



A REPORT  
TO THE  
ARIZONA LEGISLATURE

Financial Audit Division

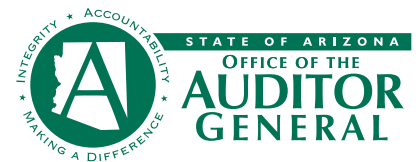
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Single Audit

**Cochise County  
Community College  
District**

Year Ended June 30, 2014

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**Debra K. Davenport**  
Auditor General

The **Auditor General** is appointed by the Joint Legislative Audit Committee, a bipartisan committee composed of five senators and five representatives. Her mission is to provide independent and impartial information and specific recommendations to improve the operations of state and local government entities. To this end, she provides financial audits and accounting services to the State and political subdivisions, investigates possible misuse of public monies, and conducts performance audits of school districts, state agencies, and the programs they administer.



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Cochise County Community College District  
Single Audit Reporting Package  
Year Ended June 30, 2014

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Report Issued Separately

Comprehensive Annual Financial Report



**DEBRA K. DAVENPORT, CPA**  
AUDITOR GENERAL

**STATE OF ARIZONA**  
OFFICE OF THE  
**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  
Cochise County Community College District

We have audited the financial statements of the business-type activities and discretely presented component unit of Cochise County Community College District as of and for the year ended June 30, 2014, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 15, 2014. Our report includes a reference to other auditors who audited the financial statements of the Cochise College Foundation, the discretely presented component unit, as described in our report on the District's financial statements. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. However, the financial statements of the Cochise College Foundation 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 Cochise College Foundation.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the 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 material weaknesses. However, material weaknesses may exist that have not been identified.

### **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 determination of financial statement amounts. 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **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.

Jay Zsorey, CPA  
Financial Audit Director

December 15, 2014



DEBRA K. DAVENPORT, CPA  
AUDITOR GENERAL

STATE OF ARIZONA  
OFFICE OF THE  
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 OMB Circular A-133**

Members of the Arizona State Legislature

The Governing Board of  
Cochise County Community College District

**Report on Compliance for Each Major Federal Program**

We have audited Cochise County Community College District's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014. 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 the requirements of laws, regulations, contracts, and grants 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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, Cochise County Community College 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, 2014.

## ***Other Matters***

The results of our auditing procedures disclosed an instance of noncompliance that is required to be reported in accordance with OMB Circular A-133 and that is described in the accompanying Schedule of Findings and Questioned Costs as item 2014-101. Our opinion on each major federal program is not modified with respect to this matter.

Cochise County Community College District's response to the noncompliance finding identified in our audit is presented on pages 13 and 14. The District's response was not subjected to the auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on it.

## **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 OMB Circular A-133, 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 were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a deficiency in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as item 2014-101, that we consider to be a significant deficiency.

Cochise County Community College District's response to the internal control over compliance finding identified in our audit is presented on pages 13 and 14. The District's response was not subjected to the auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on it.

### **Purpose of this Report**

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

### **Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133**

We have audited the financial statements of the business-type activities and discretely presented component unit of Cochise County Community College District as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated December 15, 2014, that contained an unmodified opinion on those financial statements. Our report also included a reference to our reliance on other auditors. Our audit was conducted for the purpose of forming our 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 OMB Circular A-133 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.

Jay Zsorey, CPA  
Financial Audit Director

January 23, 2015



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**Cochise County Community College District  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2014**

Federal agency/CFDA number	Federal program name	Cluster title	Pass-through grantor	Pass-through grantor's numbers	Program expenditures
<b>National Science Foundation</b>					
47 076	Education and Human Resources				\$ 17,564
47 076	Education and Human Resources		Science Foundation Arizona	DUE-1003847	<u>258,680</u>
<b>Total National Science Foundation</b>					<u>276,244</u>
<b>Small Business Administration</b>					
59 037	Small Business Development Centers		Maricopa County Community College District	3-603001-Z-0003, 2-603001-Z-0003, 4-603001-EZ-0025	<u>132,508</u>
<b>Department of Education</b>					
84 002	Adult Education—Basic Grants to States		Arizona Department of Education	14-FAEABE-470536-71A, 14FAEAEF-470536-075A, 14FAEADL-470536-73A, 14FAECCR-470536-05A	389,098
84 042	TRIO—Student Support Services	TRIO Cluster			<u>230,565</u>
84 048	Career and Technical Education—Basic Grants to States		Arizona Department of Education	13FCTDBG-370536-01A, 14FCTDBG-470536-08A, 14FCTPSG-470536-81A	189,678
84 336	Teacher Quality Partnership Grants		Arizona Board of Regents	IGA #08-937	<u>2,099</u>
<b>Total Department of Education excluding Student Financial Assistance Cluster</b>					<u>811,440</u>
84 007	Federal Supplemental Educational Opportunity Grants	Student Financial Assistance Cluster			71,033
84 033	Federal Work-Study Program	Student Financial Assistance Cluster			83,167
84 063	Federal Pell Grant Program	Student Financial Assistance Cluster			6,080,858
84 268	Federal Direct Student Loans	Student Financial Assistance Cluster			1,747,392
<b>Department of Health and Human Services</b>					
93 925	Scholarships For Health Professions Students from Disadvantaged Backgrounds	Student Financial Assistance Cluster			<u>155,213</u>
<i>Total Student Financial Assistance Cluster</i>					<u>8,137,663</u>
<b>Total expenditures of federal awards</b>					<u>\$ 9,357,855</u>

See accompanying notes to schedule.

Cochise County Community College District  
Notes to Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2014

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Cochise County Community College District and is presented on the full accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Note 2 - Catalog of Federal Domestic Assistance (CFDA) Numbers

The program titles and CFDA numbers were obtained from the federal or pass-through grantor or the 2014 *Catalog of Federal Domestic Assistance*.

Cochise County Community College District  
 Schedule of Findings and Questioned Costs  
 Year Ended June 30, 2014

**Summary of Auditors' Results**

***Financial Statements***

Type of auditors' report issued:		Unmodified	
		<b>Yes</b>	<b>No</b>
Internal control over financial reporting:			
Material weakness identified?	___		<u>X</u>
Significant deficiency identified?	___		<u>X</u> (None reported)
Noncompliance material to the financial statements noted?	___		<u>X</u>

***Federal Awards***

Internal control over major programs:			
Material weakness identified?	___		<u>X</u>
Significant deficiency identified?	<u>X</u>		___
Type of auditors' report issued on compliance for major programs:			Unmodified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133 (section .510[a])?	<u>X</u>		___

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
47.076	Education and Human Resources
	Student Financial Assistance Cluster:
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
93.925	Scholarships for Health Professions Students from Disadvantaged Backgrounds

Cochise County Community College District  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2014

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee?

Yes	No
<u>X</u>	___

**Other Matters**

Auditee's Summary Schedule of Prior Audit Findings required to be reported in accordance with Circular A-133 (section .315[b])?

<u>X</u>	___
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Cochise County Community College District  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2014

Financial Statement Findings

None reported.

Federal Award Findings and Questioned Costs

**2014-101**

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<b>Cluster Name:</b>	<b>Student Financial Assistance Cluster</b>
<b>CFDA No. and Name:</b>	84.063 <b>Federal Pell Grant Program</b> 84.268 <b>Federal Direct Student Loans</b>
<b>Award Numbers and Years:</b>	P063P131063 and P268K141063—July 1, 2013 through June 30, 2014
<b>Federal Agency:</b>	<b>Department of Education</b>
<b>Compliance Requirement:</b>	Special Tests and Provisions
<b>Questioned Costs:</b>	N/A

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Criteria: 34 CFR §685.309(b) requires institutions to notify the National Student Loan Data System (NSLDS) within 30 days of a change in student status, or include the change in status in a response to an enrollment reporting roster file within 60 days.

Condition and context: For 4 of 12 sample items tested, auditors determined that the change in student status was not reported to NSLDS within 30 days nor was the change included in a response to an enrollment reporting roster file within 60 days.

Effect: The District did not comply with the enrollment reporting requirement included within the special tests and provisions compliance requirement. Consequently, student statuses in the NSLDS were not always accurate and up to date.

Cause: The District did not have adequate policies and procedures in place to ensure student statuses were reported within 30 days or included in a response to an enrollment reporting roster file within 60 days.

Recommendation: The District should implement policies and procedures to ensure that status changes are submitted to the NSLDS within 30 days or included in a response to an enrollment reporting roster file within 60 days.

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## **COCHISE COLLEGE**

901 North Colombo Avenue • Sierra Vista, AZ 85635-2317 • 520-515-0500 • [www.cochise.edu](http://www.cochise.edu)

Date: January 16, 2015

Debbie Davenport  
Auditor General  
2910 N. 44<sup>th</sup> St., Ste. 410  
Phoenix, AZ 85018

Dear Ms. Davenport:

We have prepared the accompanying Corrective Action Plan as required by the standards applicable to financial audits contained in *Government Auditing Standards* and by U.S. Office of Management and Budget Circular A-133. Specifically, for each financial reporting finding we are providing you with the corrective action planned and for each federal award findings we are providing you with the names of the contact persons responsible for corrective action, the corrective action planned, and the anticipated completion date that is included in the Schedule of Findings and Questioned Costs.

Sincerely,

*LaMont Schiers*  
*Vice President for Administration*





Cochise County Community College District  
Corrective Action Plan  
Year Ended June 30, 2014

Federal Award Findings and Questioned Costs

**2014-101**

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<b>Cluster Name:</b>	<b>Student Financial Assistance Cluster</b>
<b>CFDA No. and Name:</b>	<b>84.063 Federal Pell Grant Program</b> <b>84.268 Federal Direct Student Loans</b>
<b>Contact Person:</b>	<b>LaMont Schiers, VP for Administration</b>
Anticipated completion date:	January 23, 2015

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The District agrees with the recommendation. At the time of the audit, the District was aware of this incongruity and was in the process of formalizing the reporting process. Procedures are now in place to eliminate further inconsistencies in our reporting student data to National Student Loan Data System (NSLDS). Below is the procedural outline which was implemented last month. The college is in receipt of the latest download with the National Student Clearinghouse Notification Service dated January 8, 2015. Information regarding this procedure will be available on the college's website [www.cochise.edu/graduation](http://www.cochise.edu/graduation) by January 23, 2015.

1. The Registrar's Office will be the reporting department for Cochise College to the National Student Clearinghouse (NSCH). The graduation reporting will take place twice each semester within the timeframe required. The Financial Aid Office will be monitoring NSLDS's enrollment data through the NSCH.
2. Cochise College has moved the graduation application deadline up 30 days beginning Fall 2015 to give the institution time in order to report accurate data in the timeframe expected.



## **COCHISE COLLEGE**

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Date: January 16, 2015

Debbie Davenport  
Auditor General  
2910 N. 44<sup>th</sup> St., Ste. 410  
Phoenix, AZ 85018

Dear Ms. Davenport:

We have prepared the accompanying Summary Schedule of Prior Audit Findings as required by U.S. Office of Management and Budget Circular A-133. Specifically, we are reporting the status of audit findings included in the prior audit's Schedule of Findings and Questioned Costs related to federal awards. This schedule also includes audit findings reported in the prior audit's Summary Schedule of Prior Audit Findings that were not corrected.

Sincerely,

*LaMont Schiers*  
*Vice President for Administration*

Cochise County Community College District  
Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2014

Status of Federal Award Findings and Questioned Costs

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CFDA No.: 84.048 **Career and Technical Education—Basic Grants to States**  
Finding No.: 12-101  
Status: Fully corrected

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