | \$252,358 | \$252,358 | N/A | \$0 |
| FEDERAL PELL GRANT PROGRAM | 84.063 | | | | \$8,502,629 | \$8,502,629 | STUDENT FINANCIAL ASSISTANCE | \$10,903,244 |
| FEDERAL DIRECT STUDENT LOANS | 84.268 | | | | \$2,134,433 | \$2,134,433 | STUDENT FINANCIAL ASSISTANCE | \$10,903,244 |
| CHILD CARE ACCESS MEANS PARENTS IN SCHOOL | 84.335 | | | | \$131,010 | \$131,010 | N/A | \$0 |
| COVID-19 - EDUCATION STABILIZATION FUND | 84.425 | COVID-19, 84.425E | | | \$1,284,150 | \$2,249,858 | N/A | \$0 |
| COVID-19 - EDUCATION STABILIZATION FUND | 84.425 | COVID-19, 84.425F | | | \$965,708 | \$2,249,858 | N/A | \$0 |
| TOTAL DEPARTMENT OF EDUCATION | | | | | <u>\$14,988,453</u> | | | |
| TOTAL EXPENDITURE OF FEDERAL AWARDS | | | | | <u>\$15,782,298</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.

PINAL 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 District did not elect to use the 10 percent de minimis indirect cost rate as covered in 2 CFR §200.414.

Basis of presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Pinal 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.

Federal Assistance Listings numbers

The program titles and Federal Assistance Listings numbers were obtained from the federal or pass-through grantor or the 2020 Federal Assistance Listings.

DISTRICT RESPONSE



April 28, 2022

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,

A handwritten signature in black ink, appearing to read "Chris Wodka", written in a cursive style.

Chris Wodka

Vice President of Business Affairs

Superstition Mountain Campus
805 S. Idaho Road
Apache Junction, AZ 85119

Aravaipa Campus
80440 E. Aravaipa Road
Winkelman, AZ 85192

Central Arizona College
District Offices

Signal Peak Campus
8470 North Overfield Road
Coolidge, AZ 85128-9030

Maricopa Campus
17945 North Regent Drive
Maricopa, AZ 85138-7808

San Tan Campus
3736 E. Bella Vista Rd
San Tan Valley, AZ 85143

1-800-237-9814
www.centralaz.edu

Pinal County Community College District
(Central Arizona College)
Corrective Action Plan
Year ended June 30, 2020

Financial statement findings

2020-01

The District issued its Annual Financial Report late, resulting in untimely financial information for decision makers and the District losing its credit rating

Chris Wodka

Anticipated completion date: September 30, 2022

The District implemented a new finance system during the prior fiscal year for which vendor commitments were not met. The District has improved on providing timely financial information to our Governing Board and will continue to provide draft financial information to financial statement users until all audits are up to date. The untimeliness of the fiscal year 2018 audit has caused the delay of the 2019, 2020, and 2021 fiscal year audits. Finance staff continues to work diligently to establish new processes that will ensure that accurate and timely financial information is provided to the District's financial statement users. The District's plan is to have the audit for the fiscal year ending June 30, 2021, issued by September 30, 2022, and the audit for fiscal year ending June 30, 2022, issued by the due date of March 31, 2023.

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

Chris Wodka

Anticipated completion date: June 30, 2022

The District agrees with the finding. The District implemented some changes during the fiscal years ending June 30, 2020, and June 30, 2021. The District will continue to improve monitoring of its information technology resources on a regular basis. The District will continue to assess and enhance its policies and procedures with respect to information technology resources. The District will also continue to improve its security over information technology resources, and ensure they are being followed. The District will also continue to improve its security over information management, improve user access controls, data protection, and alignment with NIST standards.

Pinal County Community College District
(Central Arizona College)
Corrective Action Plan
Year ended June 30, 2020

Federal award findings and questioned costs

2020-101

CFDA number and program name: Not applicable

Chris Wodka

Anticipated completion date: September 30, 2022

The District implemented a new finance system during the prior fiscal year for which vendor commitments were not met. The District has improved on providing timely financial information to our Governing Board and will continue to provide draft financial information to financial statement users until all audits are up to date. The untimeliness of the fiscal year 2018 audit has caused the delay of the 2019, 2020, and 2021 fiscal year audits. Finance staff continues to work diligently to establish new processes that will ensure that accurate and timely financial information is provided to the District's financial statement users. The District's plan is to have the audit for the fiscal year ending June 30, 2021, issued by September 30, 2022, and the audit for fiscal year ending June 30, 2022, issued by the due date of March 31, 2023.

2020-102

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**

Chris Wodka

Anticipated completion date: December 31, 2021

Enrollment reporting procedures changed in December of 2019. Since these new procedures were implemented, accurate data have been submitted to the National Student Clearinghouse approximately every 30 days. We continue to strengthen enrollment reporting procedures to ensure accurate and timely reporting.

Pinal County Community College District
(Central Arizona College)
Corrective Action Plan
Year ended June 30, 2020

2020-103

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**

Chris Wodka

Anticipated completion date: June 30, 2021

We continue to strengthen our policies and procedures surrounding monthly reconciliation of our Federal Direct student loans. The Assistant Director of Financial Aid is responsible for performing, documenting, and resolving monthly reconciliations to the COD's School Account Statement. Since the finding, The Director of Financial Aid has been identified to formally review and sign-off on the documentation once each monthly reconciliation is completed.

2020-104

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**

Chris Wodka

Anticipated completion date: March 31, 2021

The District agrees with the finding. The District implemented some changes during the fiscal year ending June 30, 2020, and June 30, 2021. The District will continue to improve its risk assessments of the ERP systems and data contained within. The District will assess and enhance its policies and procedures with respect to employee training and data disposal in accordance with the Gramm-Leach-Bliley Act.



April 28, 2022

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

Sincerely,

A handwritten signature in black ink, appearing to read "Chris Wodka", is written over a light gray horizontal line.

Chris Wodka

Vice President of Business Affairs

Pinal County Community College District
(Central Arizona College)
Summary schedule of prior audit findings
Year ended June 30, 2020

Status of financial statement findings

2019-01

The District issued its Annual Financial Report late, resulting in untimely financial information for decision makers and the District losing its credit rating

Year finding initially occurred: FY 2018

Status: Status: Not corrected

The District implemented a new finance system during the prior fiscal year for which vendor commitments were not met. The District has improved on providing timely financial information to our Governing Board and will continue to provide draft financial information to financial statement users until all audits are up to date. The untimeliness of the fiscal year 2018 audit has caused the delay of the 2019, 2020, and 2021 fiscal year audits. Finance staff continues to work diligently to establish new processes that will ensure that accurate and timely financial information is provided to the District's financial statement users. The District's plan is to have the audit for the fiscal year ending June 30, 2021, issued by September 30, 2022, and the audit for fiscal year ending June 30, 2022, issued by the due date of March 31, 2023.

2019-02

The District's initial financial statements contained significant misstatements and misclassifications, which increased the risk that those relying on the reported financial information could be misinformed

Year finding initially occurred: FY 2019

Status: Fully corrected

**Pinal County Community College District
(Central Arizona College)
Summary schedule of prior audit findings
Year ended June 30, 2020**

2019-03

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

Year finding initially occurred: FY 2017

Status: Partially corrected

Access

- Assign and periodically review employee user access ensuring appropriateness and compatibility with job responsibilities. –Partially corrected
- Remove terminated employees' access to IT systems and data. – not corrected

Security

- Perform proactive key user and system activity logging and log monitoring, particularly for users with administrative access privileges. – No longer valid
- Improve the information security plan to protect the integrity of the financial reporting systems and data.
 - Fully corrected
- Develop, document, and follow a process for awarding and subsequent monitoring of IT vendor contracts. – Not corrected

Further steps have been taken to secure the District's control procedures over IT systems and data. Employee onboarding and exiting processes have been improved for real time adjustments as well as an annual audit of all system accounts to align with employee status. Increased monitoring measures were also put into place to for vendor management and verification of responsibilities.

Pinal County Community College District
(Central Arizona College)
Summary schedule of prior audit findings
Year ended June 30, 2020

Status of federal award findings and questioned costs

2019-101

CFDA numbers and names: Not applicable

Year finding initially occurred: FY 2018

Status: Not corrected

The District implemented a new finance system during the prior fiscal year for which vendor commitments were not met. The District has improved on providing timely financial information to our Governing Board and will continue to provide draft financial information to financial statement users until all audits are up to date. The untimeliness of the fiscal year 2018 audit has caused the delay of the 2019, 2020, and 2021 fiscal year audits. Finance staff continues to work diligently to establish new processes that will ensure that accurate and timely financial information is provided to the District's financial statement users. The District's plan is to have the audit for the fiscal year ending June 30, 2021, issued by September 30, 2022, and the audit for fiscal year ending June 30, 2022, issued by the due date of March 31, 2023.

2019-102

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

Year finding initially occurred: FY 2016

Status: Not corrected

Enrollment reporting procedures changed in December of 2019. Since these new procedures were implemented, accurate data has been submitted to the National Student Clearinghouse approximately every 30 days. We continue to strengthen enrollment reporting procedures to ensure accurate and timely reporting.

Pinal County Community College District
(Central Arizona College)
Summary schedule of prior audit findings
Year ended June 30, 2020

2019-103

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

Year finding initially occurred: FY 2018
Status: Fully corrected

2019-104

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

Year finding initially occurred: FY 2018
Status: Partially corrected

We continue to strengthen our policies and procedures surrounding monthly reconciliation of our Federal Direct student loans. The Assistant Director of Financial Aid is responsible for performing, documenting, and resolving monthly reconciliations to the COD's School Account Statement. Since the finding, The Director of Financial Aid has been identified to formally review and sign-off on the documentation once each monthly reconciliation is completed.

