*(Letterhead)*

# 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*[[1]](#footnote-2)*

The Governing Board of

\_\_\_\_\_\_\_\_\_\_ County Community College District

*Use the following scope paragraph when other auditors audited the discretely presented component unit but did not conduct that audit under Government Auditing Standards.[[2]](#footnote-3)*

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 \_\_\_\_\_\_\_\_\_\_ County Community College District as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, and have issued our report thereon dated \_\_\_\_\_\_\_\_\_\_. *Include a statement to describe the nature of an opinion modification, if the auditors expressed an opinion other than unqualified (i.e., a qualified opinion, an adverse opinion, or a disclaimer of opinion).[[3]](#footnote-4)* Our report includes a reference to other auditors who audited the financial statements of the \_\_\_\_\_\_\_\_\_\_ 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.

*OR*

*Use the following scope paragraph when the District’s financial statements are solely comprised of business-type activities and the entire opinion unit was audited in accordance with Government Auditing Standards.*

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 of \_\_\_\_\_\_\_\_\_\_ County Community College District as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, and have issued our report thereon dated \_\_\_\_\_\_\_\_\_\_. *Include a statement to describe the nature of an opinion modification, if the auditors expressed an opinion other than unqualified (i.e., a qualified opinion, an adverse opinion, or a disclaimer of opinion).*

## 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.

*Use the following paragraph when there are (1) no material weaknesses or significant deficiencies to report or (2) either material weaknesses or significant deficiencies are reported, but not both.*

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.

*Use the following paragraph when there are no material weaknesses or significant deficiencies to report.*

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 or significant deficiencies may exist that were not identified.

*OR*

*Use the following paragraph when either material weaknesses or significant deficiencies are reported, but not both.*

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. *Use the following sentence when no material weaknesses are reported:* Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs *OR* schedule of findings and recommendations as items \_\_\_ *(List related finding reference numbers.)*, that we consider to be material weaknesses *OR* significant deficiencies.

*OR*

*Use the following 3 paragraphs when material weaknesses and significant deficiencies are reported.*

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs *OR* schedule of findings and recommendations, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs *OR* schedule of findings and recommendations as items \_\_\_ *(List related finding reference numbers.)* to be material weaknesses.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs *OR* schedule of findings and recommendations as items \_\_\_ *(List related finding reference numbers.)* to be significant deficiencies.

## 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. *OR* The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and that are described in the accompanying schedule of findings and questioned costs *OR* schedule of findings and recommendations as items \_\_\_ *(List related finding reference numbers.)* *See Government Auditing Standards, Chapter 6, for reporting criteria.*

*In the rare instance when a separate letter to management to communicate other matters is being issued, add the following:* We also noted certain additional matters that we will report (reported) to the District’s management in a separate letter at a future date (dated \_\_\_\_\_\_\_\_\_\_).

*Use the following heading and paragraph if any internal control or compliance findings are reported.*

## 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, CPA, CFE

Auditor General

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

*Auditors’ report date (must be dated the same date*

*as the auditors’ report on the basic financial statements)*

*(Letterhead)*

# 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*[[4]](#footnote-5)*

The Governing Board of

\_\_\_\_\_\_\_\_\_\_ County Community College District

## Report on compliance for each major federal program

### Use the following 4 paragraphs and their related headers for when an unmodified opinion is issued on each major federal program.

### Opinion on each major federal program

We have audited \_\_\_\_\_\_\_\_\_\_ 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, 2023. The District’s major federal programs are identified in the summary of auditors’ results section of the accompanying schedule of findings and questioned costs.

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 each of its major federal programs for the year ended June 30, 2023.

### Basis for opinion on each major federal program

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 opinion 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.

*OR—Use the following 6 paragraphs and their related headings for when a qualified opinion (or other opinion modification) is issued for a major federal program and an unmodified opinion is issued for each of the other major federal programs (modify example, as appropriate).*

### Qualified and unmodified opinions

We have audited \_\_\_\_\_\_\_\_\_\_ 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, 2023. 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 \_\_\_\_\_\_ (Identify the major federal program.)*

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 \_\_\_\_\_\_\_\_ *(Identify the major federal program.)* for the year ended June 30, 2023.

### Unmodified opinion on each of the other major federal programs[[5]](#footnote-6)

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 each of its other major federal programs identified in the summary of auditors’ results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2023.

### 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 \_\_\_\_\_\_ (Identify major federal program.)[[6]](#footnote-7)

As described in the accompanying schedule of findings and questioned costs, the District did not comply with requirements regarding \_\_\_\_\_\_\_\_\_\_. *(Identify the major federal program and associated finding number(s) matched to the type(s) of compliance requirements.)* 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.

*Use the following heading and paragraph when compliance findings are reported that did not result in a qualified opinion on the major federal program.*

### 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 \_\_\_ *(List related finding reference numbers.)*. Our opinion on each major federal program is not modified with respect to these matters.

## Report on internal control over compliance

*Use the following 2 paragraphs when there are no material weaknesses or significant deficiencies to report.*

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 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. Given these limitations, during our audit, we (and the report[s] of the other auditors) did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

*OR—Use the following 3 paragraphs when either material weaknesses or significant deficiencies are reported, but not both.*

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. *Use the following 2 sentences when only significant deficiencies are reported but no material weaknesses are reported:* We (and the report(s) of the other auditors) did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we (and the report(s) of the other auditors) identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies. *Use the following sentence when only material weaknesses are reported but no significant deficiencies are reported:* However, as discussed below, we (and the report[s] of the other auditors) identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

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. *Use the following 2 sentences when only significant deficiencies are reported but no material weaknesses are reported:* 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 that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items \_\_\_ *(List related finding reference numbers.)* to be significant deficiencies. *Use the following sentence when only material weaknesses are reported but no significant deficiencies are reported:* We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items \_\_\_ *(List related finding reference numbers.)* to be material weaknesses.

*Use the following paragraph when only material weaknesses are reported but no significant deficiencies are reported (omit this paragraph when only significant deficiencies are reported):* 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 that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

*OR—Use the following 3 paragraphs when both material weaknesses and significant deficiencies are reported.*

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 \_\_\_ *(List related finding reference numbers.)* to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items \_\_\_ *(List related finding reference numbers.)* to be significant deficiencies.

*Use the following paragraphs in all reports*

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.

*Use the following heading and paragraph if any noncompliance findings or internal control deficiencies over compliance are reported.*

## 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.

*Use the following heading and paragraph when the District’s SEFA is not included with the basic financial statements.*

## 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, 2023, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements. We issued our report thereon dated \_\_\_\_\_\_\_\_\_\_, that contained unmodified opinions on those financial statements. *Modify as necessary for departure from standard report.*7F*[[7]](#footnote-8)* Our report also included a reference to our reliance on other auditors. *Modify as necessary and describe any additional departures from the other auditors’ standard report.6* 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, CPA, CFE

Auditor General

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

*Auditors’ report date (The auditors’ Uniform Guidance report should be dated when the procedures to satisfy the federal compliance audit requirements are completed. See the AU-C 935.30(m) & .A35 and AAG-GAS 13.16 for additional guidance for dating the Uniform Guidance report and in-relation-to opinion on the SEFA, respectively.)*

*Additional guidance and illustrative auditors’ reports for the Government Auditing Standards and Uniform Guidance reports are included in the AICPA Audit Guide, Government Auditing Standards and Single Audits, Chapters 4 and 13 and in AU-C section 935.*

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, Qualified, Adverse, Disclaimer[[8]](#footnote-9)* | |  |  | |  |
|  | |  |  | |  |
| Is a going concern emphasis-of-matter paragraph included in the auditors’ report? | | Yes/No | | | |
| Internal control over financial reporting | |  |  | |  |
|  | |  |  | |  |
| Material weaknesses identified? | | Yes/No | | |  |
|  | |  |  | |  |
| Significant deficiencies identified? | | Yes/None reported | | | |
|  | |  |  | |  |
| Noncompliance material to the financial statements noted? | | Yes/No | | |  |
|  | |  |  | |  |
|  | |  |  | |  |
| **Federal awards** | |  |  | |  |
|  | |  |  | |  |
| Internal control over major programs | |  |  | |  |
|  | |  |  | |  |
| Material weaknesses identified? | | Yes/No | | |  |
|  | |  |  | |  |
| Significant deficiencies identified? | | Yes/None reported | | | |
|  | |  | | | |
| Type of auditors’ report issued on compliance for major programs | |  | | |  |
| *Unmodified, Qualified, Adverse, Disclaimer[[9]](#footnote-10)* | |  | | |  |
|  | |  | | |  |
| Any audit findings disclosed that are required to be reported in accordance with 2 CFR §200.516(a)? | | Yes/No | | |  |
|  | |  | | |  |
|  | |  | | | |
| Identification of major programs *Major programs should generally be identified in the same order as reported on the schedule of expenditures of federal awards (SEFA). In the case of a program cluster, only the cluster name as shown on the SEFA is required.* | | | | | |
|  |  | | |  | |
| Assistance Listings number | Name of federal program or cluster | | |  | |
|  | | | | |  |
|  |  | | | |  |
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|  |  | | | |  |
|  |  | | | |  |
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|  | | | | |  |
| Dollar threshold used to distinguish between Type A and Type B programs | | $\_\_\_\_\_\_\_\_\_ | | |  |
|  | |  |  | |  |
| Auditee qualified as low-risk auditee? | | Yes/No | | |  |
|  | |  |  | |  |

Financial statement findings

*This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, instances of noncompliance, and abuse related to the financial statements that are required to be reported in accordance with Government Auditing Standards.*

*Audit findings that relate to both the financial statements and federal awards should be reported in both sections. However, the reporting in one section may be in summary form with a reference to a detailed reporting in the other section of the schedule.*

*When there are no financial statement findings to report, add “*None reported.*” However, when the Government Auditing Standards report on internal control over financial reporting and on compliance and other matters has been issued separately, include the following:*

Financial statement findings were reported in the separately issued report on internal control over financial reporting and on compliance and other matters based on an audit of basic financial statements performed in accordance with *Government Auditing Standards*.

*OR*

*Use the following paragraph when the Government Auditing Standards report on internal control over financial reporting and on compliance was issued separately and no findings over financial reporting were included in that separately issued report.* 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.

2023-01

Subject heading

**Condition—***Condition is a situation that exists. The condition is determined and documented during the audit. Refer to Government Auditing Standards, paragraph 6.26.*

**Effect—***The effect or potential effect is the outcome or consequence resulting from the difference between the condition and the criteria. Refer to Government Auditing Standards, paragraph 6.28.*

**Cause—***The cause is the factor or factors responsible for the difference between the condition and the criteria and may also serve as a basis for recommendations for corrective actions. Refer to Government Auditing Standards, paragraph 6.27.*

**Criteria—***Criteria identify the required or desired state or expectation with respect to the program or operation. Refer to Government Auditing Standards, paragraph 6.25.*

**Recommendations—***Describe the suggested corrective action.*

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.

*Add the following as applicable. The Uniform Guidance requires identification of whether the audit finding was a repeat of a finding in the immediately prior audit and, if so, any applicable prior year audit finding numbers. [2 CFR §200.516(b)(8)]*

This finding is similar to prior-year finding 20XX-XX.

Federal award findings and questioned costs

*This section identifies significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal programs, as required to be reported by 2 CFR §200.516(a).*

*Audit findings that relate to both the financial statements and federal awards should be reported in both sections. However, the reporting in one section may be in summary form with a reference to a detailed reporting in the other section of the schedule.*

*When there are no significant deficiencies, material weaknesses, or instances of noncompliance related to federal programs, add “*None reported*.”*

2023-101

|  |  |
| --- | --- |
| **Cluster name** *(Delete row if not applicable)* |  |
| **Assistance Listing number(s) and name** |  |
| **Award numbers and years** |  |
| **Federal agency** |  |
| **Pass-through grantor** *(Delete row if not applicable)* |  |
| **Compliance requirements** |  |
| **Questioned costs** *(Known questioned costs must be identified by applicable Assistance Listings numbers and applicable federal award identification numbers.)* | $ |

**Condition—***The condition found, including facts that support the deficiency identified in the audit finding. Refer to 2 CFR §200.516(b)(3).*

**Effect—***The possible asserted effect to provide sufficient information to the auditee and federal agency, or pass-through entity in the case of a subrecipient, to permit them to determine the cause and effect to facilitate prompt and proper corrective action. A statement of the effect or potential effect should provide a clear, logical link to establish the impact or potential impact of the difference between the condition and the criteria. Refer to 2 CFR §200.516(b)(5).*

**Cause—***A statement of cause that identifies the reason or explanation for the condition or the factors responsible for the difference between the situation that exists (condition) and the required or desired state (criteria), which may also serve as a basis for recommendations for corrective action. Refer to 2 CFR §200.516(b)(4).*

**Criteria—***The criteria or specific requirement upon which the audit finding is based, including the federal statutes, regulations, or the terms and conditions of the federal awards. Criteria generally identify the required or desired state or expectation with respect to the program or operation. Criteria provide a context for evaluating evidence and understanding findings. Refer to 2 CFR §200.516(b)(2).*

**Recommendations—***Recommendations to prevent future occurrences of the deficiency identified in the audit finding. Refer to 2 CFR §200.516(b)(9).*

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.

*Add the following as applicable. The Uniform Guidance requires identification of whether the audit finding was a repeat of a finding in the immediately prior audit and, if so, any applicable prior year audit finding numbers. Refer to 2 CFR §200.516(b)(8).*

This finding is similar to prior-year finding 20XX-1XX.

References:

American Institute of Certified Public Accountants (AICPA) (January 2021). AICPA Codification of Statements on Auditing Standards (SAS) (SAS Numbers 122 through 143, cited as AU-C). https://us.aicpa.org/research/standards/auditattest/clarifiedsas.html

AICPA (April 1, 2022). AICPA Audit Guide: *Government Auditing Standards and Single Audits* (cited as AAG-GAS).

AICPA (March 1, 2022). AICPA Audit and Accounting Guide: *State and Local Governments* (cited as AAG-SLG).

U.S. Office of Management and Budget (2023). Title 2 *U*.*S.* Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). https://www.ecfr.gov/current/title-2/subtitle-A

1. Auditors contracted with the Arizona Auditor General should address to “The Arizona Auditor General.” [↑](#footnote-ref-2)
2. When making reference to other auditors who did not perform a component audit under *Government Auditing Standards*, those other (i.e., component) auditors will not have issued the report *Government Auditing Standards* requires (that is, the report on internal control over financial reporting and on compliance and other matters). Instead, the component auditors will have issued the communication AU-C section 265 requires if there are significant deficiencies or material weaknesses that were identified. In this circumstance, the group auditors may be precluded from including the component auditors’ significant deficiencies and material weaknesses in the report on internal control over financial reporting and on compliance and other matters. Refer to AAG-GAS 4.80-.87 and 4.85–Footnote 53 for additional guidance. [↑](#footnote-ref-3)
3. Auditors may include certain additional communications in this report that are not modifications to the auditors’ opinion on the financial statements, e.g., if the auditor included a separate section in the opinion for “Substantial Doubt About the Entity’s Ability to Continue as a Going Concern.” Refer to AAG-GAS 4.92 - Example 4-3, Footnote 33. [↑](#footnote-ref-4)
4. Auditors contracted with the Arizona Auditor General should address to “The Arizona Auditor General.” [↑](#footnote-ref-5)
5. There is nothing to preclude the auditors from including the names of the federal programs for which the auditors are providing an unmodified opinion in the heading or in the opinion paragraph itself. [↑](#footnote-ref-6)
6. For the matters giving rise to qualified opinion (or other opinion modification) paragraph. the auditors may use a table format when reporting opinion modifications for more than one federal programs, as follows:

   Program (or Cluster) name Assistance Listings number(s) Compliance requirement Finding number [↑](#footnote-ref-7)
7. Modify as necessary to conform with the auditors’ opinion modification(s) issued for the financial statements. Refer to AU-C section 725, *Supplementary Information in Relation to the Financial Statements as a Whole* for guidance. Also, see 725.A17 for the illustrative reports using a separate report for additional guidance on reporting. [↑](#footnote-ref-8)
8. As explained in the AICPA Audit and Accounting Guide, *State and Local Governments,* paragraphs 16.05-.06, the auditors generally express or disclaim an opinion on a government’s basic financial statements by providing an opinion or disclaimer of opinion on each opinion unit required to be presented in those financial statements. Therefore, there could be multiple responses to this question for audits of a government’s basic financial statements. For example, if the auditors’ report was unmodified for the District’s business-type activities and adverse for the discretely presented component unit, the response to this question could be as follows: “Unmodified opinion for the business-type activities and adverse opinion for the discretely presented component unit.” [↑](#footnote-ref-9)
9. If the auditors’ report for 1 or more major programs is other than unmodified, indicate the type of report issued for each program. For example, if the auditors’ report on major program compliance for an auditee having 5 major programs includes an unmodified opinion for 3 of the programs, a qualified opinion for 1 program, and a disclaimer of opinion for 1 program, the response to this question could be as follows: “Unmodified for all major programs except for [*name of program*], which was qualified and [*name of program*], which was a disclaimer.” [↑](#footnote-ref-10)