

Maricopa County Community College District

Single Audit Report

Year Ended June 30, 2022



A Report to the Arizona Legislature

Lindsey A. Perry
Auditor General





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Melanie M. Chesney, Deputy Auditor General and Acting Director, Financial Audit Division
Taryn Stangle, Manager

Contact Information

Arizona Auditor General
2910 N. 44th St., Ste. 410
Phoenix, AZ 85018-7271

(602) 553-0333

contact@azauditor.gov

www.azauditor.gov



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Annual Comprehensive 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
Maricopa County Community College District

Report on compliance for each major federal program

Qualified and unmodified opinions

We have audited Maricopa 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 opinions on Student Financial Assistance Cluster and Higher Education—Institutional Aid

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 Student Financial Assistance Cluster and Higher Education—Institutional Aid program for the year ended June 30, 2022.

Unmodified opinion on each of the other major federal programs

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, 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 opinions on Student Financial Assistance Cluster and Higher Education—Institutional Aid

As described in the accompanying schedule of findings and questioned costs, the District did not comply with requirements regarding the Student Financial Assistance Cluster for special tests and provisions as described in items 2022-101, 2022-102, and 2022-103 and the Higher Education—Institutional Aid program for reporting and special tests and provisions as described in item 2022-104. Compliance with such requirements is necessary, in our opinion, for the District to comply with the requirements applicable to these programs.

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 2022-105 and 2022-106. 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.

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, 2022-102, 2022-103, 2022-104, and 2022-105 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 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 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 January 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

May 17, 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 weakness identified? No

Significant deficiency identified? Yes

Noncompliance material to the financial statements noted? No

Federal awards

Internal control over major programs

Material weaknesses identified? Yes

Significant deficiency identified? None noted

Type of auditors' report issued on compliance for major programs

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

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

Identification of major programs

Assistance Listings number	Name of federal program or cluster
59.037, 59.037	COVID-19 Small Business Development Centers
84.007, 84.033, 84.038, 84.063, 84.268	Student Financial Assistance Cluster
84.042, 84.047	TRIO Cluster
84.031	Higher Education—Institutional Aid
84.425	COVID-19 Education Stabilization Fund

Dollar threshold used to distinguish between Type A and Type B programs \$3,000,000

Auditee qualified as low-risk auditee? No

Financial statement findings

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

Federal award findings and questioned costs

2022-101

Cluster name:	Student Financial Assistance Cluster
Assistance Listings numbers and names:	84.007 Federal Supplemental Educational Opportunity Grants 84.033 Federal Work-Study Program 84.038 Federal Perkins Loan Program—Federal Capital Contributions 84.063 Federal Pell Grant Program 84.268 Federal Direct Student Loans
Award year:	July 1, 2021 through June 30, 2022
Federal agency:	U.S. Department of Education
Compliance requirement:	Special tests and provisions
Questioned costs:	Unknown

Condition—Contrary to federal regulations and District policies and procedures, the District’s Student Financial Assistance (SFA) offices at 5 of its 10 colleges did not accurately and/or timely report enrollment-status changes to the National Student Loan Data System (NSLDS) for 12 of 40 students we tested District-wide participating in the Federal Pell Grant (Pell) or Federal Direct Student Loans (Direct Loans) programs. Specifically, the District’s SFA offices did not report:

- Accurate enrollment status and effective date information for 8 students.
- An enrollment-status change within 60 days of the enrollment change for 4 students, which were reported between 10 to 21 days late.

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

Cause—The District did not monitor its SFA office’s adherence to District-wide policies and procedures to ensure their compliance with Pell and Direct Loans requirements. Specifically, although the District had communicated District-wide policies to the SFA offices at each of its 10 colleges that are responsible for administering the federal programs, adhering to federal regulations, and following District-wide policies and procedures, it did not monitor the colleges’ adherence to them. Thus, when the SFA offices at 5 of the 10 colleges did not follow the District-wide policies and procedures requiring them to review, verify, and correct, as necessary, the student data compiled from the District’s student information system before submitting reports to NSLDS, the District did not identify the errors.

Criteria—Federal regulations and District policies and procedures 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] and District’s Enrollment Reporting Process).

Also, federal regulation requires establishing and maintaining effective internal control over federal awards that provides reasonable assurance that federal programs are being managed in compliance with all applicable laws, regulations, and award terms (2 CFR §200.303).

Recommendations

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

The District's corrective action plan at the end of this report includes the views and planned corrective action of its responsible officials. We are not required to audit and have not audited these responses and planned corrective actions and therefore provide no assurances as to their accuracy.

This finding is similar to prior-year finding 2021-101.

2022-102

Cluster name:

Assistance Listings numbers and names:

Award year:

Federal agency:

Compliance requirement:

Questioned costs:

Student Financial Assistance Cluster

84.007 **Federal Supplemental Educational Opportunity Grants**

84.033 **Federal Work-Study Program**

84.038 **Federal Perkins Loan Program—Federal Capital Contributions**

84.063 **Federal Pell Grant Program**

84.268 **Federal Direct Student Loans**

July 1, 2021 through June 30, 2022

U.S. Department of Education

Special tests and provisions

Unknown

Condition—Contrary to federal regulations and District policies and procedures, the District's Student Financial Assistance (SFA) offices at 8 of its 10 colleges did not perform the Direct Loans program required monthly reconciliations of its student disbursement records with what was reported on the Common Origination and Disbursement (COD) system. Specifically at 8 of 10 colleges, the SFA office did not complete 10 of the 20 monthly reconciliations and/or did not resolve and investigate discrepancies found on another 3 of the 20 monthly reconciliations we selected.

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

Cause—The District did not monitor its SFA offices' adherence to District-wide policies and procedures to ensure their compliance with Direct Loans program requirements. Specifically, although the District had communicated District-wide policies to the SFA offices at each of its 10 colleges that are responsible for administering the Direct Loans program, adhering to federal regulations, and following District-wide policies and procedures, it did not monitor the colleges' adherence to them. As a result, the District was

unaware that 8 SFA offices did not follow the District-wide policies and procedures for performing timely monthly reconciliations of students' Direct Loans information in the District student records to what they inputted in the COD system and to ensure they updated and corrected any discrepancies found in the reconciliations performed. District management reported that some of the SFA offices claimed to have performed the monthly reconciliations; however, the reconciliations were not documented and retained.

Criteria—Federal regulations and District policies and procedures require the colleges' SFA offices, on a monthly basis, to reconcile student records with Direct Loans program disbursement records submitted to and accepted on the COD system (34 CFR §§685.300 [b][5] and [9] and District's Direct Loan Monthly Reconciliation Process). Also, federal regulation requires establishing and maintaining effective internal control over federal awards that provides reasonable assurance that federal programs are being managed in compliance with all applicable laws, regulations, and award terms (2 CFR §200.303).

Recommendations

1. The District's SFA offices should follow the District-wide policies and procedures that require them to:
 - a. Perform timely monthly reconciliations of their Direct Loans student information maintained on the District's student system to the COD system and investigate and correct any errors in student data.
 - b. Document and retain reconciliations performed.
2. The District should monitor its SFA offices to ensure their compliance with District policies and procedures for the Direct Loans program.

The District's corrective action plan at the end of this report includes the views and planned corrective action of its responsible officials. We are not required to audit and have not audited these responses and planned corrective actions and therefore provide no assurances as to their accuracy.

This finding is similar to prior-year finding 2021-103.

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 84.038 Federal Perkins Loan Program—Federal Capital Contributions 84.063 Federal Pell Grant Program 84.268 Federal Direct Student Loans
Award year:	July 1, 2021 through June 30, 2022
Federal agency:	U.S. Department of Education
Compliance requirement:	Special tests and provisions
Questioned costs:	Not applicable

Condition—Contrary to federal regulation and District policies and procedures, the District's Student Financial Assistance (SFA) offices at 2 of its 10 colleges did not disburse SFA credit balances directly to students or their parents in a timely manner after applying the awards to the student's accounts for tuition-related fees. Specifically, for 4 of 50 students we tested, 2 of the SFA offices held the student's SFA credit balances 1 to 6 days longer than the allowed 14 days after the award was posted to the student's account.

Effect—Students did not always have access to their SFA award monies in a timely manner to help them pay for other nontuition-related fees and expenses, which may have caused them hardships.

Cause—The District-wide policies and procedures requiring reviews of students' accounts to disburse SFA credit balances to students or their parents within the required 14 days lacked detailed procedures for SFA credit balances when a manual review is required. These 4 students' accounts required the SFA offices to perform a manual review to release the SFA credit balances rather than the credit balances being processed automatically through the system, which is the typical method according to District management.

Criteria—Federal regulation and District policies and procedures require the District's SFA offices to apply each student's SFA awards to the student's account to satisfy tuition-related fees owed to the District. Any excess SFA awards result in a credit balance on the student's account. When this occurs, the District's SFA offices are required to disburse any remaining SFA award monies directly to the student or parent as soon as possible, but no later than 14 days after the award has been posted to the student's account. If the credit balance occurred before the first day of class of that payment period, then disbursement to the student or parent would be required no later than 14 days after the first day of class of the payment period (34 CFR §686.164[h] and District's Title IV Credit Balance Process). Also, federal regulation requires the District's establishing and maintaining effective internal control over federal awards that provides reasonable assurance that federal programs are being managed in compliance with all applicable laws, regulations, and award terms (2 CFR §200.303).

Recommendations

1. The District's SFA offices should complete reviews of students' accounts to disburse SFA credit balances to students or their parents within the required 14 days.
2. The District should update its District-wide policies and procedures to include detailed procedures to ensure all manual credit balances are processed within the required 14 days and monitor its SFA offices to ensure their compliance with these District-wide policies and procedures for disbursing the credit balances to students or their parents.

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.

2022-104

Assistance Listing number and name:

84.031 **Higher Education—Institutional Aid**

Award numbers and years:

P031S150032, October 1, 2015 through September 30, 2021
P031S150098, October 1, 2015 through September 30, 2021
P031S160090, October 1, 2016 through September 30, 2023
P031S190167, October 1, 2019 through September 30, 2024
P031S200096, October 1, 2020 through September 30, 2025
P031S200281, October 1, 2020 through September 30, 2025
P031C210057, October 1, 2021 through September 30, 2026
P031C210077, October 1, 2021 through September 30, 2026

Federal agency:

U.S. Department of Education

Compliance requirement:

Reporting and special tests and provisions

Questioned costs:

Unknown

Condition—The District did not act in accordance with federal regulations for its 10 endowments established from 2005 through 2021 by 6 of its 10 colleges.¹ These endowments were created with Higher Education—Institutional Aid (HEIA) program monies held by its Foundation that ranged in value from \$64,129 to \$359,019, with a combined fiscal year-end balance of \$1.6 million including interest earned. Specifically, we found that the District did not submit 3 of its endowments' annual reports for federal fiscal year October 1, 2020 through September 30, 2021, to the U.S. Department of Education (ED), as required, to certify that these endowment monies were spent in accordance with federal regulations. In addition, for all 4 endowment reports tested, we found the reports did not agree to the Foundation's records and that no one at the responsible college had reviewed or approved them for accuracy prior to submitting them to ED. Further, in reviewing the reports, we found that the District Office and colleges were not aware of each endowment's investment performance with the Foundation or whether the Foundation's investment policies met the federal regulations.

Effect—The District's failure to submit accurate endowment reports and the lack of monitoring over the Foundation's administration of its endowments increases the risk that ED could terminate the endowments and require the District to reimburse ED for the original endowment balances, including interest earned, if the District spent more of the endowments' income than allowed by federal regulations. We did not note any instances of the District spending more than allowed based on the 4 reports tested.

Cause—The District Office indicated that all the endowment reports submitted to ED were prepared by the Foundation and were not reviewed for accuracy before the College certified and submitted them to ED. For the 3 reports not submitted, District management reported that they were unable to submit the reports electronically and have not been successful in their attempts to receive assistance from ED to submit the late reports. In addition, the District's colleges separately contracted with the District's Foundation to administer the endowments, which included investing the endowment balances and disbursing a portion of the interest earned for allowable program activities. However, the District did not ensure that the Foundation was aware of the program's requirements or have a plan for ensuring compliance. Further, the District Office did not have written policies and procedures to monitor the Foundation's contract and the District's endowments held with the Foundation, and had not designated anyone to centrally monitor these endowments.

Criteria—Federal regulation permits the District to designate its Foundation to invest and raise monies for the program's endowments; however, the District is ultimately responsible for ensuring its endowments are administered in accordance with all federal regulations (34 CFR §628.3). The District is required to

monitor the Foundation's compliance with all federal requirements, including those that specify the investment types and risks allowed, require the endowments' corpus remain unspent during the grant award period, ensure it spends no more than 50 percent of the endowments' earnings in accordance with the endowments' purpose, and verify that endowment income is properly calculated and invested in a savings account or low-risk securities (34 CFR §§628.43 through .46). Additionally, federal regulation and the District colleges' federal program award terms require the District to submit annual reports for each of its endowments certifying that the endowments comply with federal regulations (34 CFR §628.47[f]). Finally, 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 Office should develop and implement written policies and procedures to:

1. Update its endowment contracts with the Foundation to include provisions that:
 - a. Require the Foundation to provide information on each endowment to the District for inclusion in the annual reports.
 - b. Specify the types of investments and investment risks allowed by federal regulations.
 - c. Require the Foundation to provide periodic reporting to the District Office and applicable colleges about the endowments' investment performance, income calculations, disbursements made from endowment interest, and compliance with federal regulations.
2. Designate an employee to centrally monitor the endowments with the Foundation to ensure the endowments are properly accounted for, spent, and invested in accordance with federal regulations.
3. Ensure that the District's required endowment annual reports are certified and submitted to ED by the District only after the reports have been reviewed and approved for accuracy and agreement to the Foundation's records by the responsible District employee.

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 2021-104.

¹ The endowment grant award numbers and years are as follows: P031010003, October 1, 2001 through September 30, 2006; P031S080044, October 1 2007 through September 30, 2012; P031S080118, October 1, 2008 through September 30, 2014; P031S090050, October 1, 2009 through September 30, 2014; P031A110194, October 1, 2011 through September 30, 2016 (2 endowments); P031A110200, October 1, 2011 through September 30, 2017; P031S150085, October 1, 2015 through September 30, 2020; P031S150098, October 1, 2015 through September 30, 2021; and P031S160090, October 1, 2016 through September 30, 2023.

2022-105

Cluster Name:	TRIO Cluster
Assistance Listings numbers and names:	84.042 TRIO—Student Support Services 84.047 TRIO—Upward Bound
Award numbers and years:	P042A2000873, September 1, 2020 through August 31, 2025; P042A201342, September 1, 2020 through August 31, 2025; P042A200859 September 1, 2020 through August 31, 2025; P047A171009 September 1, 2017 through August 31, 2022; P047A1710820 September 1, 2017 through August 31, 2022
Federal agency:	U.S. Department of Education
Compliance requirement:	Eligibility
Questioned costs:	\$14,678

Condition—The District’s 2 TRIO offices that administer the TRIO—Upward Bound program (program) did not review and approve their eligibility determinations for 21 of 24 students’ eligibility we tested for the District’s program and, contrary to federal regulation, 1 of the 2 District’s TRIO offices did not maintain records for stipends awarded to students. Specifically, we found that:

- GateWay Community College did not independently review and approve its eligibility determinations for 12 of 12 students’ eligibility we tested before making awards for services, contrary to its policies and procedures. Further, South Mountain Community College did not independently review and approve its eligibility determinations for 9 of 12 students’ eligibility we tested before making awards for services. We did not identify any ineligible students in the samples we tested.
- GateWay Community College did not maintain records and other documentation demonstrating how students earned stipends and how its TRIO office calculated \$14,678 of the total \$15,653 of stipends it awarded to students for fall and spring semesters, contrary to its policies and procedures to maintain records for stipends awarded to students.

Effect—Without performing independent reviews and approvals of eligibility determinations that the colleges’ policies and procedures require, Gateway and South Mountain Community Colleges have an increased risk of ineligible students participating in the program. In addition, due to Gateway Community College’s lack of stipend records, there is an increased risk that \$14,678 of the stipends it awarded to students may not have been earned or correctly calculated or may have exceeded the limits permitted by the program’s requirements.

Cause—GateWay Community College experienced turnover in the key personnel administering the program, and the new personnel were not aware of the college’s policies and procedures requiring review and approval of eligibility determinations. They were also unable to locate records supporting the stipends it awarded to students. Also, South Mountain Community College’s policies and procedures did not address review and approval of student records and did not incorporate this process when the College transitioned to an electronic eligibility process during the COVID-19 pandemic.

Criteria—GateWay Community College’s written policies and procedures require its TRIO office to perform an independent review and approval of their student eligibility determinations before awarding students program services (GateWay Community College—TRIO Upward Bound Eligibility Determination and Intake Process). In addition, federal regulation requires each District TRIO office to maintain attendance records and other documentation demonstrating the student’s satisfactory participation in program activities to earn the stipend and records supporting the District TRIO offices’ calculation of the stipends in accordance with program requirements, which limit the amount of stipends to students

depending on whether the stipend is earned during the academic year or summer session (34 CFR 645.42). 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:

1. Require all the District’s TRIO offices that administer the TRIO—Upward Bound program to follow or update policies and procedures to:
 - a. Require an independent and knowledgeable employee to review and approve student eligibility determinations before awarding program services to them.
 - b. Maintain records and other documentation demonstrating how students have earned and how the District’s TRIO offices have calculated the stipends awarded to students for participating in the program’s activities.
2. Train all employees responsible for administering the TRIO programs at the District’s TRIO offices on the District-wide policies and procedures.

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.

2022-106

Assistance Listings numbers and names: Not applicable

Questioned costs: Not applicable

Condition—Contrary to federal regulation, the District did not submit its June 30, 2022, Single Audit Report to the federal audit clearinghouse until May 17, 2023, which was 47 days later than required. Specifically, the District failed to provide key information, such as the schedule of expenditures of federal awards, complete Student Financial Assistance populations, and Higher Education Institutional Aid endowment and performance reports, to us by established deadlines provided at the beginning of the audit. This information was provided to auditors past the target dates.

Effect—The District’s submitting its Single Audit Report late prevents the federal government and other grantors of federal awards from having current information to effectively monitor their programs and could delay corrective actions that the District needs to take. Further, federal grantors may deny the District future federal awards or subject it to additional cash-monitoring requirements. This finding was not a result of internal control deficiencies of individual federal programs and, accordingly, did not have a direct and material effect on the reporting requirements over the District’s major federal programs.

Cause—According to the District, it was delayed in providing us with required information to complete the federal compliance audit by the March 31, 2023, deadline because of vacancies, turnover, and lack of coordination to obtain complete populations, reports, and documentation from the SFA offices, and grants management personnel for Higher Education Institutional Aid program and TRIO Cluster.

Criteria—Federal regulation requires the District to submit its Single Audit Report to the federal audit clearinghouse no later than 9 months after the fiscal year-end, or by March 31, 2023, for the District's June 30, 2022, Single Audit Report (2 CFR §200.512).

Recommendations—The District should allocate sufficient resources to complete its audit and improve its coordination with all responsible offices to ensure it obtains the required information and provides it to auditors by the agreed-upon deadlines established at the beginning of the audit so that it can submit all future Single Audit Reports on or before the federally required submission deadlines, which is no later than 9 months after fiscal year-end or by March 31 of the subsequent year.

The District's corrective action plan at the end of this report includes the views and planned corrective action of its responsible officials. We are not required to audit and have not audited these responses and planned corrective actions and therefore provide no assurances as to their accuracy.

DISTRICT SECTION

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

Federal Awarding Agency/Program Title	Assistance Listings Number	Additional Award Identification (Optional)	Name of Funder Pass-Through Entity	Identifying Number Assigned by Funder Pass-Through Entity	Total Amount Provided to Sub-Recipients	Federal Expenditures	Federal Program Total	Cluster Name	Cluster Total
DEPARTMENT OF AGRICULTURE									
CAPACITY BUILDING FOR NON-LAND GRANT COLLEGES OF AGRICULTURE (NLGCA)	10.326		U.S. DEPARTMENT OF AGRICULTURE	ASUB0000179		\$8,098	\$8,098	N/A	\$0
NATIONAL SCHOOL LUNCH PROGRAM	10.555		ARIZONA DEPARTMENT OF EDUCATION	07-86-47 07-87-43		\$164,317	\$164,317	CHLD NUTRITION CLUSTER	\$164,317
STATE ADMINISTRATIVE MATCHING GRANTS FOR THE SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM	10.561		WILDFIRE	ADES18-195811		\$39,315	\$39,315	SNAP CLUSTER	\$39,315
TOTAL DEPARTMENT OF AGRICULTURE						<u>\$211,730</u>			
DEPARTMENT OF COMMERCE									
INVESTMENTS FOR PUBLIC WORKS AND ECONOMIC DEVELOPMENT FACILITIES	11.300					\$458,722	\$458,722	ECONOMIC DEVELOPMENT CLUSTER	\$458,722
TOTAL DEPARTMENT OF COMMERCE						<u>\$458,722</u>			
DEPARTMENT OF DEFENSE									
PROCUREMENT TECHNICAL ASSISTANCE FOR BUSINESS FIRMS	12.002					\$373,837	\$373,837	N/A	\$0
TOTAL DEPARTMENT OF DEFENSE						<u>\$373,837</u>			
DEPARTMENT OF LABOR									
H-1B JOB TRAINING GRANTS	17.268		PIMA COMMUNITY COLLEGE	PIMA CC SUBAWARD 100719		\$32,695	\$32,695	N/A	\$0
APPRENTICESHIP USA GRANTS	17.285		AMERICAN ASSOC. FOR COMMUNITY COLLEGE	AP-33025-19-75-A-11		\$46,421	\$46,421	N/A	\$0
TOTAL DEPARTMENT OF LABOR						<u>\$79,116</u>			
DEPARTMENT OF TREASURY									
CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027	COVID-19	ARIZONA GOVERNOR'S OFFICE	ISA-ARPA-MCCCDG-042022-11		\$52,103	\$52,103	N/A	\$0
TOTAL DEPARTMENT OF TREASURY						<u>\$52,103</u>			
NATIONAL AERONAUTICS & SPACE ADMINISTRATION									
SCIENCE	43.001		UNIVERSITY OF ARIZONA	PO #342523		\$9,033	\$9,033	N/A	\$0
TOTAL NATIONAL AERONAUTICS & SPACE ADMINISTRATION						<u>\$9,033</u>			
INSTITUTE OF MUSEUM AND LIBRARY SERVICES OR NATIONAL ENDOWMENT FOR THE ARTS OR NATIONAL ENDOWMENT FOR THE HUMANITIES									
PROMOTION OF THE ARTS GRANTS TO ORGANIZATIONS AND INDIVIDUALS	45.024					\$11,580	\$11,580	N/A	\$0
GRANTS TO STATES	45.310		ARIZONA DEPARTMENT OF LIBRARY AND PUBLIC RECORDS	2020-0340-WIFI-09 2021-0340-WIFIH-14		\$8,002	\$8,002	N/A	\$0
TOTAL INSTITUTE OF MUSEUM AND LIBRARY SERVICES OR NATIONAL ENDOWMENT FOR THE ARTS OR NATIONAL ENDOWMENT FOR THE HUMANITIES						<u>\$19,582</u>			
NATIONAL SCIENCE FOUNDATION									
MATHEMATICAL AND PHYSICAL SCIENCES	47.049		ARIZONA STATE UNIVERSITY	1757573		\$21,137	\$21,137	N/A	\$0
COMPUTER AND INFORMATION SCIENCE AND ENGINEERING	47.070		UNIVERSITY OF TEXAS EL PASO	226100998H		\$49,137	\$139,219	N/A	\$0
COMPUTER AND INFORMATION SCIENCE AND ENGINEERING	47.070		NORTHERN ARIZONA UNIVERSITY	1004115-02		\$90,082	\$139,219	N/A	\$0
				F2021580005 F2021580006 F2021580007 V2021580001 V2021580002 V2021580010 V2021580002 V2021580005 S2022UR0005					
STEM EDUCATION	47.076		ARIZONA STATE UNIVERSITY	S2022UR0027		\$114,374	\$1,822,095	N/A	\$0
STEM EDUCATION	47.076					\$383,137	\$1,707,721	N/A	\$0
TOTAL NATIONAL SCIENCE FOUNDATION						<u>\$383,137</u>	<u>\$1,982,451</u>		
SMALL BUSINESS ADMINISTRATION									
COVID-19 - SMALL BUSINESS DEVELOPMENT CENTERS	59.037	COVID-19				\$973,831	\$2,508,708	N/A	\$0
SMALL BUSINESS DEVELOPMENT CENTERS	59.037					\$122,124	\$769,600	N/A	\$0
TOTAL SMALL BUSINESS ADMINISTRATION						<u>\$1,095,955</u>	<u>\$3,278,308</u>		
DEPARTMENT OF EDUCATION									
				20FAEIE-012421-01A 21FAEIE-112421-01A 21FIELTR-112421-01A 21FIEFFE-112421-01A 21FPROFL-112421-01A 22FABASC-212421-01A 22FECTC-212421-01A 22FIECE-212421-01A 22FIECCO-212421-01A 22FPRLEC-212421-01A					
ADULT EDUCATION BASIC GRANTS TO STATES	84.002		ARIZONA DEPARTMENT OF EDUCATION			\$4,390,572	\$4,390,572	N/A	\$0
FEDERAL SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANTS	84.007					\$4,258,939	\$4,258,939	STUDENT FINANCIAL ASSISTANCE CLUSTER	\$117,462,531
IMPROVING BASIC PROGRAMS OPERATED BY LOCAL EDUCATIONAL AGENCIES (TITLE I, PART A)	84.010		ARIZONA DEPARTMENT OF EDUCATION	22FT171I-210133-01A 22FT171I-212481-01A		\$259,379	\$259,379	N/A	\$0
SPECIAL EDUCATION GRANTS TO STATES	84.027		ARIZONA DEPARTMENT OF EDUCATION	22FESCBG-212481-09A 22FARIB-210133-01A		\$64,435	\$64,435	SPECIAL EDUCATION CLUSTER (IDEA)	\$87,502
INDIVIDUALS WITH DISABILITIES EDUCATION ACT/AMERICAN RESCUE PLAN ACT OF 2021 (ARP)	84.027	COVID-19	ARIZONA DEPARTMENT OF EDUCATION	22FARIB-210133-01A		\$23,067	\$23,067	SPECIAL EDUCATION CLUSTER (IDEA)	\$87,502
HIGHER EDUCATION INSTITUTIONAL AID	84.031					\$4,205,921	\$4,205,921	N/A	\$0
FEDERAL WORK-STUDY PROGRAM	84.033					\$1,050,301	\$1,050,301	STUDENT FINANCIAL ASSISTANCE CLUSTER	\$117,462,531
FEDERAL PERKINS LOAN (FPL) - FEDERAL CAPITAL CONTRIBUTIONS	84.038					\$55,912	\$55,912	STUDENT FINANCIAL ASSISTANCE CLUSTER	\$117,462,531
TRIO STUDENT SUPPORT SERVICES	84.042					\$887,245	\$887,245	TRIO CLUSTER	\$1,408,409
TRIO UPWARD BOUND	84.047					\$521,164	\$521,164	TRIO CLUSTER	\$1,408,409
CAREER AND TECHNICAL EDUCATION BASIC GRANTS TO STATES	84.048		ARIZONA DEPARTMENT OF EDUCATION	21FCTDBG-112331-20A V048A190003		\$2,173,863	\$2,173,863	N/A	\$0
FEDERAL PELL GRANT PROGRAM	84.063					\$82,198,123	\$82,198,123	STUDENT FINANCIAL ASSISTANCE CLUSTER	\$117,462,531
FUND FOR THE IMPROVEMENT OF POSTSECONDARY EDUCATION	84.116		ARIZONA STATE UNIVERSITY	ASUB00000277		\$46,954	\$46,954	N/A	\$0
FEDERAL DIRECT STUDENT LOANS	84.268					\$29,899,256	\$29,899,256	STUDENT FINANCIAL ASSISTANCE CLUSTER	\$117,462,531
CHILD CARE ACCESS MEANS PARENTS IN SCHOOL	84.335					\$103,853	\$103,853	N/A	\$0
SUPPORTING EFFECTIVE INSTRUCTION STATE GRANTS	84.367		ARIZONA DEPARTMENT OF EDUCATION	22FT171I-212481-03A 22FT171I-210133-03A		\$16,844	\$16,844	N/A	\$0
EDUCATION INNOVATION & RESEARCH	84.411		CENTER FOR THE FUTURE OF ARIZONA	U411C190109		\$39,170	\$39,170	N/A	\$0
PRESCHOOL DEVELOPMENT GRANTS	84.419		ARIZONA ASSOC FOR THE EDUCATION OF YOUNG	MOU-MCCCD-AZAEYC_061719		\$13,000	\$13,000	N/A	\$0
STUDENT SUPPORT AND ACADEMIC ENRICHMENT PROGRAM	84.424		ARIZONA DEPARTMENT OF EDUCATION	22FT171I-212481-01A 21FESSER-110133-01A 21FESSH-110133-01A		\$25,104	\$25,104	N/A	\$0
EDUCATION STABILIZATION FUND	84.425	COVID-19, 84.425D	ARIZONA DEPARTMENT OF EDUCATION	21FESSH-112481-01A		\$401,342	\$147,671,480	N/A	\$0
EDUCATION STABILIZATION FUND	84.425	COVID-19, 84.425E				\$92,834,133	\$147,671,480		
EDUCATION STABILIZATION FUND	84.425	COVID-19, 84.425F				\$53,693,603	\$147,671,480		

EDUCATION STABILIZATION FUND	84.425	COVID-19, 84.425P			\$92,578	\$147,671,480		
EDUCATION STABILIZATION FUND	84.425	COVID-19, 84.425S			\$350,892	\$147,671,480		
EDUCATION STABILIZATION FUND	84.425	COVID-19, 84.425U	ARIZONA DEPARTMENT OF EDUCATION	21FES00-110133-01A 21FES00-112481-01A	\$298,859	\$147,671,480		
EDUCATION STABILIZATION FUND	84.425	COVID-19, 84.425W	ARIZONA DEPARTMENT OF EDUCATION	22FARHMG-210133-01A	\$73	\$147,671,480		
TOTAL DEPARTMENT OF EDUCATION						<u>\$277,904,582</u>		
DEPARTMENT OF HEALTH AND HUMAN SERVICES								
CHILD CARE AND DEVELOPMENT BLOCK GRANT	93.575	COVID-19	ARIZONA DEPARTMENT OF ECONOMIC SECURITY	D122-002326	\$137,805	\$137,805	477 CLUSTER	\$137,805
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES						<u>\$137,805</u>		
TOTAL EXPENDITURE OF FEDERAL AWARDS					<u>\$1,479,092</u>	<u>\$284,507,269</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.

MARICOPA 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. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Also included in the schedule is \$21,617,216 in revenues recorded for the Educational Stabilization Fund (Assistance Listings Number 84.425F) program that were received by the District to recover lost revenues. In addition, for the Higher Education Institutional Aid (Assistance Listings Number 84.031) program the District recorded on the SEFA a total of \$1,679,062 for endowment funds that are federally restricted. The total balance is from prior year endowments that are each being held for 20 years. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

10% De Minimis Cost Rate

The District did not elect to use the 10 percent de minimis indirect cost rate as covered in 2 CFR §200.414.

Basis of presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Maricopa County Community College District for the year ended June 30, 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 (Uniform Guidance).

Federal Assistance Listings numbers

The program titles and Federal Assistance Listings numbers were obtained from the federal or pass-through grantor or the 2022 Federal Assistance Listings.

Loans outstanding

The expenditures reported on the schedule of expenditures of federal awards for the Federal Perkins Loan Program—Federal Capital Contributions (Assistance Listings Number 84.038) included loan balances outstanding at June 30, 2022 of \$55,912.

DISTRICT RESPONSE



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

May 17, 2023

Lindsey A. Perry
Auditor General
2910 N. 44th Street, Suite 410
Phoenix, AZ 85018

Dear Ms. Perry:

We have prepared the accompanying summary 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 planned, and the anticipated completion date.

Sincerely,

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

**Maricopa County Community College District
Corrective Action Plan
Year Ended June 30, 2022**

2022-101

Cluster Name: Student Financial Assistance Cluster
Assistance Listing number and name: 84.007 Federal Supplemental Educational Opportunity Grants
84.033 Federal Work-Study Program
84.038 Federal Perkins Loan Program-Federal Capital Contributions
84.063 Federal Pell Grant Program
84.268 Federal Direct Student Loans
Award Year: July 1, 2021 through June 30, 2022
Federal Agency: U.S. Department of Education
Compliance Requirements: Special tests and provisions
Questioned Costs: Unknown
Name of Contact Persons: Annette Linders, District Director of Financial Aid Operations and Compliance
Anticipated Completion Date: December 31, 2023

The Maricopa County Community College District understands the importance of reporting accurate student enrollment statuses and all student enrollment status changes to the National Student Loan Database (NSLDS) for the Pell and Direct Loan programs within 60 days. The District will continue to monitor its Student Financial Aid (SFA) offices' adherence to Districtwide policies and procedures and enhance internal controls to ensure SFA office's timely review, verification, and corrections to identified data prior to submitting the data to the NSLDS. District and college collaborations are being optimized; training and communications with emphasis on timeliness and completeness continue to be enhanced; and a centralized repository of enrollment reporting resources has been prepared and made available to staff.

2022-102

Cluster Name: Student Financial Assistance Cluster
Assistance Listing number and name: 84.007 Federal Supplemental Educational Opportunity Grants
84.033 Federal Work-Study Program
84.038 Federal Perkins Loan Program-Federal Capital Contributions
84.063 Federal Pell Grant Program
84.268 Federal Direct Student Loans
Award Year: July 1, 2021 through June 30, 2022
Federal Agency: U.S. Department of Education
Compliance Requirements: Special tests and provisions
Questioned Costs: Unknown
Name of Contact Persons: Annette Linders, District Director of Financial Aid Operations and Compliance
Anticipated Completion Date: December 31, 2023

The Maricopa County Community College District understands the need to establish and maintain effective internal controls over federal awards to provide reasonable assurance that federal programs are being managed in compliance with all applicable laws, regulations, and award terms and conditions. The District further understands the need to reconcile direct loan institutional student records with direct loan disbursement records submitted to and accepted by the COD system in order to meet fiduciary responsibilities. The District will enhance internal controls and expand its current process for monitoring Student Financial Aid (SFA) offices' adherence to districtwide policies and procedures, to ensure systemwide compliance with Direct Loan program requirements. The District will enhance staff training and communication efforts; optimize District and college collaborations; provide a centralized location for completed reconciliations; and monitor each college's submission to ensure Direct Loans are reconciled and reviewed each month on a timely basis.

2022-103

Cluster Name: Student Financial Assistance Cluster
Assistance Listing number and name: 84.007 Federal Supplemental Educational Opportunity Grants
84.033 Federal Work-Study Program
84.038 Federal Perkins Loan Program-Federal Capital Contributions
84.063 Federal Pell Grant Program
84.268 Federal Direct Student Loans
Award Year: July 1, 2021 through June 30, 2022
Federal Agency: U.S. Department of Education
Compliance Requirements: Special tests and provisions
Questioned Costs: Unknown
Name of Contact Persons: Annette Linders, District Director of Financial Aid Operations and Compliance
Anticipated Completion Date: December 31, 2023

The Maricopa County Community College District understands the need to establish and maintain effective internal controls over federal awards to provide reasonable assurance that federal programs are being managed in compliance with all applicable laws, regulations, and award terms and conditions. The District further understands the need to disburse a Student Financial Aid (SFA) credit balance directly to a student or parent as soon as possible, but no later than (a) 14 days after the balance was posted to the student's account, if the credit balance occurred after the 1st day of class for the payment period, or (b) 14 days after the 1st day of class, if the credit balance occurred on or before the 1st day of class for the payment period. The District will enhance internal controls and monitor SFA office's adherence to districtwide policies and procedures, to ensure systemwide compliance with SFA credit balance requirements. The District office will expand staff training and communication efforts; optimize District and college collaborations; and monitor each college's completion of the Unapplied Credits Report to ensure the timely processing of SFA credits.

2022-104

Assistance Listing number and name: 84.031 Higher Education – Institutional Aid
Award numbers and years: P031S150032, October 1, 2015 through September 30, 2021
P031S150098, October 1, 2015 through September 30, 2021
P031S160090, October 1, 2016 through September 30, 2023
P031S190167, October 1, 2019 through September 30, 2024
P031S200096, October 1, 2020 through September 30, 2025
P031S200081, October 1, 2020 through September 30, 2025
P031C210057, October 1, 2021 through September 30, 2026
P031C210077, October 1, 2021 through September 30, 2026
Federal Agency: U.S. Department of Education
Compliance Requirements: Reporting and special tests and provisions
Questioned costs: Unknown
Name of contact persons: Kristina Winterstein, Associate Controller
Anticipated completion date: December 31, 2023

The District is aware of the importance of ensuring that all reporting related to federal monies is presented accurately and in accordance with federal regulations. The District will work with the MCCC Foundation to review its current endowment agreements as well as the Foundation's policies and procedures with regard to the investment of its U.S. Department of Education (ED) federal endowment funds to ensure compliance with current federal endowment regulations. Effective December 1, 2022, the District developed procedures to ensure that endowment reports are reviewed and submitted to ED on an annual basis and has designated the District's Grants Accounting Manager as the central District employee who will monitor report submission and compliance with all applicable regulations. The District will continue to work with ED to gain access to online reporting and submission tools to ensure timely submission of required reports.

2022-105

Cluster name: TRIO Cluster
Assistance Listing number and name: 84.042 TRIO – Student Support Services
84.047 TRIO – Upward Bound
Award numbers and years: P042A200873, September 1, 2020 through August 31, 2025
P042A201342, September 1, 2020 through August 31, 2025
P042A200859, September 1, 2020 through August 31, 2025
P047A171009, September 1, 2017 through August 31, 2022
P047A171082, September 1, 2017 through August 31, 2022
Federal Agency: U.S. Department of Education
Compliance Requirements: Eligibility
Questioned costs: \$14,678
Name of contact persons: Kristina Winterstein, Associate Controller
Anticipated completion date: December 31, 2023

The District is aware of the importance of maintaining effective internal control over its federal awards and ensuring compliance with applicable federal regulations. The District will review and, as necessary, revise current policies and procedures relating to student eligibility as it relates to the TRIO—Upward Bound programs as well as the policies and procedures relating to documenting the calculation and payment of student stipends to ensure compliance with applicable federal regulations. The District will enhance communication and training efforts to ensure records are maintained that demonstrate appropriate review and approval of student eligibility prior to awarding program services.

2022-106

Cluster name: Not applicable
Assistance Listing number and name: Not applicable
Questioned costs: Not applicable
Name of contact persons: Dawn Rector, Interim Associate Vice Chancellor & Controller
Kristina Winterstein, Associate Controller
Anticipated completion date: March 31, 2024

The District understands the importance of timely submission of its June 30 Single Audit Report (SAR) to the federal audit clearinghouse no later than nine months after each fiscal year end, or by March 31 of the subsequent year. The District has established a working group to inventory annual audit reporting needs and identify areas that require improvement to ensure accuracy and completeness along with the ability to retrieve reports multiple times per year. In addition, the District will improve communication with the Office of the Auditor General (OAG) and establish realistic deadlines that take into consideration audit schedule due dates for the annual financial audit; peak semester start dates for the charter schools and college staff and their related financial aid distribution timelines; and the OAG availability of staff to complete our financial and single audits. The District will improve communication of established timelines and provide training, tracking and reporting tools to enhance ongoing efforts to monitor the progression toward timely completion.



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May 17, 2023

Lindsey A. Perry
Auditor General
2910 N. 44th Street, Suite 410
Phoenix, AZ 85018

Dear Ms. Perry:

We have prepared the accompanying summary schedule of prior audit findings as required by the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Specifically, we are reporting the status of audit findings included in the prior audit's schedule of findings and questioned costs. This schedule also includes the status of audit findings reported in the prior audit's summary schedule of prior audit findings that were not corrected.

Sincerely,

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

Maricopa County Community College District
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2022

Status of Financial Statement Findings

The District's control procedures over IT systems and data were not sufficient, which increases the risk that the District may not adequately protect those systems and data

Finding No: 2021-01. This finding initially occurred in fiscal year 2008

Status: Fully corrected

Maricopa County Community College District
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2022

Status of Federal Award Findings and Questioned Costs

Cluster Name: Student Financial Assistance Cluster
CFDA No. and program name:
84.007 Federal Supplemental Educational Opportunity Grants
84.033 Federal Work-Study Program
84.038 Federal Perkins Loan Program—Federal Capital Contributions
84.063 Federal Pell Grant Program
84.268 Federal Direct Student Loans
Finding No: 2021-101. This finding initially occurred in fiscal year 2014
Status: Not corrected

The Maricopa County Community College District understands the importance of reporting accurate enrollment status to the National Student Loan Database (NSLDS) and the applicable laws under 34 CFR 685.309(b), 682.610(c), 674.33(j), h 34 CFR 682.610(c) and 34 CFR 685.300(b), 34 CFR Part 668. The Enrollment Reporting and FTSE Task Team was implemented in FY2019 with work completed in FY2020. This team, along with the FA Transformation Compliance Team, has been actively working to improve system level updates with District ITS and business process review for enrollment reporting through FY2020, FY2021 and FY2022. The Rapid Response committee was implemented as the system level work from the FA Transformation team was completed. The District has implemented system modifications and continues to identify systemwide opportunities for improvements to contribute to the timeliness and accuracy of enrollment reporting to the NSLDS. Internal audit processes continue to be refined to ensure early and accurate identification of potential enrollment reporting errors. District and college collaborations are being optimized; training and communications with emphasis on timeliness and completeness continue to be enhanced; and a centralized repository of enrollment reporting resources has been prepared and made available to staff.

Cluster Name: Student Financial Assistance Cluster
CFDA No. and program name:
84.007 Federal Supplemental Educational Opportunity Grants
84.033 Federal Work-Study Program
84.038 Federal Perkins Loan Program—Federal Capital Contributions
84.063 Federal Pell Grant Program
84.268 Federal Direct Student Loans
Finding No: 2021-102
Status: Fully corrected

Cluster Name: Student Financial Assistance Cluster
CFDA No. and program name:
84.007 Federal Supplemental Educational Opportunity Grants
84.033 Federal Work-Study Program
84.038 Federal Perkins Loan Program-Federal Capital Contributions
84.063 Federal Pell Grant Program
84.268 Federal Direct Student Loans
Finding No 2021-103
Status: Partially corrected

Maricopa County Community College District
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2022

The Maricopa County Community College District understands the importance of monthly reconciliations for Direct Loans and all Federal Student Aid programs to meet fiduciary responsibilities. Further, the District understands the requirements to reconcile Federal Student Aid disbursements in the Maricopa PeopleSoft System, Common Origination and Disbursement System, Student Accounts, General Ledger, and G5. The District continues to review, evaluate, and revise Direct Loan program procedures to ensure Direct Loans are reconciled monthly and accurate student data is uploaded to the COD system timely. District and college collaborations are being optimized; training and communications with emphasis on timeliness and completeness continue to be enhanced; and a centralized repository of direct loan reconciliations has been developed to enhance monitoring and improve documentation that reconciliation requirements are being met.

Assistance Listing number and name: 84.031 Higher Education – Institutional Aid

Award numbers and years: P031S150085, October 1, 2015 through September 30, 2020
P031S150032, October 1, 2015 through September 30, 2021
P031S150098, October 1, 2015 through September 30, 2021
P031S160090, October 1, 2015 through September 30, 2021
P031S190167, October 1, 2015 through September 30, 2024
P031S2000096, October 1, 2020 through September 30, 2025
P031S2000081, October 1, 2020 through September 30, 2025

Finding No: 2021-104. This finding initially occurred in fiscal year 2021

Status: Partially Corrected

As of April 8, 2022, the District has identified a comprehensive listing of its endowments, including the source of matching funds, investments, endowment income and expenditures and reported all appropriate expenditure totals for the federal endowment balances on the Fiscal Year 2021 SEFA. Effective December 1, 2022, the District developed procedures to ensure that endowment reports are submitted to the U.S. Department of Education (ED) on an annual basis and has designated the District's Accounting Manager for Grants as the central District employee who will monitor report submission and compliance with all applicable regulations. The District will continue to work with ED to gain access to online reporting and submission tools to ensure timely submission of required reports.

