

Maricopa County Community College District

Single Audit Report

Year Ended June 30, 2021



A Report to the Arizona Legislature

Lindsey A. Perry
Auditor General





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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*



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
Maricopa County Community College District

Report on compliance for each major federal program

We have audited Maricopa 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, 2021. 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 Student Financial Assistance Cluster and Higher Education—
Institutional Aid***

As described in the accompanying schedule of findings and questioned costs, the District did not comply with requirements regarding the Student Financial Assistance Cluster for special tests and provisions as described in findings 2021-101 and 2021-103 and the Higher Education—Institutional Aid program for reporting and special tests and provisions as described in item 2021-104. Compliance with such requirements is necessary, in our opinion, for the District to comply with the requirements applicable to each program.

Qualified opinion on the Student Financial Assistance Cluster and Higher Education—Institutional Aid

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 and Higher Education—Institutional Aid program for the year ended June 30, 2021.

Unmodified opinion on each of the other major federal programs

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 each of its other major federal programs identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2021.

Other matters

The results of our auditing procedures disclosed another instance of noncompliance that is required to be reported in accordance with the Uniform Guidance and that is described in the accompanying schedule of findings and questioned costs as item 2021-102. Our opinion on each major federal program is not modified with respect to this matter.

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, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as items 2021-101, 2021-102, 2021-103, and 2021-104, that we consider to be material weaknesses.

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, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated January 28, 2022, 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

Lindsey A. Perry, CPA, CFE
Auditor General

June 23, 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 weakness identified?	No
Significant deficiency identified?	Yes
Noncompliance material to the financial statements noted?	No

Federal awards

Internal control over major programs

Material weaknesses identified?	Yes
Significant deficiency identified?	None reported

Type of auditors' report issued on compliance for major programs

Qualified for the Student Financial Assistance Cluster and the Higher Education—Institutional Aid program and unmodified for all other major programs

Any audit findings disclosed that are required to be reported in accordance with 2 CFR §200.516(a)?	Yes
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Identification of major programs

Assistance Listings number	Name of federal program or cluster
84.007, 84.033, 84.038, 84.063, 84.268	Student Financial Assistance Cluster
84.002	Adult Education—Basic Grants to States
84.031	Higher Education—Institutional Aid
84.425E, 84.425F, 84.425L	COVID-19 Education Stabilization Fund

Dollar threshold used to distinguish between Type A and Type B programs	\$3,000,000
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Auditee qualified as low-risk auditee?	No
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Financial statement findings

Financial statement findings were reported in the separately issued 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*.

Federal award findings and questioned costs

2021-101

Cluster name:	Student Financial Assistance Cluster
Assistance Listings numbers and names:	84.007 Federal Supplemental Educational Opportunity Grants 84.033 Federal Work-Study Program 84.038 Federal Perkins Loan Program—Federal Capital Contributions 84.063 Federal Pell Grant Program 84.268 Federal Direct Student Loans
Award year:	July 1, 2020 through June 30, 2021
Federal agency:	U.S. Department of Education
Compliance requirement:	Special tests and provisions
Questioned costs:	Unknown

Condition—The District’s Student Financial Assistance (SFA) offices at 7 of its 10 colleges did not accurately and/or timely report enrollment-status changes to the National Student Loan Data System (NSLDS) for 11 of 40 students we tested District-wide participating in the Federal Pell Grant (Pell) or Federal Direct Student Loans (Direct Loans) programs. Specifically, the District’s SFA offices did not report:

- Accurate enrollment status and effective date information for 7 students.
- An enrollment status change within 60 days of the enrollment change for 4 students, which were reported between 2 to 55 days late.

Effect—The District’s students may not be asked to repay student financial assistance grants and loans if or when required if the NSLDS does not accurately reflect students’ enrollment status.

Cause—The District did not monitor its SFA office’s adherence to District-wide policies and procedures to ensure their compliance with Pell and Direct Loans requirements. Specifically, although the District had communicated District-wide policies to the SFA offices at each of its 10 colleges that are responsible for administering the federal programs, adhering to federal regulations, and following District-wide policies and procedures, it did not monitor the colleges’ adherence to them. Thus, when the SFA offices at 7 of the 10 colleges did not follow the District-wide policies and procedures requiring them to review, verify, and correct, as necessary, the student data compiled from the District’s student information system before submitting reports to NSLDS, the District did not identify the errors.

Criteria—Federal regulations require reporting to the NSLDS all applicable students’ enrollment statuses and any enrollment-status changes for the Pell and Direct Loans programs within 60 days of the students’ change. Student enrollment status changes include reductions or increases in attendance levels, withdrawals, graduations, or approved leaves of absence (34 Code of Federal Regulations [CFR] §§685.309[b][2] and 690.83[b][2]). Also, federal regulation 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

1. The District's SFA offices should follow the District-wide policies and procedures to:
 - a. Report accurate enrollment statuses and changes to the NSLDS within 60 days of the students' change for all students receiving Pell and Direct Loans.
 - b. Follow District-wide procedures to review, verify, and correct as necessary the student-enrollment status data they compiled prior to submitting it to NSLDS.
2. The District should monitor its SFA offices to ensure their compliance with District policies and procedures for the Pell and Direct Loans programs.

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 2020-101.

2021-102

Cluster name:	Student Financial Assistance Cluster
Assistance Listings numbers and names:	84.007 Federal Supplemental Educational Opportunity Grants 84.033 Federal Work-Study Program 84.038 Federal Perkins Loan Program—Federal Capital Contributions 84.063 Federal Pell Grant Program 84.268 Federal Direct Student Loans
Award year:	July 1, 2020 through June 30, 2021
Federal agency:	U.S. Department of Education
Compliance requirement:	Reporting
Questioned costs:	Unknown

Condition—The District's SFA offices at 2 of its 10 colleges reported student information for the Pell Program late on the Common Origination and Disbursement (COD) system for 3 of 50 students we tested. Specifically, contrary to federal regulations requiring the SFA offices to report in the COD system award disbursements within 15 days after being disbursed to students and correct any SFA office input errors, the District's SFA offices:

- Did not correct 2 students' Pell disbursements that the COD system rejected due to input errors made by the SFA offices for both the fall and spring semesters. Instead, for 1 student, the SFA office corrected both semesters' disbursements in July 2021, 277 days late for the fall semester and 152 days late for the spring semester. For the second student, the SFA office inputted the corrected disbursements in August 2021, 252 days late for the fall semester and 200 days late for the spring semester.
- Did not update 1 student's disbursement record within 15 days for both fall and spring semesters, which meant the disbursement records were 35 days and 49 days late for each semester, respectively.

Effect—The District may disburse more Pell monies than allowable to a student if the COD system does not accurately reflect students' award-origination record and disbursement data.

Cause—The District did not monitor its SFA offices' adherence to District-wide policies and procedures to ensure their compliance with Pell requirements. Specifically, although the District had communicated District-wide policies to the SFA offices at each of its 10 colleges that are responsible for administering the Pell, adhering to federal regulations, and following District-wide policies and procedures, it did not monitor the college's adherence to them. Consequently, the District was unaware that 2 SFA offices did not follow the District-wide policies and procedures for performing complete and timely monthly reviews and reconciliations of students' information in the District student records to what they inputted in the COD system and did not immediately review the information they inputted in the COD system to ensure they updated and corrected any incomplete or rejected student disbursement records in the COD system.

Criteria—Federal regulations require reporting disbursement data, such as anticipated or actual disbursement dates and amounts, as well as student record origination data, such as a student's social security number, enrollment date, verification status code, and cost of attendance on the COD system for the Pell Program. Institutions must report student disbursement data within 15 calendar days after the institution makes a disbursement or becomes aware of the need to make an adjustment to previously reported student disbursement data or expected student disbursement data (34 CFR §690.83[b][2] and *Federal Register*, Volume 85, Number 134, July 14, 2020). Also, federal regulation 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

1. The District's SFA offices should follow the District-wide policies and procedures to:
 - a. Perform complete and timely monthly reconciliations of their student information system information to what they inputted in the COD system, and immediately correct any errors in student data.
 - b. Establish timelines and verify that all student information is input in the COD system within the required 15 days after they disburse Pell monies to students and identify, correct, and update all student information that is rejected from the COD system immediately.
2. The District should monitor its SFA offices to ensure their compliance with District policies and procedures for the Pell Program.

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.

2021-103

Cluster name:	Student Financial Assistance Cluster
Assistance Listings numbers and names:	84.007 Federal Supplemental Educational Opportunity Grants 84.033 Federal Work-Study Program 84.038 Federal Perkins Loan Program—Federal Capital Contributions 84.063 Federal Pell Grant Program 84.268 Federal Direct Student Loans
Award year:	July 1, 2020 through June 30, 2021
Federal agency:	U.S. Department of Education
Compliance requirement:	Special tests and provisions
Questioned costs:	Unknown

Condition—The District’s Student Financial Assistance (SFA) offices at 7 of its 10 colleges did not follow federal regulations over the Direct Loans program required monthly and annual reconciliations of its student disbursement records with what was reported on the Common Origination and Disbursement (COD) system. Specifically at 4 of 10 colleges, the SFA offices did not complete 5 of the 24 monthly reconciliations we selected, and at 3 of the 10 colleges did not resolve and investigate discrepancies found on another 5 of the 24 monthly reconciliations we selected. Finally, of the 10 Direct Loans program year closeouts we selected, 1 college did not complete the closeout until 61 days after it was due.

Effect—A student may be disbursed more Direct Loans monies than is allowable if the COD system does not accurately reflect students’ award origination and disbursement data.

Cause—The District did not monitor its SFA offices’ adherence to District-wide policies and procedures to ensure their compliance with Direct Loans program requirements. Specifically, although the District had communicated District-wide policies to the SFA offices at each of its 10 colleges that are responsible for administering the Direct Loans program, adhering to federal regulations, and following District-wide policies and procedures, it did not monitor the colleges’ adherence to them. As a result, the District was unaware that 7 SFA offices did not follow the District-wide policies and procedures for performing timely monthly and annual reconciliations of students’ Direct Loans information in the District student records to what they inputted in the COD system and to ensure they updated and corrected any discrepancies found in the reconciliations performed.

Criteria—Federal regulations require institutions on a monthly basis and program year closeout to reconcile institutional student records with disbursement records submitted to and accepted on the COD system for the Direct Loan (34 CFR §§685.300 [b][5] and [9]). Also, federal regulation 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

1. The District’s SFA offices should follow the District-wide policies and procedures to:
 - a. Perform timely monthly reconciliations of their Direct Loans student information maintained on the District’s student system to the COD system and investigate and correct any errors in student data.
 - b. Complete annual program year closeout of their Direct Loans within 30 days after fiscal year-end.
2. The District should monitor its SFA offices to ensure their compliance with District policies and procedures for the Direct Loans program.

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.

2021-104

Assistance Listing number and name:

84.031 **Higher Education—Institutional Aid**

Award numbers and years:

P031S150085, October 1, 2015 through September 30, 2020
P031S150032, October 1, 2015 through September 30, 2021
P031S150098, October 1, 2015 through September 30, 2021
P031S160090, October 1, 2016 through September 30, 2021
P031S190167, October 1, 2019 through September 30, 2024
P031S200096, October 1, 2020 through September 30, 2025
P031S200081, October 1, 2020 through September 30, 2025

Federal agency:

U.S. Department of Education

Compliance requirements:

Reporting and special tests and provisions

Questioned costs:

Unknown

Condition—The District did not act in accordance with several federal regulations for its 10 endowments established with Higher Education—Institutional Aid (HEIA) program monies held by its Foundation with a combined fiscal year-end balance of \$1.9 million, including interest earned, that 6 of the District's 10 colleges have established since 2005. Specifically, from 2005 through 2021, the District did not report 4 endowments' year-end balances on the Schedule of Expenditures of Federal Awards (SEFA), which ranged from a total of \$176,000 to \$582,000 each year, or interest earned on its 10 endowments, and did not maintain a comprehensive listing of its endowments, including the source of matching funds, investments, endowment income, and expenditures of the endowment income. The District corrected the current year SEFA to report the additional \$1.1 million we identified in endowments, including interest earned. Further, during fiscal year 2021, the District did not submit required annual financial reports for 8 of its 10 endowments to the U.S. Department of Education (ED) or certify that these endowment monies were spent in accordance with federal regulations.

Effect—Due to the District not reporting and certifying to ED that these endowments were properly spent in accordance with federal regulations, ED could terminate these endowments and require the District to reimburse ED for the original endowment balances, including interest earned. In addition, because the District had underreported HEIA program monies on its SEFA since 2005 and did not maintain a comprehensive listing of these endowments, the District may not have reported additional endowments on its SEFA that it was unaware its colleges established.

Cause—The District did not require a designated District office employee to centrally monitor these endowments, which the District allowed each college to separately administer, to ensure the colleges' compliance with the federal regulations over recordkeeping and reporting on the SEFA and to ED.

Criteria—Federal regulations require reporting the federal portion of the endowment balances on the SEFA and recording each endowment, including the source of the matching funds, investments, endowment income, and expenditures of the endowment income (2 CFR §200.502[e] and 34 CFR §§628.10 and 628.47). Also, the grant agreement requires the District to complete an annual financial report (OMB 1840-0564) for each of its endowments, certifying that the endowments are in compliance with federal regulations. Further, management should design internal control activities to achieve

objectives and respond to noncompliance risks and should implement and monitor its control activities through effective policies by following guidance for essential and effective internal control standards, such as *Standards for Internal Control in the Federal Government* issued by the Comptroller General of the United States.

Recommendations

1. The District should develop and implement District-wide policies and procedures to:
 - a. Create and maintain a comprehensive listing of all endowments held by its Foundation identifying the source of matching funds, investments, endowment income, and expenditures of the endowment income, by requiring the Foundation to produce reports of these endowments.
 - b. Report all fiscal year-end endowment balances, including interest earned, on the SEFA.
 - c. Require each college to complete an annual financial report for each endowment and submit these reports to ED certifying that endowment monies were spent in accordance with federal regulations.
2. The District should designate a District office employee to centrally monitor the endowments with the Foundation to ensure compliance with federal requirements.

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

**MARICOPA COUNTY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Fiscal Period 7/1/2020 - 6/30/2021**

Federal Awarding Agency/Program Title	Federal CFDA Number	Additional Award Identification (Optional)	Name of Funder Pass-Through Entity	Identifying Number Assigned By Funder Pass-Through Entity	Total Amount Provided to Sub-Recipients	Federal Expenditures	Federal Program Total	Cluster Name	Cluster Total	
DEPARTMENT OF AGRICULTURE										
CAPACITY BUILDING FOR NON-LAND GRANT COLLEGES OF AGRICULTURE (NLGCA)	10.326		US DEPARTMENT OF AGRICULTURE	ASUB00000179		\$37,681	\$37,681	N/A	\$0	
STATE ADMINISTRATIVE MATCHING GRANTS FOR THE SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM	10.561		ARIZONA WILDFIRE	DE18-195811		\$14,277	\$14,277	SNAP CLUSTER	\$14,277	
TOTAL DEPARTMENT OF AGRICULTURE						<u>\$51,958</u>				
DEPARTMENT OF COMMERCE										
INVESTMENTS FOR PUBLIC WORKS AND ECONOMIC DEVELOPMENT FACILITIES	11.300					\$422,344	\$422,344	ECONOMIC DEVELOPMENT CLUSTER	\$422,344	
TOTAL DEPARTMENT OF COMMERCE						<u>\$422,344</u>				
DEPARTMENT OF DEFENSE										
PROCUREMENT TECHNICAL ASSISTANCE FOR BUSINESS FIRMS	12.002					\$496,086	\$496,086	N/A	\$0	
TOTAL DEPARTMENT OF DEFENSE						<u>\$496,086</u>				
DEPARTMENT OF LABOR										
H-1B JOB TRAINING GRANTS	17.268		PIMA COMMUNITY COLLEGE	PIMA CC SUBAWARD 100719		\$10,505	\$10,505	N/A	\$0	
APPRENTICESHIP USA GRANTS	17.285		AMERICAN ASSOCIATION FOR COMMUNITY COLLEGES	AP-33025-19-75-A-11		\$44,760	\$44,760	N/A	\$0	
TOTAL DEPARTMENT OF LABOR						<u>\$55,265</u>				
NATIONAL AERONAUTICS & SPACE ADMINISTRATION										
SCIENCE	43.001		UNIVERSITY OF ARIZONA	PO #342519 PO #342523		\$33,361	\$33,361	N/A	\$0	
TOTAL NATIONAL AERONAUTICS & SPACE ADMINISTRATION						<u>\$33,361</u>				
INSTITUTE OF MUSEUM AND LIBRARY SERVICES OR NATIONAL ENDOWMENT FOR THE ARTS OR NATIONAL ENDOWMENT FOR THE HUMANITIES										
PROMOTION OF THE ARTS PARTNERSHIP AGREEMENTS	45.024					\$8,417	\$8,417	N/A	\$0	
GRANTS TO STATES	45.310		ARIZONA DEPARTMENT OF LIBRARY AND PUBLIC RECORDS	N/A		\$12,075	\$12,075	N/A	\$0	
TOTAL INSTITUTE OF MUSEUM AND LIBRARY SERVICES OR NATIONAL ENDOWMENT FOR THE ARTS OR NATIONAL ENDOWMENT FOR THE HUMANITIES						<u>\$20,492</u>				
NATIONAL SCIENCE FOUNDATION										
ENGINEERING GRANTS	47.041		UNIVERSITY OF TEXAS EL PASO	226100998H		\$63,688	\$63,688	N/A	\$0	
COMPUTER AND INFORMATION SCIENCE AND	47.070		NORTHERN ARIZONA UNIVERSITY	1004115-02		\$4,928	\$4,928	N/A	\$0	
				F2020S80003 F2020S80004 S20UR0023/S2020UR0043 S20UR012/S2020UR0017 S20UR023/S2020UR0031 S20UR029/S2020UR0019 S20UR038/S2020UR0020 V2020S80009/V20HS005		\$45,307	\$1,181,163	N/A	\$0	
EDUCATION AND HUMAN RESOURCES	47.076		ARIZONA STATE UNIVERSITY		\$101,633	\$1,135,821	\$1,181,163	N/A	\$0	
TOTAL NATIONAL SCIENCE FOUNDATION						<u>\$101,633</u>	<u>\$1,249,779</u>			
SMALL BUSINESS ADMINISTRATION										
SMALL BUSINESS DEVELOPMENT CENTERS	59.037				\$1,105,286	\$2,113,913	\$2,980,579	N/A	\$0	
SMALL BUSINESS DEVELOPMENT CENTERS	59.037	COVID-19			\$274,505	\$866,666	\$2,980,579	N/A	\$0	
TOTAL SMALL BUSINESS ADMINISTRATION					<u>\$1,379,791</u>	<u>\$2,980,579</u>				
DEPARTMENT OF EDUCATION										
				20FAEIEI-012421-01A 20FAEIEI-012421-01 20FAWIOA-012421-01A 21FABSE-112421-01A 21FAWIOA-112421-01A 21FIEICE-112421-01A 21FIELTR-112421-01A 21FIETFE-112421-01A 21FPROFL-112421-01A			\$3,482,082	\$3,482,082	N/A	\$0
ADULT EDUCATIONBASIC GRANTS TO STATES	84.002		ARIZONA DEPARTMENT OF EDUCATION	V002A180003		\$4,298,978	\$4,298,978	STUDENT FINANCIAL ASSISTANCE CLUSTER	\$141,095,084	
FEDERAL SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANTS	84.007		ARIZONA DEPARTMENT OF EDUCATION	21FTJTTI-110133-01A 21FTJTTI-112480-01A		\$166,263	\$166,263	N/A	\$0	
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	84.010		ARIZONA DEPARTMENT OF EDUCATION	21FESC8G-110133-09A 21FESC8G-112481-09A		\$82,868	\$82,868	SPECIAL EDUCATION CLUSTER (IDEA)	\$82,868	
SPECIAL EDUCATION GRANTS TO STATES	84.027					\$3,950,113	\$3,950,113	N/A	\$0	
HIGHER EDUCATION INSTITUTIONAL AID	84.031					\$679,097	\$679,097	STUDENT FINANCIAL ASSISTANCE CLUSTER	\$141,095,084	
FEDERAL WORK-STUDY PROGRAM	84.033					\$59,776	\$59,776	STUDENT FINANCIAL ASSISTANCE CLUSTER	\$141,095,084	
FEDERAL PERKINS LOAN (FPL)-FEDERAL CAPITAL CONTRIBUTIONS	84.038					\$503,334	\$503,334	TRIO CLUSTER	\$1,099,582	
TRIO STUDENT SUPPORT SERVICES	84.042					\$596,248	\$596,248	TRIO CLUSTER	\$1,099,582	
TRIO UPWARD BOUND	84.047									
				17FCTDBG-712331-20A 18FCTDBG-812331-20A 19FCTDBG-912331-20A 20FCTDBG-012331-20A 21FCTDBG-112331-20A		\$1,354,504	\$1,354,504	N/A	\$0	
CAREER AND TECHNICAL EDUCATIONBASIC GRANTS TO STATES	84.048		ARIZONA DEPARTMENT OF EDUCATION			\$98,133,018	\$98,133,018	STUDENT FINANCIAL ASSISTANCE CLUSTER	\$141,095,084	
FEDERAL PELL GRANT PROGRAM	84.063					\$48,040	\$48,040	N/A	\$0	
FUND FOR THE IMPROVEMENT OF POSTSECONDARY	84.116		ARIZONA STATE UNIVERSITY	ASUB00000277		\$37,924,215	\$37,924,215	STUDENT FINANCIAL ASSISTANCE CLUSTER	\$141,095,084	
FEDERAL DIRECT STUDENT LOANS	84.268					\$10,656	\$10,656	N/A	\$0	
CHILD CARE ACCESS MEANS PARENTS IN SCHOOL	84.335									
				20FT17II-112481-03A 21FT17II-112481-03A 21FT4TIV-110133-01A 21FT4TIV-112481-01A 21FESSII-112481-01A 21FESSII-110133-01A 21FESSII-110133-01A		\$14,000	\$14,000	N/A	\$0	
SUPPORTING EFFECTIVE INSTRUCTION STATE GRANTS	84.367		ARIZONA DEPARTMENT OF EDUCATION			\$17,756	\$330,466	N/A	\$0	
STUDENT SUPPORT AND ACADEMIC ENRICHMENT PROGRAM	84.424		ARIZONA DEPARTMENT OF EDUCATION			\$312,710	\$330,466	N/A	\$0	
STUDENT SUPPORT AND ACADEMIC ENRICHMENT PROGRAM	84.424	COVID-19	ARIZONA DEPARTMENT OF EDUCATION					N/A	\$0	

EDUCATION STABILIZATION FUND - STUDENT PORTION	84.425	COVID-19, 84.425E	\$24,312,788	\$91,915,902	N/A	\$0
EDUCATION STABILIZATION FUND - INSTITUTIONAL PORTION	84.425	COVID-19, 84.425F	\$65,005,241	\$91,915,902	N/A	\$0
EDUCATION STABILIZATION FUND- HSI PORTION	84.425	COVID-19, 84.425L	\$2,597,873	\$91,915,902	N/A	\$0
TOTAL DEPARTMENT OF EDUCATION			\$243,549,560			
TOTAL EXPENDITURE OF FEDERAL AWARDS			\$1,481,424	\$248,859,389		

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.

MARICOPA COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Fiscal Period 7/1/2020 - 6/30/2021

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. Also included in the schedule is \$41,828,058 in revenues recorded for the Educational Stabilization Fund (Assistance Number 84.425F) program that were received by the District to recover lost revenues. In addition, for the Higher Education—Institutional Aid (Assistance Number 84.031) program the District recorded on the SEFA a total of \$1,880,248 for endowment funds that are federally restricted. This balances includes \$640,000 in current year endowments and \$1,240,248 from prior year endowments that are each being held for 20 years. 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 Maricopa County Community College District for the year ended June 30, 2021. 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).

Federal Assistance Listings numbers

The program titles and Federal Assistance Listings numbers were obtained from the federal or pass-through grantor or the 2021 Federal Assistance Listings.

Loans outstanding

The expenditures reported on the schedule of expenditures of federal awards for the Federal Perkins Loan Program Federal Capital Contributions (CFDA No. 84.038) included loan balances outstanding at June 30, 2021 of \$59,776.

DISTRICT RESPONSE



MARICOPA
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2411 W. 14th Street, Tempe, Arizona 85281 - 6942 • T 480.731.8000 • F 480.731.8506 • www.maricopa.edu

June 20, 2022

Lindsey Perry
Auditor General
2910 N. 44th Street, Suite 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 Audit 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,

Dawn D. Rector, CPA, MBA.
Interim Associate Chief Financial Officer and Controller

2021-101

Cluster name: Student Financial Assistance Cluster
 Assistance Listing number and name: 84.007 Federal Supplemental Educational Opportunity Grants
 84.033 Federal Work-Study Program
 84.038 Federal Perkins Loan Program – Federal Capital Contributions
 84.063 Federal Pell Grant Program
 84.268 Federal Direct Student Loans
 Award year: July 1, 2020 through June 30, 2021
 Federal Agency: U.S. Department of Education
 Compliance Requirements: Special tests and provisions
 Questioned costs: Unknown
 Name of contact persons: Annette Linders, District Director of Financial Aid Operations and Compliance
 Anticipated completion date: June 30, 2023

The Maricopa Community College District understands the importance of accurate and timely enrollment reporting and applicable laws under 34 CFR 685.309(b), 682.610(c), 674.33(j), h 34 CFR 682.610(c) and 34 CFR 685.300(b), 34 CFR Part 668. MCCCCD has implemented several system modifications and increased training efforts since FY 2019, contributing to significant improvements in reporting enrollment to the National Student Loan Database System (NSLDS). The District will continue these efforts and improve its monitoring of compliance with reporting requirements.

2021-102

Cluster name: Student Financial Assistance Cluster
 Assistance Listing number and name: 84.007 Federal Supplemental Educational Opportunity Grants
 84.033 Federal Work-Study Program
 84.038 Federal Perkins Loan Program – Federal Capital Contributions
 84.063 Federal Pell Grant Program
 84.268 Federal Direct Student Loans
 Award year: July 1, 2020 through June 30, 2021
 Federal Agency: U.S. Department of Education
 Compliance Requirements: Reporting
 Questioned costs: Unknown
 Name of contact persons: Annette Linders, District Director of Financial Aid Operations and Compliance
 Anticipated completion date: June 30, 2023

The District understands the Federal Student Aid reconciliation requirements under 34 CFR Part 668, Subpart K, and further understands the requirements to reconcile Federal Student Aid disbursements in the Maricopa PeopleSoft System, Common Origination and Disbursement System, Student Accounts, General Ledger, and G5. The District will review, evaluate, and revise procedures and monitoring activities for Pell awards to ensure accurate student data is uploaded to the COD system timely.

2021-103

Cluster name: Student Financial Assistance Cluster
Assistance Listing number and name: 84.007 Federal Supplemental Educational Opportunity Grants
84.033 Federal Work-Study Program
84.038 Federal Perkins Loan Program – Federal Capital Contributions
84.063 Federal Pell Grant Program
84.268 Federal Direct Student Loans
Award year: July 1, 2020 through June 30, 2021
Federal Agency: U.S. Department of Education
Compliance Requirements: Special tests and provisions
Questioned costs: Unknown
Name of contact persons: Annette Linders, District Director of Financial Aid Operations and Compliance
Anticipated completion date: June 30, 2023

Maricopa Community College District understands the importance of monthly reconciliations for Direct Loans and all Federal Student Aid programs to meet fiduciary responsibilities. The District understands the Federal Student Aid reconciliation requirements under 34 CFR Part 668, Subpart K, and further understands the requirements to reconcile Federal Student Aid disbursements in the Maricopa PeopleSoft System, Common Origination and Disbursement System, Student Accounts, General Ledger, and G5. The District will review, evaluate, and revise procedures and monitoring activities for Direct Loans to ensure accurate student data is uploaded to the COD system timely.

2021-104

Assistance Listing number and name: 84.031 Higher Education – Institutional Aid
Award numbers and years: P031S150085, October 1, 2015 through September 30, 2020
P031S150032, October 1, 2015 through September 30, 2021
P031S150098, October 1, 2015 through September 30, 2021
P031S160090, October 1, 2015 through September 30, 2021
P031S190167, October 1, 2015 through September 30, 2024
P031S2000096, October 1, 2020 through September 30, 2025
P031S2000081, October 1, 2020 through September 30, 2025
Federal Agency: U.S. Department of Education
Compliance Requirements: Reporting and special tests and provisions
Questioned costs: Unknown
Name of contact persons: Kristina Winterstein, Associate Controller
Anticipated completion date: December 31, 2022

The District understands the importance of maintaining accurate records and reporting all related federal expenditures on the Schedule of Expenditures of Federal Awards (SEFA), which includes the federal portion of endowment balances held by the MCCCCD Foundation. The District has a comprehensive listing of its endowments, including the source of matching funds, investments, endowment income and expenditures of the endowment income as of April 8, 2022, and has reported the appropriate expenditure totals for the federal endowment balances on the Fiscal Year 2021 SEFA. The District will ensure that all required endowment reporting is completed on an annual basis and submitted in the appropriate Department of Education-designated system. The District Accounting Manager for Grants will work with the Foundation to monitor endowment activity and maintain compliance with all federal requirements.



MARICOPA

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June 20, 2022

Lindsey Perry
Auditor General
2910 N. 44th Street, Suite 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,

Dawn D. Rector, CPA, MBA.
Interim Associate Chief Financial Officer and Controller

Maricopa County Community College District
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2021

Status of Financial Statement Findings

The District's supervisors did not always review and approve hourly employees' time sheets, elevating the risk of overpaying them and putting the District at risk of violating the Arizona Constitution

Finding No: 2020-01. This finding initially occurred in fiscal year 2014

Status: Fully corrected

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

Finding No: 2020-02. This finding initially occurred in fiscal year 2014

Status: Fully corrected

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

Finding No: 2020-03. This finding initially occurred in fiscal year 2008

Status: Partially corrected

As of June 30, 2021, the District had not fully implemented its corrective action for access controls due to the complexity of the requirements. Though some issues were noted during the audit period, District Office Information Technology Services (ITS) has dramatically improved control procedures over IT systems and data in the past year, including the introduction of Single Sign-On and Multi-Factor Authentication for all employees. ITS has monitoring mechanisms in place and is monitoring to ensure all systems are adequately protected. The District has also implemented processes for the regular review of employee roles, access levels and permissions to ensure appropriateness and compatibility with job responsibilities in order to further enhance the protection of the District's IT systems and data.

The District overstated its full-time equivalent student enrollment, which could potentially result in the District inappropriately receiving excess State sales tax distribution.

Finding No: 2019-05

Status: Fully corrected

Maricopa County Community College District
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2021

Status of Federal Award Findings and Questioned Costs

Cluster Name: Student Financial Assistance Cluster

CFDA No. and program name:

84.007 Federal Supplemental Educational Opportunity Grants

84.033 Federal Work-Study Program

84.038 Federal Perkins Loan Program—Federal Capital Contributions

84.063 Federal Pell Grant Program

84.268 Federal Direct Student Loans

Finding No: 2020-101. This finding initially occurred in fiscal year 2014

Status: Not corrected

The District understands the importance of reporting accurate enrollment status to the National Student Loan Database (NSLDS). The District implemented a centralized Quality Assurance team to review, reconcile, and correct enrollment mismatches between NSLDS and the District's Student Information System. The centralized quality assurance and internal audit process continues to be refined to ensure early and accurate identification of potential errors, resulting in significant improvements since FY 2019. The District attributes much of the errors during FY2021 to be a result of grading flexibilities and extensions in response to the COVID-19 pandemic. The District plans to refine and improve quality assurance policies, procedures and corrective action plans based on identified deficiencies.

Cluster Name: Student Financial Assistance Cluster

CFDA No. and program name:

84.007 Federal Supplemental Educational Opportunity Grants

84.033 Federal Work-Study Program

84.038 Federal Perkins Loan Program—Federal Capital Contributions

84.063 Federal Pell Grant Program

84.268 Federal Direct Student Loans

Finding No 2020-102

Status: Fully corrected

