



A REPORT
TO THE
ARIZONA LEGISLATURE

Financial Audit Division

Single Audit

Pima County Community College District

Year Ended June 30, 2013



Debra K. Davenport
Auditor General

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



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Pima County Community College District
Single Audit Reporting Package
Year Ended June 30, 2013

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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 for Each Major Federal Program; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

Members of the Arizona State Legislature

The Governing Board of
Pima County Community College District

Report on Compliance for Each Major Federal Program

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, 2013. The District's major federal programs are identified in the Summary of Auditors' Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Pima County Community College District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance 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 item 2013-101. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control over Compliance

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

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 material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a deficiency in internal control over compliance that we consider to be a material weakness.

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 deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2013-101 to be a material weakness.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

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

We have audited the financial statements of the business-type activities and discretely presented component unit of Pima County Community College District as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated December 13, 2013, that contained an unmodified opinion on those financial statements. 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.

Jay Zsorey, CPA
Financial Audit Director

March 18, 2014

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**Pima County Community College District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2013**

Federal agency/CFDA number (Note 2)	Federal program name	Cluster title	Pass-through grantor	Pass-through grantor's number	Program expenditures	Amount provided to subrecipients
Department of Agriculture						
10 223	Hispanics Serving Institutions Education Grants				\$ 10,850	
Department of the Interior						
15 659	National Wildlife Refuge Fund		Arizona Game and Fish Commission		8,396	
Department of Justice						
16 607	Bulletproof Vest Partnership Program		Bureau of Justice Assistance	2010BUBX10052197, 2011BUBX11058809, 2012BUBX120644	1,169	
Department of Labor						
17 282	Trade Adjustment Assistance Community College and Career Training (TAACCCT) Grants		Estrella Mountain Community College	TC-23759-12-60-A-4	32,490	
Department of Transportation						
20 600	State and Community Highway Safety		Governor's Office of Highway Safety	2013-AL-022, 2012-AL-041	14,447	
Small Business Administration						
59 006	8(a) Business Development Program				45,207	
Department of Education						
84 007	Federal Supplemental Educational Opportunity Grants	Student Financial Assistance Cluster			572,462	
84 033	Federal Work—Study Program	Student Financial Assistance Cluster			621,488	
84 038	Federal Perkins Loan Program—Federal Capital Contributions	Student Financial Assistance Cluster			1,080,508	
84 063	Federal Pell Grant Program	Student Financial Assistance Cluster			40,831,574	
84 268	Federal Direct Student Loans	Student Financial Assistance Cluster			25,749,766	
	<i>Total Student Financial Assistance Cluster</i>				<u>68,855,798</u>	
84 042	TRIO—Student Support Services	TRIO Cluster			441,720	
84 044	TRIO—Talent Search	TRIO Cluster			415,319	
84 047	TRIO—Upward Bound	TRIO Cluster			1,040,524	
	<i>Total TRIO Cluster</i>				<u>1,897,563</u>	
84 002	Adult Education—Basic Grants to States		Arizona Department of Education	V002A1100003	2,432,817	
84 031	Higher Education—Institutional Aid				2,148,575	
84 048	Career and Technical Education—Basic Grants to States		Arizona Department of Education	V048A110003	336,435	
84 213	Even Start—State Educational Agencies		Arizona Department of Education	S213C000003	33,945	
84 213	Even Start—State Educational Agencies		Sunnyside Unified School District	ED01-0033-013	99,079	
	<i>Total 84.213</i>				<u>133,024</u>	
	Total Department of Education				<u>75,804,212</u>	

See accompanying notes to schedule

**Pima County Community College District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2013**

Federal agency/CFDA number (Note 2)	Federal program name	Cluster title	Pass-through grantor	Pass-through grantor's number	Program expenditures	Amount provided to subrecipients
Department of Health and Human Services						
93 093	Affordable Care Act (ACA) Health Profession Opportunity Grants				2,731,661	\$ 504,032
93 566	Refugee and Entrant Assistance—State Administered Programs		Arizona Department of Economic Security	DE071030-001 DES13038-227	124,996	
93 859	Biomedical Research and Research Training		University of Arizona	5K12GMO000708- 012	101,622	
Total Department of Health and Human Services					<u>2,958,279</u>	<u>504,032</u>
Corporation for National and Community Service						
94 006 ARRA	Americorps—Recovery		Arizona Governor's Office for Children, Youth and Families	AC-VSG-10-0273- 05Y3 AC-VSG-13- 3273-07	178,705	
Total expenditures of federal awards					<u>\$ 79,053,755</u>	<u>\$ 504,032</u>

See accompanying notes to schedule

Pima County Community College District
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2013

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 2013 *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, 2013, of \$1,080,508.

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Pima County Community College District
 Schedule of Findings and Questioned Costs
 Year Ended June 30, 2013

Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified	
	Yes	No
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> (None reported)
Type of auditors' report issued on compliance for major programs: Unmodified for all major programs.		
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:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
	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
93.859	Biomedical Research and Research Training

Pima County Community College District
Schedule of Findings and Questioned Costs
Year Ended June 30, 2013

Dollar threshold used to distinguish between Type A and Type B programs: \$305,939

	Yes	No
Auditee qualified as low-risk auditee?	<u> </u>	<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>	<u> </u>
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Pima County Community College District
Schedule of Findings and Questioned Costs
Year Ended June 30, 2013

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

2013-101

Cluster Name:	Student Financial Assistance Cluster
CFDA No. 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 Numbers and Years:	P063P120512, P268K1200512, and P268K1300512 – July 1, 2012 through June 30, 2013
Federal Agency:	Department of Education
Compliance Requirement:	Special Tests and Provisions
Questioned Costs:	N/A

Criteria: 34 Code of Federal Regulations (CFR) §685.309(b) requires institutions to notify the National Student Loan Data System (NSLDS) within 30 days of a change in student status, or include the change in status in a response to a Student Status Confirmation Report (SSCR) within 60 days.

Condition and context: For 5 of 40 sample items tested, auditors determined that the incorrect student status was reported to NSLDS. In addition, for 10 of 40 sample items tested, auditors determined that the change in student status was neither reported to NSLDS within 30 days nor was the change included in a response to an SSCR within 60 days.

Effect: The District did not comply with the enrollment reporting requirement included within the special tests and provisions compliance requirement.

Cause: The District did not have adequate policies and procedures in place to ensure student statuses were always accurate and that changes were reported within 30 days or included in a response to an SSCR within 60 days.

Recommendation: The District should implement policies and procedures to ensure that the enrollment status reported to the NSLDS system is accurate and complete and that status changes are submitted to the NSLDS within 30 days or included in a response to an SSCR within 60 days.

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PimaCountyCommunityCollegeDistrict

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March 10, 2014

Debbie Davenport
Auditor General
2910 North 44th 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 finding and the names of the contact person 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 W. Bea, Ph.D.
Executive Vice Chancellor for Finance and Administration

**Pima County Community College District
Corrective Action Plan
Year Ended June 30, 2013**

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*.

2013-101

CFDA Numbers: 84.007, 84.033, 84.038, 84.063, 84.268 – Student Financial Assistance Cluster

Contract Person: Norma Navarro-Castellanos, Director of Financial Aid

Anticipated Completed Date: December 31, 2014

Corrective Action:

1. The Return to Title IV team has received additional training and clarification regarding the 30-day time-frame requirement for reporting the students that have completely withdrawn.
2. In addition, the Financial Aid Office will develop an automated report to send to the NSLDS on the student status changes. By automating the process the timeliness of reporting will be improved.



PimaCountyCommunityCollegeDistrict

District Office

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March 10, 2014

Debbie Davenport
Auditor General
2910 North 44th 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, 2013

Status of Prior Year Federal Award Findings and Questioned Costs

Finding Numbers: 11-02 and 12-101

CFDA Numbers: 93.093

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

Status: Fully Corrected

Finding Number: 11-03 and 12-102

11-03 CFDA Numbers: 84.007, 84.032, 84.033, 84.038, 84.063, 84.375

12-102 CFDA Numbers: 84.007, 84.033, 84.038, 84.063, 84.268

Program: Student Financial Assistance Cluster

Status: Partially Corrected

Corrective Action:

Since the July 1, 2010 through June 30, 2012 findings the FA Office has collaborated with the Admissions and Registration Office to ensure frequent and consistent reporting of students' enrollment changes. The following actions have taken place in an effort to meet this regulation.

1. The College has signed an agreement with the National Student Loan Clearinghouse. Implementation of reporting through the Clearinghouse occurred at the end of Spring 2012. There is an exception to the automated reporting for students who completely withdraw.
2. Students that have completely withdrawn from the institution are identified by the Financial Aid Office through a robust report, created and implemented in Fall 2012. The report provides daily information on students who have completely withdrawn from the institution.
3. In Fall 2013, the College implemented more reporting windows for faculty to report students' last day of attendance.

Finding Number: 12-103

CFDA Numbers: 93.566

Program: Refugee and Entrant Assistance – State Administered Programs

Status: Fully Corrected

Finding Number: 12-104

CFDA Numbers: 84.002, 93.093

Program: Adult Education – Basic Grants to States and Affordable Care Act (ACA) Health Profession Opportunity Grants

Status: Fully Corrected

Finding Number: 12-105

CFDA Numbers: 93.721

Program: ARRA – Health Information Technology Professionals in Health Care

Status: Fully Corrected

Finding Number: 12-106

CFDA Numbers: 93.566

Program: Refugee and Entrant Assistance – State Administered Programs

Status: Fully Corrected

Finding Number: 12-107

CFDA Numbers: 93.093

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

Status: Partially Corrected

Corrective Action: The District developed a Capital Asset Policy and Capital Asset Procedure Manual to ensure proper accounting for capital asset acquisition, management, and disposition. Both documents have been posted on the Budget & Reporting intranet site. In addition, two job aids were posted on the website: Purchasing Capital Assets Reference Guide and Coding Capital Equipment and Supplies Reference Guide, along with related account code definitions. The Campus Directors of Administrative Services and the Grants One Stop Center were notified of the documents and job aid postings.

The District has a draft outline of the training and will complete the training course material in the next month. At that time, targeted training will be offered to the appropriate college personnel, starting with grant program managers, and will be completed by June 30, 2014.