

Yavapai County Community College District

Single Audit Report

Year Ended June 30, 2020



A Report to the Arizona Legislature

Lindsey A. Perry
Auditor General





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Comprehensive Annual Financial Report

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
Yavapai County Community College District

Report on compliance for each major federal program

We have audited Yavapai County Community College District's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on each major federal program

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 major federal programs for the year ended June 30, 2020.

Other matters

The results of our auditing procedures disclosed an 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 2020-101. 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 not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2020-101, that we consider to be a significant deficiency.

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 response to the finding identified in our audit is presented in its corrective action plan at the end of this report. The District is responsible for preparing a corrective action plan to address the finding.

The District's response and corrective action plan were not subjected to the auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on them.

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

We have audited the financial statements of the District's business-type activities and discretely presented component unit as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated December 11, 2020, 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, CPA, CFE
Auditor General

March 29, 2021



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? No

Significant deficiencies identified? Yes

Type of auditors' report issued on compliance for major programs Unmodified

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

Identification of major programs

Assistance Listings number	Name of federal program or cluster
84.007, 84.033, 84.063, 84.268	Student Financial Assistance Cluster
84.042, 84.044, 84.047	TRIO Cluster
84.425	Education Stabilization Fund

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

Auditee qualified as low-risk auditee? Yes

Financial statement findings

The 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* was separately issued.

Federal award findings and questioned costs

2020-101

Assistance Listings number and name:	COVID-19 84.425 Education Stabilization Fund
Award number and year:	P425F200928, July 1, 2019 through June 30, 2020
Federal agency:	U.S. Department of Education
Compliance requirements:	Procurement and Suspension and Debarment
Questioned costs:	None

Condition—The District used another government’s or a purchasing cooperative’s contracts for 7 purchases totaling \$169,961 of Education Stabilization Fund program goods and services during fiscal year 2020. For all 7 purchases, the District failed to perform and document due diligence procedures to verify that the other government or purchasing cooperative used purchasing policies that were consistent with the District’s. We verified that the other government or purchasing cooperative followed purchasing policies that were consistent with the District’s for the 7 purchases.

Effect—The District did not comply with federal regulations, which increases the risk that the District may have used a contract that was not procured using policies that were consistent with the District’s and may not have been the most advantageous to the District.

Cause—The District’s procurement policies did not address the need to perform and document due diligence procedures when using another government’s or a purchasing cooperative’s contracts, such as verifying that the other entity used procurement policies that were consistent with the District’s and documenting the rationale for the procurement method and contract type used.

Criteria—Federal regulation requires the District to have and use its own documented procurement policies and procedures that reflect applicable federal and State laws and regulations when procuring program goods and services. [2 CFR §200.318(a)] Federal regulation also requires the District to maintain records sufficient that document in detail the history of the procurement, including the rationale for the procurement method, such as due diligence performed, and contract type used. [2 CFR §200.318(i)] Lastly, 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:

1. Improve its existing procurement policies to address the need to perform and document due diligence procedures when using another government’s or purchasing cooperative’s contracts, such as verifying that the other entity used policies that were consistent with the District’s and documenting in its procurement files the rationale for the procurement method and contract type used.

2. Perform due diligence procedures prior to using a vendor contract awarded by an outside procuring entity, such as another government or a purchasing cooperative. The District should use its judgment in determining the appropriate amount and complexity of due diligence required before using a procuring entity's contract. The District may perform due diligence on a sample of the procuring entity's contracts if that sample provides reasonable assurance that the entity's procurement practices comply with the District's purchasing policies. The District should document the due diligence procedures performed and their results in its procurement files.

The County's responsible officials' views and planned corrective action are in its corrective action plan included at the end of this report.

DISTRICT SECTION

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Fiscal Period 7/1/2019 - 6/30/2020**

<i>Federal Awarding Agency/Program Title</i>	<i>Federal CFDA Number</i>	<i>Additional Award Identification (Optional)</i>	<i>Name of Funder Pass-Through Entity</i>	<i>Identifying Number Assigned By Funder Pass-Through Entity</i>	<i>Federal Expenditures</i>	<i>Federal Program Total</i>	<i>Cluster Name</i>	<i>Cluster Total</i>
DEPARTMENT OF AGRICULTURE								
RURAL BUSINESS DEVELOPMENT GRANT	10.351				\$13,854	\$13,854	N/A	\$0
CHILD AND ADULT CARE FOOD PROGRAM	10.558				\$16,578	\$16,578	N/A	\$0
TOTAL DEPARTMENT OF AGRICULTURE					<u>\$30,432</u>			
DEPARTMENT OF JUSTICE								
<i>CORONAVIRUS EMERGENCY SUPPLEMENTAL FUNDING PROGRAM</i>	16.034	COVID-19	ARIZONA CRIMINAL JUSTICE COMMISSION	ACESF-21-052	\$146	\$146	N/A	\$0
BULLETPROOF VEST PARTNERSHIP PROGRAM	16.607				\$1,005	\$1,005	N/A	\$0
TOTAL DEPARTMENT OF JUSTICE					<u>\$1,151</u>			
NATIONAL SCIENCE FOUNDATION								
NSF ADVANCED TECHNOLOGICAL EDUCATION PROGRAM	47.076				\$21,027	\$34,628	N/A	\$0
<i>ACADEMIC SUCCESS AND PROFESSIONAL DEVELOPMENT PROJECT-BASED ENGINEERING EXCELLENCE TRANSFER ACADEMY ACROSS ARIZONA</i>	47.076		ARIZONA STATE UNIVERSITY	17-067	\$11,629	\$34,628	N/A	\$0
<i>IMPACT OF SYSTEM-WIDE CONTEXTUALIZATION OF MATH IN RURAL ARIZONA COLLEGES ON PRODUCING MORE QUALIFIED TECHNICIANS</i>	47.076		ARIZONA STATE UNIVERSITY	ASUB00000329	\$1,972	\$34,628	N/A	\$0
TOTAL NATIONAL SCIENCE FOUNDATION					<u>\$34,628</u>			
SMALL BUSINESS ADMINISTRATION								
<i>SMALL BUSINESS DEVELOPMENT CENTERS</i>	59.037		MARICOPA COUNTY COMMUNITY COLLEGE DISTRICT	8603001EZ0027B 9603001EZ0025 SBAHQ20B0074	\$129,199	\$161,730	N/A	\$0
<i>SMALL BUSINESS DEVELOPMENT CENTERS-CARES ACT</i>	59.037	COVID-19	MARICOPA COUNTY COMMUNITY COLLEGE DISTRICT	SBAHQ20C0012	\$32,531	\$161,730	N/A	\$0
TOTAL SMALL BUSINESS ADMINISTRATION					<u>\$161,730</u>			
DEPARTMENT OF EDUCATION								
<i>ADULT EDUCATION - BASIC GRANTS TO STATES</i>	84.002		ARIZONA DEPARTMENT OF EDUCATION	20FAEABE-012611-01A 20FAEIEL-012611-01A 20FAELET-012611-01 20FAEAPL-012611-01A 20FAELET-012611-01A 20FEAEWF-012611-01 20FAEWQA-012611-01A	\$364,932	\$364,932	N/A	\$0
FEDERAL SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANTS	84.007				\$136,817	\$136,817	STUDENT FINANCIAL ASSISTANCE	\$11,417,826
FEDERAL WORK-STUDY PROGRAM	84.033				\$137,663	\$137,663	STUDENT FINANCIAL ASSISTANCE	\$11,417,826
TRIO_STUDENT SUPPORT SERVICES	84.042				\$468,865	\$468,865	TRIO CLUSTER	\$1,040,294
TRIO_TALENT SEARCH	84.044				\$348,836	\$348,836	TRIO CLUSTER	\$1,040,294
TRIO_UPWARD BOUND	84.047				\$222,593	\$222,593	TRIO CLUSTER	\$1,040,294
<i>CAREER AND TECHNICAL EDUCATION -- BASIC GRANTS TO STATES</i>	84.048		ARIZONA DEPARTMENT OF EDUCATION	20FCTDBG-012611-20A	\$231,023	\$231,023	N/A	\$0
FEDERAL PELL GRANT PROGRAM	84.063				\$7,795,651	\$7,795,651	STUDENT FINANCIAL ASSISTANCE	\$11,417,826
FEDERAL DIRECT STUDENT LOANS	84.268				\$3,347,695	\$3,347,695	STUDENT FINANCIAL ASSISTANCE	\$11,417,826
EDUCATION STABILIZATION FUND	84.425	E COVID-19			\$244,469	\$736,692	N/A	\$0
EDUCATION STABILIZATION FUND	84.425	F COVID-19			\$492,223	\$736,692	N/A	\$0
TOTAL DEPARTMENT OF EDUCATION					<u>\$13,790,767</u>			
DEPARTMENT OF HEALTH AND HUMAN SERVICES								
<i>SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES, PROJECTS OF REGIONAL AND NATIONAL SIGNIFICANCE</i>	93.243		STATE OF ARIZONA, THE GOVERNOR'S OFFICE OF YOUTH, FAITH AND FAMILY	IGA-PFS-19-093018-02Y2	\$178,343	\$178,343	N/A	\$0
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES					<u>\$178,343</u>			
TOTAL EXPENDITURE OF FEDERAL AWARDS					<u>\$14,197,051</u>			

Please Note:

Italicized award lines indicate pass-through funding

The accompanying Notes to the Schedule of Expenditures of Federal Awards are an integral part of the schedule.

YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Fiscal Period 7/1/2019 - 6/30/2020

Significant Accounting Policies Used in Preparing the SEFA

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

10% De Minimis Cost Rate

The auditee did not use the de minimis cost rate.

Basis of presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Yavapai County Community College District for the year ended June 30, 2020. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

Federal Assistance Listings numbers

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

DISTRICT RESPONSE

March 23, 2021

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 the finding noted, we are providing you with our responsible officials' views, the name(s) of the contact person(s) responsible for corrective action, the corrective action planned, and the anticipated completion date.

Sincerely,

Dr. Clint Ewell
Vice President, Finance and Administrative Services

**Yavapai County Community College District
(Yavapai College)
Corrective Action Plan
Year ended June 30, 2020**

Federal award findings and questioned costs

2020-101

Assistance Listings number and program name: COVID-19 84.425F Education Stabilization Fund

Contact person: Frank D'Angelo, Director of Business Services

Anticipated completion date: April 16, 2021

Corrective Action: As discussed during the audit, the District currently performs due diligence before using cooperative contracts, however, specific documentation is not maintained. The current process for performing due diligence entails the use of a guidance sheet to check against the contracts to ensure compliancy. There is also a preliminary review of any cooperative before entering membership. As noted above, the auditors found that the other government and purchasing cooperatives reviewed did follow purchasing policies that were consistent with the District.

The District will continue with its due diligence process but to further verify compliancy will update procedures specific to documenting the steps and rationale for cooperative contract review ensuring the cooperative entity is using procurement policies consistent with those of the District and any additional requirements as set forth by a grant.

