



A REPORT  
TO THE  
ARIZONA LEGISLATURE

Financial Audit Division

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Single Audit

# Pima County Community College District

Year Ended June 30, 2012

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**Debra K. Davenport**  
Auditor General

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Pima County Community College District  
Single Audit Reporting Package  
Year Ended June 30, 2012

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Reports Issued Separately

Comprehensive Annual Financial Report

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*



DEBRA K. DAVENPORT, CPA  
AUDITOR GENERAL

STATE OF ARIZONA  
OFFICE OF THE  
AUDITOR GENERAL

MELANIE M. CHESNEY  
DEPUTY AUDITOR GENERAL

**Independent Auditors' Report on Compliance with Requirements  
That Could Have a Direct and Material Effect on Each Major Program and on  
Internal Control over Compliance in Accordance with OMB Circular A-133**

Members of the Arizona State Legislature

The Governing Board of  
Pima County Community College District

### **Compliance**

We have audited Pima County Community College District's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. The District's major federal programs are identified in the Summary of Auditors' Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

As described in items 12-101 through 12-103 in the accompanying Schedule of Findings and Questioned Costs, the District did not comply with requirements regarding the Allowable Costs/Cost Principles requirement that is applicable to its Affordable Care Act (ACA) Health Profession Opportunity Grants, Special Tests and Provisions for its Student Financial Assistance Cluster, and Eligibility for its Refugee and Entrant Assistance—State Administered Programs. Compliance with such requirements is necessary, in our opinion, for the District to comply with the requirements applicable to those programs.

In our opinion, except for the noncompliance described in the preceding paragraph, Pima County Community College 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, 2012. The results of our auditing procedures also disclosed other instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and that are described in the accompanying Schedule of Findings and Questioned Costs as items 12-105 and 12-106.

### **Internal Control over Compliance**

The District's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses, and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and other deficiencies that we consider to be 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 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 12-101 through 12-103 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 12-104 through 12-107 to be significant deficiencies.

### **Schedule of Expenditures of Federal Awards**

We have audited the financial statements of the business-type activities and discretely presented component unit of Pima County Community College District as of and for the year ended June 30, 2012, and have issued our report thereon dated December 14, 2012. Our report was modified to include a reference to our reliance on other auditors. Our audit was conducted for the purpose of forming our

opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of the District's management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Pima County Community College District's responses to the findings identified in our audit are presented on pages 17 through 20. We did not audit the District's responses, and accordingly, we express no opinion on them.

This report is intended solely for the information and use of the members of the Arizona State Legislature, the Governing Board, management, others within the District, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.

Jay Zsorey, CPA  
Financial Audit Director

March 22, 2013

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Pima County Community College District  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2012

Federal Grantor/Program Title/ Pass-Through Grantor	CFDA Number (Note 2)	Pass-Through Grantor's Number	Expenditures (Note 3)
<b>U.S. Department of the Interior</b>			
National Wildlife Refuge Fund—Refuge Revenue Sharing, passed through Arizona Game and Fish Commission	15.659		\$ <u>8,536</u>
<b>U.S. Department of Justice</b>			
Bulletproof Vest Partnership Program, passed through Bureau of Justice Assistance	16.607	2009BUBX09049733, 2010BUBX10052197, 2011BUBX11058809	<u>3,093</u>
<b>U.S. Department of Transportation</b>			
Highway Safety Cluster: State and Community Highway Safety, passed through the Governor's Office of Highway Safety	20.600	2011-AL-043, 2011-OP-018, 2012-AL-041	<u>12,774</u>
<b>Small Business Administration</b>			
8(a) Business Development Program	59.006		<u>35,123</u>
<b>U.S. Department of Education</b>			
Student Financial Assistance Cluster:			
Federal Supplemental Educational Opportunity Grants	84.007		524,794
Federal Work-Study Program	84.033		616,890
Federal Perkins Loan Program—Federal Capital Contributions	84.038		1,445,446
Federal Pell Grant Program	84.063		51,530,596
Federal Direct Student Loans	84.268		<u>34,345,040</u>
Total Student Financial Assistance Cluster			<u>88,462,766</u>
TRIO Cluster:			
TRIO—Student Support Services	84.042		449,006
TRIO—Talent Search	84.044		359,912
TRIO—Upward Bound	84.047		<u>827,062</u>
Total TRIO Cluster			<u>1,635,980</u>
Higher Education—Institutional Aid	84.031		1,339,395
Adult Education—Basic Grants to States, passed through the Arizona Department of Education	84.002	V002A1100003	2,222,367
Career and Technical Education—Basic Grants to States, passed through the Arizona Department of Education	84.048	V048A100003, V048A110003	367,049

(Continued)

See accompanying notes to schedule.



Pima County Community College District  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2012  
(Continued)

<b>Federal Grantor/Program Title/ Pass-Through Grantor</b>	<b>CFDA Number (Note 2)</b>	<b>Pass-Through Grantor's Number</b>	<b>Total Expenditures (Note 3)</b>
Fund for the Improvement of Postsecondary Education, passed through Alamo College/St. Phillips College	84.116	P116N100011	\$ 3,714
Even Start—State Educational Agencies, passed through the Arizona Department of Education	84.213	S213C000003	144,689
Even Start—State Educational Agencies, passed through Sunnyside Unified School District	84.213	ED0-0033-013	<u>200,571</u>
Total Even Start—State Educational Agencies			<u>345,260</u>
Total U.S. Department of Education			<u>94,376,531</u>
 <b>U.S. Department of Health and Human Services</b>			
Affordable Care Act (ACA) Health Profession Opportunity Grants	93.093		4,018,231
Refugee and Entrant Assistance—State Administered Programs, passed through Arizona Department of Economic Security	93.566	DE071030-001	193,072
ARRA—Health Information Technology Professionals in Health Care, passed through Los Rios Community College District	93.721	90CC0076/01	410,646
Biomedical Research and Research Training, passed through University of Arizona	93.859	2K12GM000708-11, 5K12GMO000708-012	<u>91,137</u>
Total U.S. Department of Health and Human Services			<u>4,713,086</u>
 <b>Corporation for National and Community Service</b>			
AmeriCorps—Recovery, passed through Arizona Governor's Office for Children, Youth and Families	94.006	09ACHAZ0010001, AC-VSG-10-0273-05Y3	199,778
 <b>U.S. Department of Homeland Security</b>			
Citizenship Education and Training	97.010		<u>56,998</u>
Total Expenditures of Federal Awards			<u>\$ 99,405,919</u>

See accompanying notes to schedule.

Pima County Community College District  
Notes to Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2012

Note 1 - Basis of Presentation

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

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

The program titles and CFDA numbers were obtained from the federal or pass-through grantor or the *2012 Catalog of Federal Domestic Assistance*.

Note 3 - Loans Outstanding

The expenditures reported on the Schedule of Expenditures of Federal Awards for the Federal Perkins Loan Program—Federal Capital Contributions (CFDA No. 84.038) consists of loan balances outstanding at June 30, 2012, of \$1,445,446.

Note 4 - Subrecipients

From the federal expenditures presented in the schedule for the Affordable Care Act (ACA) Health Profession Opportunity Grants (CFDA No. 93.093) the College awarded \$493,141 to subrecipients.

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Pima County Community College District  
 Schedule of Findings and Questioned Costs  
 Year Ended June 30, 2012

**Summary of Auditors' Results**

**Financial Statements**

Type of auditors' report issued:	Unqualified	
	<b>Yes</b>	<b>No</b>
Internal control over financial reporting:		
Material weakness identified?	—	<u>X</u>
Significant deficiency identified?	<u>X</u>	—
Noncompliance material to the financial statements noted?	—	<u>X</u>

**Federal Awards**

Internal control over major programs:		
Material weaknesses identified?	<u>X</u>	—
Significant deficiencies identified?	<u>X</u>	—
Type of auditors' report issued on compliance for major programs: Unqualified for all major programs except for the Affordable Care Act Health Profession Opportunity Grants, Student Financial Aid Cluster, and Refugee and Entrant Assistance—State Administered Programs, which were qualified.		
Any audit findings disclosed that are required to be reported in accordance with Circular A-133 (section .510[a])?	<u>X</u>	—

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
	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
84.002	Adult Education—Basic Grants to States
93.093	Affordable Care Act (ACA) Health Profession Opportunity Grants
93.566	Refugee and Entrant Assistance—State Administered Programs
93.721	ARRA—Health Information Technology Professionals in Health Care

Pima County Community College District  
 Schedule of Findings and Questioned Costs  
 Year Ended June 30, 2012

Dollar threshold used to distinguish between Type A and Type B programs: \$328,295

	<b>Yes</b>	<b>No</b>
Auditee qualified as low-risk auditee?	___	<u>X</u>

***Other Matters***

Auditee's Summary Schedule of Prior Audit Findings required to be reported in accordance with Circular A-133 (section .315[b])?	<u>X</u>	___
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Pima County Community College District  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2012

## 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

12-101

CFDA No. 93.093: **Affordable Care Act (ACA) Health Profession Opportunity Grants**

**U.S. Department of Health and Human Services**

Award Period: July 1, 2011 through June 30, 2012

Award Numbers: 90FX005/01 and 90FX005/02

Allowable Costs/Cost Principles

Questioned Costs: \$107,144

**Criteria:** The District's indirect cost agreement approved by the Department of Health and Human Services prohibits recovering indirect costs on expenditures for equipment, subgrants, subcontracts, scholarships, and tuition and fees.

**Condition and context:** During fiscal year 2012 the District overcharged the program by \$107,144 by recovering indirect costs on subgrants, scholarships, and tuition and fee expenses.

**Effect:** The District did not comply with its allowable costs/cost principles requirements.

**Cause:** The District officials preparing and approving the reimbursement requests were not aware of the requirement to exclude certain categories of expenditures when preparing requests to recover indirect costs.

**Recommendation:** The District should establish policies and procedures to ensure that indirect costs are recovered from the grantor only on allowable categories of expenditures.

This finding is similar to a prior-year finding.

Pima County Community College District  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2012

12-102

Student Financial Aid Cluster:

CFDA Nos.: 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**

**U.S. Department of Education**

Award Period: July 1, 2011 through June 30, 2012

Award Numbers: P268K120512 and P268K1100512

Special Tests and Provisions

Questioned Costs: N/A

Criteria: The Federal Family Education Loans program requires institutions to notify the National Student Loan Data System (NSLDS) within 30 days of a change in student status or include the change in status in a response to a Student Status Confirmation Report (SSCR) within 60 days.

Condition and context: For 4 of 40 sample items tested, auditors determined that an incorrect student status was reported to NSLDS.

Effect: The District is not in compliance with the enrollment-reporting requirement for the Special Tests and Provisions compliance requirement.

Cause: The District modified their methodology for tracking and uploading enrollment status to the NSLDS during the fiscal year. The process became a manual process in an attempt to improve their error rate. To increase the efficiency of the manual process, the data used for determining enrollment status was limited to certain sources that did not always contain accurate information.

Recommendation: The District should implement policies and procedures to ensure that the sources used to report enrollment status to the NSLDS are accurate and complete.

12-103

CFDA No.: 93.566 **Refugee and Entrant Assistance—State Administered Programs**

**U.S. Department of Health and Human Services**

Passed through the Arizona Department of Economic Security

Award Period: July 1, 2011 through June 30, 2012

Award Numbers: G07AAAZ9110 and DES Contract #DE071030001

Eligibility

Questioned Costs: N/A

Criteria: The District's contract with the pass-through grantor requires the District to maintain ongoing individual case records for each individual refugee, including individual service plans. This is an administrative eligibility requirement that should be included in the confidential records of the refugee.

Pima County Community College District  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2012

Condition and context: For 29 of the 40 refugee students selected for testing, no service plan was prepared. During the year, the District implemented policies and procedures to ensure service plans were prepared and retained. The 11 students with service plans entered the program after the new policies and procedures were implemented.

Effect: The District was not in compliance with the administrative eligibility requirements set forth in the contract.

Cause: For most of the audit period, the District did not have policies and procedures in place to ensure compliance with this eligibility requirement.

Recommendation: The District should continue to enforce its new policies and procedures to ensure that all required elements of the contract are included in the refugee's confidential file.

12-104

CFDA No.: 84.002 **Adult Education—Basic Grants to States**

**U.S. Department of Education**

Passed through the Arizona Department of Education

Award Period: July 1, 2011 through June 30, 2012

Award Numbers: V002A1100003 and V002A000003

Cash Management

CFDA No.: 93.093 **Affordable Care Act (ACA) Health Profession Opportunity Grants**

**U.S. Department of Health and Human Services**

Award Period: July 1, 2011 through June 30, 2012

Award Number: 90FX0005-02-01

Cash Management

Questioned Costs: N/A

Criteria: As required by 2 Code of Federal Regulations (CFR) part 215, entities receiving federal awards must establish and maintain internal controls designed to reasonably ensure compliance with federal laws, regulations, and program compliance requirements. An independent review and approval of significant transactions, such as cash reimbursement requests, are an important part of this system of internal control.

Condition and context: The District's internal control policies and procedures do not include a review of cash reimbursement requests prior to the actual drawdown. All 48 drawdowns from Adult Education—Basic Grants to States, as well as all 3 drawdowns from Affordable Care Act (ACA) Health Profession Opportunity Grants program, lacked this control.

Effect: The District could request reimbursement for improper amounts that could result in noncompliance with program compliance requirements.



Pima County Community College District  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2012

Cause: The District is lacking proper internal controls as staff responsible for calculating the reimbursement amount are also responsible for submitting the reimbursement request without an independent review.

Recommendation: The District should implement procedures that require an independent review and approval of all cash reimbursement requests and related accounting transactions before they are submitted. Additionally, the District should maintain evidence of the review and approval.

12-105

CFDA No.: 93.721 **ARRA—Health Information Technology Professionals in Health Care**

**U.S. Department of Health and Human Services**

Passed through Los Rios Community College District

Award Period: July 1, 2011 through June 30, 2012

Award Numbers: 90CC0076/02 and 90CC0076/03

Allowable Costs/Cost Principles

Questioned Costs: Unknown

Criteria: The District should have effective policies and procedures to ensure that employee compensation charged to federal programs is properly supported by records and reasonably represents actual time and effort worked on federal programs. Additionally, 2 CFR §220, Appendix A, Section J(10), requires the District to maintain records that certify on an after-the-fact basis that employee compensation charged to federal programs represents a reasonable distribution of employees' actual time and effort worked on federal programs. 2 CFR §220, Appendix A, Section J(10) also allows for after-the-fact activity records and the related charges to be made initially on the basis of estimates made before the services are performed, provided that such charges are promptly adjusted if significant differences are indicated by activity records.

Condition and context: Auditors were not able to determine whether four of the nine tested employee payroll time sheets charged to the program represented expenses actually incurred because the time sheets were signed by a supervisor 4 and 5 days prior to the end of the pay period. Additionally, the District did not have a sufficient method of certifying the estimates and resultant expenses were accurate after the pay period end as no after-the-fact certification occurred for the four time sheets mentioned above. As a result, auditors were not able to determine that recorded payroll expenses represented actual incurred expenses.

Effect: Unallowable charges and improper payments to employees may have occurred. It was not practical to extend our auditing procedures sufficiently to determine the amount of questioned costs, if any, that may have resulted from this finding.

Cause: The District did not have policies and procedures to ensure that time sheets approved before employee services were performed, and other related estimates of those services made before the services were performed were certified after the fact as actual employee services performed.

Pima County Community College District  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2012

Recommendation: The District should ensure policies and procedures are in place and followed to accurately record employee activity as well as certify that all employee services were actually performed.

12-106

CFDA No.: 93.566 **Refugee and Entrant Assistance—State Administered Programs**

**U.S. Department of Health and Human Services**

Passed through the Arizona Department of Economic Security

Award Period: July 1, 2011 through June 30, 2012

Award Numbers: G07AAAZ9110 and DES Contract #DE071030001

Reporting

Questioned Costs: N/A

Criteria: As required by Office of Management and Budget (OMB) Circular A-133 §300, it is the auditee's responsibility to identify, in its accounts, all federal awards received and expended and the federal programs under which they were received.

Condition and context: The District is unable to reconcile its Schedule of Expenditures of Federal Awards (SEFA) expenditures to the general ledger for the Refugee and Entrant Assistance—State Programs. Auditors determined that the reported SEFA amount was obtained from the grantor and was not based on the District's recorded general ledger expenditures.

Effect: The SEFA was overstated by \$11,024, the difference between the expenditures reported on the District's general ledger and the amount obtained from the grantor. The District adjusted the SEFA as necessary.

Cause: The District was accounting for the Refugee and Entrant Assistance—State Administered Programs funds in a fund commingled with other monies and not a separate account.

Recommendation: The District should implement policies and procedures to ensure funds derived from federal programs are properly accounted for and separately identified in their general ledger system.

12-107

CFDA No.: 93.093 **Affordable Care Act (ACA) Health Profession Opportunity Grants**

**U.S. Department of Health and Human Services**

Passed through Administration for Children and Families

Award Period: July 1, 2011 through June 30, 2012

Award Numbers: 90FX005/01 and 90FX005/02

Equipment and Real Property Management

Questioned Costs: N/A

Criteria: As required by 2 CFR part 215, institutions of higher education that receive federal awards must establish and maintain internal controls designed to reasonably ensure compliance with federal laws, regulations, and program compliance requirements. Effective procedures to identify and properly account for capital equipment is an important part of an entity's internal control system.

Pima County Community College District  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2012

Condition and Context: The District made purchases to construct a simulation lab and for six smart boards. Auditors determined the equipment was not capitalized and was recorded as other professional services expenditures because the cost of the individual pieces of equipment was less than the District's capitalization threshold of \$5,000. Auditors determined the individual equipment alone could not function and be used for their intended purposes and, therefore, should have been capitalized. The total cost of the simulation lab was \$108,143, and the total cost of the six smart boards was approximately \$40,860.

Effect: Without adequate controls for proper identification and accounting of capital equipment, the District could fail to comply with equipment and real property management compliance requirements.

Cause: The District does not have adequate controls to identify and properly account for capital equipment. These purchases were reclassified as other professional services and were overlooked as being capital equipment.

Recommendation: The District should establish policies and procedures to ensure that capital equipment purchases are properly identified and accounted for.



## PimaCountyCommunityCollegeDistrict

### District Office

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February 28, 2013

Debbie Davenport  
Auditor General  
2910 North 44<sup>th</sup> Street, Suite 410  
Phoenix, AZ 85018

Dear Ms. Davenport:

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

Sincerely,

David Bea, Ph.D.  
Executive Vice Chancellor for Finance and Administration

**Pima County Community College District**  
**Corrective Action Plan**  
**Year Ended June 30, 2012**

The corrective action plan for financial statement findings was included 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*.

**12-101**

*CFDA Numbers:* 93.093 Affordable Care Act (ACA) Health Profession Opportunity Grant

*Contact Person:* Rachelle Howell, Assistant Vice Chancellor for Grants & Planning and Institutional Research

*Anticipated Completed Date:* March 28, 2013

*Corrective Action:* After being made aware of a related 2010-2011 audit finding, the College corrected its financial information system controls to exclude unallowable expenses from the calculation of the indirect cost base and implemented additional manual procedures to monitor the recovery of indirect costs to ensure consistency with the negotiated agreement. The corrected financial information system controls proved successful. However, the manual procedure failed to prevent an accrual that included the indirect cost at fiscal year-end. Specifically, an accrual was created including the \$107,144. The first draw-down in 2013 was adjusted to correct the error. To avoid this in the future, the College has included an additional step whereby a second party reviews and validates the initial manual review of recovery of indirect costs.

**12-102**

*CFDA Numbers:* 84.007, 84.033, 84.038, 84.063, 84.268 Student Financial Aid Cluster

*Contact Person:* Anna M. Reese, Executive Director Financial Aid

*Anticipated Completed Date:* December 31, 2013

*Corrective Action:* The Financial Aid Office has identified the reporting issues. The Executive Director will provide a report to the Executive Administration regarding the issue and will provide options to correct and ensure timely reporting. Therefore, the Financial Aid Office will collaborate with the Provost & Executive Vice Chancellor, Executive Administration, Vice Provost, Assistant Vice Chancellor of Student Development, Director of Admissions/Registrar and the Vice Presidents of Instruction to study the issues related to this finding, to implement appropriate protocol to ensure timely and accurate reporting of the data.

**12-103**

*CFDA Numbers:* 93.566 Refugee and Entrant Assistance – State Programs

*Contact Person:* Julie Dall'Aglio-Purdy, Campus Director of Administrative Services

*Anticipated Completed Date:* May 2012

*Corrective Action:* The program was unaware that it was required to have a service plan in the students' case records until the ADES Audit took place in January 2012. The ELT program developed an individual service plan

**Pima County Community College District**  
**Corrective Action Plan**  
**Year Ended June 30, 2012**

for documenting student assessment and advancement after the audit. This form was implemented for all new ELT enrollees, which was the ADES directive to be compliant. The twenty-nine files that were identified as not having an individual service plan (ISP) did not have service plans because this was prior to the ADES Audit that took place in January 2012. Every new ELT student since January 2012 has an ISP in their case file.

**12-104**

*CFDA Numbers:* 84.002 Adult Education – Basic Grants to States, 93.093 Affordable Care Act (ACA) Health Profession Opportunity Grant

*Contact Person:* Rachelle Howell, Assistant Vice Chancellor for Grants & Planning and Institutional Research

*Anticipated Completed Date:* March 28, 2013

*Corrective Action:* The College has modified internal grant draw-down procedures to include an additional step whereby the employee who determined the draw-down amount will have the calculation validated against two sources by a second party prior to conducting the draw down procedure.

**12-105**

*CFDA Numbers:* 93.721 ARRA – Health Information Technology Professionals in Health Care

*Contact Person:* Andrew Plucker, Campus Director of Administrative Services

*Anticipated Completed Date:* March 15, 2013

*Corrective Action:* The College has implemented an electronic time accounting procedure for use by all College employees, including those compensated from federal grant sources, that permits supervisors to review and certify timesheets on the final day of the pay period. This has effectively eliminated the use of estimates in the reporting of time worked on federal programs and allows for a reasonable assurance that payroll expenses reflect actual incurred expenses. Additionally beginning in January 2012, an effort certification reporting process was implemented requiring grant program supervisors to review and verify employee activity in a monthly report to the College's Grants Office. Training was provided on the new process one-on-one or in ad hoc groups.

**12-106**

*CFDA Numbers:* 93.566 Refugee and Entrant Assistance – State Programs

*Contact Person:* Julie Dall'Aglio-Purdy, Campus Director of Administrative Services

*Anticipated Completed Date:* March 31, 2013

*Corrective Action:* The funding for this program was awarded through an AZ Department of Economic Security contract. The contract award authorized the College to bill a flat rate of \$12.00 per unit, with a minimum requirement of 17,008 units served, for a total allowable billed amount of \$204,096. The actual number of units served far exceeded the minimum requirement. The College was not able to match expenses to billed revenue. The College identified this issue in October 2012 and is adjusting its financial system to include a separate fund

**Pima County Community College District  
Corrective Action Plan  
Year Ended June 30, 2012**

to track revenue and expenses specific to each separate contract. Only identified expenditures will be recorded in the SEFA.

**12-107**

*CFDA Numbers:* 93.093 Affordable Care Act (ACA) Health Profession Opportunity Grant

*Contact Person:* Ina Lancaster, Director of Budget and Reporting

*Anticipated Completed Date:* December 31, 2013

*Corrective Action:* The District will provide procedural documentation that clarifies the rules for asset capitalization, including the purchase of individual component equipment that is necessary for the operation of larger capital assets, and will provide training to employees who are responsible for coding equipment purchases.

The District is in the process of updating its asset capitalization policies to ensure proper accounting for property acquisition, management, and disposition. An updated Fixed Asset Procedural Manual is expected to be issued no later than December 2013. The updated documentation will include guidance specific to grant and contract funded equipment purchases. Training will be available in the form of instructional courses and step by step procedural documentation. Quality control procedures will be implemented to monitor proper coding of equipment purchases.



## PimaCountyCommunityCollegeDistrict

### **District Office**

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February 28, 2013

Debbie Davenport  
Auditor General  
2910 North 44<sup>th</sup> Street, Suite 410  
Phoenix, AZ 85018

Dear Ms. Davenport:

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

Sincerely,

David W. Bea, Ph.D.  
Executive Vice Chancellor for Finance and Administration



**Pima County Community College District  
Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2012**

**Status of Prior Year Federal Award Findings and Questioned Costs**

**Finding Numbers: 10-01, 11-01**

*CFDA Numbers:* 84.002

*Program:* Adult Education – Basis Grants to States

*Status:* Fully Corrected

**Finding Numbers: 11-02**

*CFDA Numbers:* 93.093

*Program:* Affordable Care Act (ACA) Health Profession Opportunity Grants

*Status:* Partially Corrected

*Corrective Action:* The College corrected its financial information system controls to exclude unallowable expenses from the calculation of the indirect cost base and implemented additional manual procedures to monitor the recovery of indirect costs to ensure consistency with the negotiated agreement. The first part of the corrective action plan, corrected financial information system controls, proved successful. The second part of the corrective action plan, additional manual procedures, failed in one instance. To avoid this in the future, the College has included an additional step whereby a second party reviews and validates the initial manual review of recovery of indirect costs.

**Finding Numbers: 11-03**

*CFDA Numbers:* 84.007, 84.032, 84.033, 84.038, 84.063, 84.375

*Program:* Student Financial Aid Cluster

*Status:* Partially Corrected

*Corrective Action:*

1. Staff has been trained to correct the issue before exporting the SSCR to NSLDS.

**Pima County Community College District  
Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2012**

2. Confirmation of receipt of the reports is now tracked by staff.
3. Pima Community College has signed an agreement with the National Student Loan Clearinghouse. Upon completion of testing between the Office of Admission/Registrar and the Clearinghouse, enrollment reporting will flow from the Registrar's Office and the Clearinghouse to NSLDS. The National Student Loan Clearinghouse has been added to Pima's Program Participation Agreement in anticipation of the new process. The Director of Admissions/Registrar has indicated that the new system should be in place by the end of spring 2012.

Steps 1 and 2 were completed prior to the submission of the Audit in March 2012. All phases of Step 3 were not completed prior to June 30, 2012. The final testing and implementation of the National Student Loan Clearinghouse was completed in September 2012.