

Pinal County Community College District (Central Arizona College)

Single Audit Report

Year Ended June 30, 2022



A Report to the Arizona Legislature

Lindsey A. Perry
Auditor General





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TABLE OF CONTENTS

Auditors Section

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* 1

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 3

Schedule of Findings and Questioned Costs 7

Summary of auditors' results 7

Financial statement finding 8

Federal award findings and questioned costs 9

District section

Schedule of expenditures of federal awards 14

Notes to schedule of expenditures of federal awards 15

District response

Corrective action plan

Summary schedule of prior audit findings

Report issued separately

Annual Comprehensive Financial Report



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 U.S. Comptroller General, 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, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 30, 2023. 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.

Report on 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. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be a material weakness. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on 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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and that is described in the accompanying schedule of findings and questioned costs as item 2022-01.

District response to findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's responses to the findings identified in our audit that 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 other 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

March 30, 2023



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

Qualified and unmodified opinions

We have audited Pinal County Community College District's compliance with the types of compliance requirements identified as subject to audit 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, 2022. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Qualified opinion on the Education Stabilization Fund

In our opinion, except for the noncompliance described in the basis for qualified and unmodified opinions section of our report, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Education Stabilization Fund program for the year ended June 30, 2022.

Unmodified opinion on the Student Financial Assistance Cluster

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on Student Financial Assistance Cluster for the year ended June 30, 2022.

Basis for qualified and unmodified opinions

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 U.S. Comptroller General, and the audit requirement of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the auditors' responsibilities for the audit of compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified and unmodified opinions on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Matters giving rise to qualified opinion on the Education Stabilization Fund

As described in the accompanying schedule of findings and questioned costs, the District did not comply with requirements regarding the Education Stabilization Fund program's reporting as described in item 2022-101. Compliance with such requirements is necessary, in our opinion, for the District to comply with the requirements applicable to that program.

Management's responsibilities for compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's federal programs.

Auditors' responsibilities for the audit of compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with U.S. generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with U.S. generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the District's internal control over compliance. Accordingly, we express no such opinion.

We are required to communicate with those charged with governance regarding, among other matters, the audit's planned scope and timing and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

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 2022-102 and 2022-103. Our opinion on each major federal program is not modified with respect to these matters.

Report on internal control over compliance

Our consideration of internal control over compliance was for the limited purpose described in the auditors' responsibilities for the audit of compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance, and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified 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 2022-101 and 2022-102 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 deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-103 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the noncompliance and internal control over compliance findings that 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 other 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, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated March 30, 2023, that contained unmodified opinions on those financial statements. Our report also included a reference to our reliance on other auditors. Our audit was performed 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

March 30, 2023



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?	No
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

Qualified for the COVID-19 - Education Stabilization Fund program (Assistance Listings Number 84.425) and unmodified for the Student Financial Assistance Cluster (Assistance Listings Numbers 84.007, 84.033, 84.063, and 84.268).

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, 84.063, 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
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Auditee qualified as low-risk auditee?	No
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Financial statement finding

2022-01

District Governing Board appeared to continue violating Arizona’s open meeting law for its executive session meetings after receiving a violation notice from the Arizona Attorney General, continuing its lack of public disclosure of executive session matters

Condition—Despite having received an open meeting law violation notice from the Arizona Attorney General, the District Governing Board appeared to continue violating the open meeting law for its executive session meetings. Specifically, the Board received a violation notice dated August 25, 2022, from the Arizona Attorney General regarding its November 16, 2021, executive session meeting agenda, which did not include the required general description of the matters to be discussed during the executive session, which are closed to the public. The violation notice also contained the Board’s acknowledgement of the violation and the corrective action the Board planned to take. However, our review found that the Board failed to publicly notice the matters to be discussed during its August 16, 2022 and November 15, 2022, executive sessions by similarly omitting the required general description of the executive session matters to be considered.

Effect—The Board’s apparent continued noncompliance with the open meeting law resulted in a continuing lack of public disclosure of executive session matters to be considered, of which County residents and the general public have a right to be informed.

Cause—The District’s management and Board have not developed and implemented written instructions or procedures to follow for ensuring public notices of its executive sessions are compliant with the open meeting law. Further, District management reported to us that in the case of personnel matters on Board executive session meeting agendas, it was unaware of the open meeting law requirement to include an indication that a District official or employee was the subject of the topic.

Criteria—Arizona’s open meeting law requires the Board to issue public notices of executive sessions that include a general description of the matters to be discussed (A.R.S. §38-431.02[1]). Further, Attorney General guidance requires the executive session description to be more than just a recital of the open meeting law’s provisions authorizing the executive session, although they need not contain any information that would defeat the purpose of the executive session; compromise the legitimate privacy interests of a public official, appointee, or employee; or jeopardize attorney-client privilege (Arizona Attorney General’s *Arizona Agency Handbook*, section 7.7.3). In addition, developing and implementing written procedures for publicly noticing agendas for both public, or open, and executive session governing board meetings is an essential part of internal control standards, such as the *Standards for Internal Control in the Federal Government*, issued by the Comptroller General of the United States, and integral to ensuring the District meets its objective of complying with the Arizona open meeting law.¹

Recommendations—District management and the Board should:

1. Develop and implement written policies and procedures to ensure that all Board notices and agendas for Board meetings, including executive sessions, comply with Arizona open meeting law; Board notices for executive sessions include a general description of the matters to be discussed and when a personnel matter is to be discussed in executive session; and the agenda includes an indication that a District official or staff member is the subject of the topic.

- Train Board members and those responsible for preparing the Board meeting notices and agendas on these new policies and procedures, Arizona open meeting law, and related Attorney General guidance to ensure that they are aware of and comply with the 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.

¹ U.S. Government Accountability Office (GAO). (2014). *Standards for internal control in the federal government*. Retrieved 02/07/2023 from <https://www.gao.gov/assets/670/665712.pdf>.

Federal award findings and questioned costs

2022-101

Assistance Listings numbers and names:

84.425E **COVID-19 Education Stabilization Fund—Higher Education Emergency Relief Fund (HEERF) Student Portion**
 84.425F **COVID-19 Education Stabilization Fund—HEERF Institutional Portion**

Award numbers and years:

P425F200330-20B, May 4, 2020 through June 30, 2023;
 P425E200689-20B, April 21, 2020 through June 30, 2023

Federal agency:

U.S. Department of Education

Compliance requirement:

Reporting

Questioned costs:

Not applicable

Condition—Contrary to federal regulations and guidance, the District Business Office failed to make complete, accurate, and timely reports publicly available on the District's website for the program's student and institutional portions (Assistance Listings numbers 84.425E and 84.245F, respectively). Specifically, on the District's 2021 annual report, the Office omitted \$1,228,424 it spent from the program's institutional portion to discharge students' outstanding account balances. We found in testing the District's quarterly reports that this amount was spent during the period of July 1, 2021 through December 31, 2021, and properly reported by the District in their quarterly reports for September 30, 2021 and December 31, 2021; however, the Office omitted this amount from its 2021 annual report. Additionally, the Office completed and publicly posted its 8 quarterly reports, including 4 institutional and 4 student reports on its website late, including anywhere from 12 to 327 days after the quarter's end.

Effect—The Office's failure to submit a complete and accurate annual report to the U.S. Department of Education prevents the federal agency from properly monitoring that the District spent the COVID-19 Education Stabilization Fund monies in accordance with the program requirements. In addition, failure to post completed quarterly reports on the District's website in a timely matter resulted in a lack of transparency to the public for how it spent federal monies for program purposes.

Cause—Although the Office had policies and procedures for reviewing federal grant reports, the assigned reviewer did not perform a sufficiently detailed review and verify the financial information reported in the annual report agreed to the quarterly reports and accounting records. Further, the Office did not update the District's grant schedule to post the quarterly reports on the District's website by the designated due dates. As a result, District employees involved in completing the quarterly reports were unaware of their due dates for making them publicly available on the District's website.

Criteria—Federal agency guidance requires the District to prepare and submit an annual performance report for the COVID-19 Education Stabilization Fund, which includes information specified by federal agency guidance.¹ Federal law and federal agency guidance also requires the District to publish on its website complete and accurate quarterly reports of its expenditures and other information for the COVID-19 Education Stabilization Fund no later than 10 days after the calendar quarter.² Further, federal regulation requires establishing and maintaining effective internal control over federal awards that provides reasonable assurance that the federal program is being managed in compliance with all applicable laws, regulations, and award terms (2 Code of Federal Regulations [CFR] §200.303).

Recommendations—The Office should:

1. Follow the Office's written policies and procedures for completing federal grant reports to ensure compliance with federal program requirements, including processes to:
 - a. Verify that all federal expenditures are properly included in the annual report.
 - b. Require a knowledgeable employee to review and approve all annual reports for accuracy to the quarterly reports and accounting records.
 - c. Update the District's grant schedule to track when each federal grant program report is required to be completed and submit/post reports by the designated due dates.
2. Ensure that employees involved in completing federal grant program reports are made aware of the reports' designated due dates, including any requirements and due dates for making them publicly available on the District's website.
3. Complete and publish on the District's website the required quarterly grant reports for the COVID-19 Education Stabilization Fund no later than 10 days after the quarter's end.

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.

¹ U.S. Department of Education. (2020). *Higher Education Emergency Relief Fund (HEERF) Data Collection Form*. Retrieved 2/21/2023 from https://api.covid-relief-data.ed.gov/collection/api/v1/public/docs/HEERF_Data_Collection_Final.pdf; U.S. Department of Education. (2022). *Education Stabilization Fund, Higher Education Emergency Relief Fund (HEERF) Data Collection Tool User Guide, Release 2.0*. Retrieved 2/21/2023 from <https://api.covid-relief-data.ed.gov/collection/api/v1/public/docs/ESF-HEERF%20User%20Guide%20Year%202022.pdf>; and Federal Register. *Notice of Public Posting Requirement of Grant Information for Higher Education Emergency Relief Fund (HEERF) Grantees*, 86 Fed. Reg. 91 (pp. 26213–26215) (2021). Retrieved 2/21/2023 from <https://www.federalregister.gov/documents/2021/05/13/2021-10196/notice-of-public-posting-requirement-of-grant-information-for-higher-education-emergency-relief-fund>.

² Federal laws and guidance issued by the U.S. Department of Education (ED) require the reporting for the Education Stabilization Fund's programs related to the Higher Education Emergency Relief Fund: (CARES Act of 2020, sec. 18004 (Public Law [P.L.] 116-136), CRRSAA Act of 2020, sec. 314 (P.L. 116-260), and ARP Act of 2021, sec. 2003 (P.L. 117-2). ED's guidance for the quarterly reports are contained in the prescribed report's instructions, as outlined in the Quarterly Budget and Expenditure Reporting for HEERF I, II, and III(a)(1) Institutional Portion, (a)(2), and (a)(3). Retrieved ED prescribed report's form and instructions (OMB Paperwork Reduction Act Form Control Number 1840-0849) 3/9/2023 from [arpheerfiiaquarterlyreporting.pdf \(ed.gov\)](https://www.ed.gov/arpheerfiiaquarterlyreporting.pdf).

2022-102

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:	P007A210134, P033A210134, P063P212910, and P268K222910 July 1, 2021 through June 30, 2022
Federal agency:	U.S. Department of Education
Compliance requirement:	Special tests and provisions
Questioned costs:	\$275

Condition—Contrary to federal regulations and District policies and procedures, the District did not correctly calculate \$275 of returns of student financial assistance monies it reported in the federal agency’s Common Origination and Disbursement (COD) system. Specifically, for 1 of 40 students tested, the District used incorrect credit hours when calculating the refund amount it recorded in the COD, resulting in the student being owed a refund of \$275. In addition, for 5 of 40 students tested, the District did not timely calculate, report, and return student financial assistance monies owed to the student or the federal government after the student’s withdrawal from classes.

Effect—Because of the District’s inaccurate calculation in the COD system, a student was owed a refund of \$275 from the District. Further, the District increases the risk that they may not collect monies from the student that are due back to the federal government or may not refund monies it owes to students by not calculating, reporting, and returning student financial assistance monies within the required time frame.

Cause—In April 2022, the District implemented policies and procedures for the return of student financial assistance monies. However, those policies and procedures did not require an independent review of the calculations prior to their submission to the COD. Further, the District reported that it did not have sufficient staffing available to calculate, report, and process returns of student financial assistance monies within the required 45 days.

Criteria—Federal regulations and District policies and procedures require the District to accurately calculate, report, and return federal student financial assistance to the federal grantor no later than 45 days after the date of the District’s determination that the student withdrew (34 Code of Federal Regulations [CFR] §§668.22 and 668.173). 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—The District should allocate staffing and improve its policies and procedures to:

1. Accurately calculate, report, and return student financial assistance monies to the federal government or the student within the required 45 days.
2. Require an independent review of the return of student financial assistance monies calculations prior to their submission to the COD.

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 2021-102.

2022-103

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:	P007A210134, P033A210134, P063P212910, and P268K222910 July 1, 2021 through June 30, 2022
Federal agency:	U.S. Department of Education
Compliance requirement:	Special tests and provisions
Questioned costs:	None

Condition—Contrary to federal regulations, the District did not accurately report student enrollment status changes and the effective dates of those changes to the National Student Loan Data System (NSLDS) for 4 of 60 students we tested participating in the Federal Pell Grant (Pell) or Federal Direct Student Loans (Direct Loans) programs.

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 developed written procedures to verify that student enrollment status changes recorded on its student information system and reported to NSLDS were accurate during fiscal year 2021; however, the District reported that due to the impact of the COVID-19 pandemic on District operations, they were unable to fully implement them by June 30, 2022. Consequently, the individual assigned to report student enrollment status changes to NSLDS did not always verify that reports being generated with student enrollment status data were accurate.

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—The District should fully implement written procedures to:

1. Report accurate enrollment statuses and changes to the NSLDS within 60 days of a change for each student receiving Pell and Direct Loans.
2. Verify that student enrollment status changes recorded on its student information system and reported to NSLDS are accurate and 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 2021-101.

DISTRICT SECTION

**PINAL COUNTY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Fiscal Period 7/1/2021 - 6/30/2022**

<i>Federal Awarding Agency/Program Title</i>	<i>Assistance Listings 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 LABOR								
WIOA YOUTH ACTIVITIES	17.259		PINAL COUNTY	220126RFP	\$563,398	\$563,398	WIOA CLUSTER	\$563,398
H-1B JOB TRAINING GRANTS	17.268		PIMA COUNTY COMMUNITY COLLEGE DISTRICT	HG-33037-19-60-A-4	\$33,311	\$33,311	N/A	\$0
TOTAL DEPARTMENT OF LABOR					\$596,709			
NATIONAL AERONAUTICS & SPACE ADMINISTRATION								
OFFICE OF STEM ENGAGEMENT (OSTEM)	43.008		UNIVERSITY OF ARIZONA	571906	\$18,245	\$18,245	N/A	\$0
TOTAL NATIONAL AERONAUTICS & SPACE ADMINISTRATION					\$18,245			
NATIONAL SCIENCE FOUNDATION								
STEM EDUCATION (FORMERLY EDUCATION AND HUMAN RESOURCES)	47.076		ARIZONA STATE UNIVERSITY	1940949	\$10,630	\$10,630	N/A	\$0
TOTAL NATIONAL SCIENCE FOUNDATION					\$10,630			
SMALL BUSINESS ADMINISTRATION								
SMALL BUSINESS DEVELOPMENT CENTERS	59.037		MARICOPA COUNTY COMMUNITY COLLEGE DISTRICT	0-603001-EZ-0036 1-603001-EZ-00255 0-603001-EZ-0078	\$63,097	\$81,214	N/A	\$0
SMALL BUSINESS DEVELOPMENT CENTERS	59.037	COVID-19			\$18,117	\$81,214	N/A	\$0
TOTAL SMALL BUSINESS ADMINISTRATION					\$81,214			
DEPARTMENT OF EDUCATION								
ADULT EDUCATION - BASIC GRANTS TO STATES	84.002		ARIZONA DEPARTMENT OF EDUCATION	22-FABASC-212601-01A 22-FIELCC-212601-01A 22-FIETCO-212601-01A 22-FRLECC-212601-01A 22-FIETCC-212601-01A	\$397,377	\$397,377	N/A	\$0
FEDERAL SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANTS	84.007				\$140,700	\$140,700	STUDENT FINANCIAL ASSISTANCE CLUSTER	\$6,260,565
HIGHER EDUCATION - INSTITUTIONAL AID	84.031				\$540,969	\$540,969	N/A	\$0
FEDERAL WORK-STUDY PROGRAM	84.033				\$76,266	\$76,266	STUDENT FINANCIAL ASSISTANCE CLUSTER	\$6,260,565
TRIO - STUDENT SUPPORT SERVICES	84.042				\$311,841	\$311,841	TRIO CLUSTER	\$696,493
TRIO UPWARD BOUND	84.047				\$384,652	\$384,652	TRIO CLUSTER	\$696,493
CAREER AND TECHNICAL EDUCATION - BASIC GRANTS TO STATES	84.048		ARIZONA DEPARTMENT OF EDUCATION	21-FCTDBG-112601-20A 22-FCTDBG-212601-20A	\$266,199	\$266,199	N/A	\$0
FEDERAL PELL GRANT PROGRAM	84.063				\$5,191,870	\$5,191,870	STUDENT FINANCIAL ASSISTANCE CLUSTER	\$6,260,565
FUND FOR THE IMPROVEMENT OF POSTSECONDARY EDUCATION	84.116	84.116T	YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT	P116T210013	\$1,314	\$1,314	N/A	\$0
FEDERAL DIRECT STUDENT LOANS	84.268				\$851,729	\$851,729	STUDENT FINANCIAL ASSISTANCE CLUSTER	\$6,260,565
CHILD CARE ACCESS MEANS PARENTS IN SCHOOL	84.335				\$77,897	\$77,897	N/A	\$0
EDUCATION INNOVATION AND RESEARCH (FORMERLY INVESTING IN INNOVATION (I3) FUND)	84.411		CENTER FOR THE FUTURE OF ARIZONA	U411C190109	\$8,978	\$8,978	N/A	\$0
EDUCATION STABILIZATION FUND - STUDENT PORTION	84.425	COVID-19, 84.425E			\$4,705,342	\$12,714,612	N/A	\$0
EDUCATION STABILIZATION FUND - INSTITUTIONAL PORTION	84.425	COVID-19, 84.425F			\$7,407,482	\$12,714,612	N/A	\$0
EDUCATION STABILIZATION FUND - MSI PORTION	84.425	COVID-19, 84.425L			\$601,788	\$12,714,612	N/A	\$0
TOTAL DEPARTMENT OF EDUCATION					\$20,964,404			
TOTAL EXPENDITURE OF FEDERAL AWARDS					\$21,671,202			

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 7/1/2021 - 6/30/2022

Significant Accounting Policies Used in Preparing the SEFA

Expenditures reported on the schedule are reported on the accrual basis of accounting, except for the COVID-19 Education Stabilization Fund (84.425 F). For this program, \$5,304,652 of revenues received during the fiscal year as reimbursement for lost revenues that were reduced or eliminated because of the COVID-19 pandemic are also reported as expenditures of federal awards. All other 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, 2022. 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 2022 Federal Assistance Listings.

DISTRICT RESPONSE



March 30, 2023

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

Pinal County Community College District
(Central Arizona College)
Corrective Action Plan
Year ended June 30, 2022

Financial statement findings

2022-01

District Governing Board appeared to continue violating Arizona's open meeting law for its executive session meetings after receiving a violation notice from the Arizona Attorney General, continuing its lack of public disclosure of executive session matters
Chris Wodka

Anticipated completion date: June 30, 2023

The District agrees with the finding. The District will update the Board policies and procedures to ensure that all Board notices and agendas for Board meetings, including executive sessions, comply with Arizona open meeting law. Future Board notices for executive sessions will include a general description of the matters to be discussed and when a personnel matter is to be discussed in executive session: and the agenda will include an indication that a District official or staff member is the subject of the topic. Additionally, the College attorney will review and approve all Board agendas prior to posting. The Governing Board, and applicable staff, will undergo rigorous open meeting law training at its June 2023 retreat.

Pinal County Community College District
(Central Arizona College)
Corrective Action Plan
Year ended June 30, 2022

Federal award findings and questioned costs

2022-101

Assistance Listings numbers and names: 84.425E **COVID-19 Education Stabilization Fund—Higher Education Emergency Relief Fund (HEERF) Student Portion**
84.425F **COVID-19 Education Stabilization Fund—HEERF Institutional Portion**

Chris Wodka

Anticipated completion date: March 31, 2023

The District agrees with the finding. The District will ensure that policies and procedures related to grant reporting are followed, including detailed reviews of reports that include financial information, to ensure accurate and timely reporting. The District will file updated reports with the U.S. Department of Education that agree with accounting records. The District will also make sure that our grant reporting schedule includes designated due dates for information that is required to be posted on our website and that proper communication of these deadlines is provided to all individuals involved in the process.

2022-102

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**

Chris Wodka

Anticipated completion date: June 30, 2023

The District agrees with the finding. After reviewing the student in the finding, the District re-processed the Return of Title IV calculation. The one student record was updated and resulted in an amount of \$275 to be returned to the student by offsetting their current balance with the District. The District will fund the reimbursement with institutional funds. During the fiscal year ending June 30, 2023, the District continued to enhance the monitoring of refunds processed. The District plans to begin exploring the use of the SIS to calculate Return to Title IV based on compliance requirements. The District will continue to strengthen our policies and procedures surrounding Return to Title IV compliance requirements.

Pinal County Community College District
(Central Arizona College)
Corrective Action Plan
Year ended June 30, 2022

2022-103

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**

Chris Wodka

Anticipated completion date: June 30, 2023

The District agrees with the finding. The District worked with the SIS Vendor to improve the accuracy of Enrollment Reporting out of the SIS. Initial reviews of the reporting have been positive, however close monitoring will continue to ensure proper compliance.



March 30, 2023

Lindsey A. Perry
Arizona 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 "C. Wodka", is written in a cursive style.

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, 2022

Status of financial statement findings

2021-01

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: Fully corrected

2021-02

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

Year finding initially occurred: FY 2017

Status: Fully corrected

Pinal County Community College District
(Central Arizona College)
Summary schedule of prior audit findings
Year ended June 30, 2022

Status of federal award findings and questioned costs

2021-101

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: Partially corrected

The District developed new enrollment reporting procedures during the fiscal year however, due to the impact of the COVID-19 pandemic on District operations, they were unable to fully implement them by June 30, 2022.. In August of 2022 the District began working to identify and correct issues with our student information system enrollment reporting processes. To date, we have sent two enrollment reports using the new procedure. Closed monitoring will continue to ensure proper compliance. We will continue to strengthen enrollment reporting procedures to ensure accurate and timely reporting.

2021-102

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 2021

Status: Not corrected

The District had increased enrollment which also increased the number of complete withdraws. During the fiscal year ended June 30, 2022, the District implemented changes to processes to enhance the monitoring of refunds processed. Unfortunately, the changes did not prevent the finding from reoccurring. The District will begin the implementation of using the student information system to automatically calculate student Return to Title IV calculations. The District will continue to strengthen procedures surrounding Return to Title IV compliance requirements.

Pinal County Community College District
(Central Arizona College)
Summary schedule of prior audit findings
Year ended June 30, 2022

2021-103

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 2020

Status: Fully corrected

