



A REPORT  
TO THE  
**ARIZONA LEGISLATURE**

Financial Audit Division

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Single Audit

**Yuma/La Paz Counties  
Community College District**  
(Arizona Western College)  
Year Ended June 30, 2011

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**Debra K. Davenport**  
Auditor General

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Yuma/La Paz Counties Community College District  
(Arizona Western College)  
Single Audit Reporting Package  
Year Ended June 30, 2011

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Reports Issued Separately

Financial Statement Audit



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

**STATE OF ARIZONA**  
OFFICE OF THE  
**AUDITOR GENERAL**

**MELANIE M. CHESNEY**  
DEPUTY AUDITOR GENERAL

**Independent Auditors' Report on Internal Control over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Basic Financial Statements  
Performed in Accordance with *Government Auditing Standards***

Members of the Arizona State Legislature

The Governing Board of  
Yuma/La Paz Counties Community College District

We have audited the financial statements of the business-type activities and discretely presented component unit of Yuma/La Paz Counties Community College District as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 12, 2011. Our report was modified to include a reference to our reliance on other auditors. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Arizona Western College Foundation, the discretely presented component unit, as described in our report on the District's financial statements. The financial statements of the Arizona Western College Foundation were not audited by the other auditors in accordance with *Government Auditing Standards*. This report includes our consideration of the results of the other auditors' testing of internal control over financial reporting that are reported on separately by those other auditors. However, this report, insofar as it relates to the results of the other auditors, is based solely on the report of the other auditors.

**Internal Control over Financial Reporting**

The District's management is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting 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 described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and another deficiency that we consider to be a significant deficiency.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's basic financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 11-01 and 11-02 to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 11-03 to be a significant deficiency.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests and those of the other auditors disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Yuma/La Paz Counties Community College District's responses to the findings identified in our audit are presented on pages 19 through 21. We did not audit the 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

December 12, 2011



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  
Yuma/La Paz Counties Community College District

**Compliance**

We have audited Yuma/La Paz Counties 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, 2011. 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.

In our opinion, Yuma/La Paz Counties 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, 2011. However, the results of our auditing procedures disclosed 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 11-101 and 11-102.

## **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.

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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying Schedule of Findings and Questioned Costs as items 11-101 and 11-102. 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.

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

We have audited the financial statements of the business-type activities and discretely presented component unit of Yuma/La Paz Counties Community College District as of and for the year ended June 30, 2011, and have issued our report thereon dated December 12, 2011. Our report was modified to include 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 OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Yuma/La Paz Counties Community College District's responses to the findings identified in our audit are presented on pages 19 through 21. 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

February 15, 2012, except for the  
Schedule of Expenditures of Federal Awards,  
for which the date is December 12, 2011



Yuma/La Paz Counties Community College District  
(Arizona Western College)  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2011

Federal Grantor/Program Title/ Pass-Through Grantor	CFDA Number	Pass-Through Grantor's Number	Expenditures
<b>U.S. Department of the Interior</b>			
Wildland Fire Research and Studies Program	15.232		\$ 67,441
U.S. Geological Survey—Research and Data Collection	15.808		<u>12,966</u>
Total U.S. Department of the Interior			<u>80,407</u>
<b>U.S. Department of Justice</b>			
Grants to Reduce Domestic Violence, Dating Violence, Sexual Assault, and Stalking on Campus	16.525		<u>162,636</u>
<b>U.S. Department of Labor</b>			
WIA Cluster, passed through Yuma Private Industry Council, Inc.			
WIA Adult Program	17.258	DE081302001	199,163
WIA Youth Activities	17.259	DE081302001	452,646
WIA Dislocated Worker Formula Grants	17.278	DE081302001	<u>146,897</u>
Total WIA Cluster			<u>798,706</u>
Community Based Job Training Grants, passed through Yuma Private Industry Council, Inc.	17.269	11-69-Y-140339-0707	<u>89,713</u>
Total U.S. Department of Labor			<u>888,419</u>
<b>National Science Foundation</b>			
Engineering Grants	47.041		24,032
Engineering Grants, passed through Arizona State University	47.041	09-163	<u>1,058</u>
Total Engineering Grants			<u>25,090</u>
Education and Human Resources	47.076		<u>131,221</u>
Total National Science Foundation			<u>156,311</u>
<b>U.S. Small Business Administration</b>			
Small Business Development Centers, passed through Maricopa County Community College District	59.037	1-603001-Z-0104 0-603001-Z-0003-18 1-603001-Z-0003-19	<u>109,937</u>

(Continued)

See accompanying notes to schedule.

Yuma/La Paz Counties Community College District  
(Arizona Western College)  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2011  
(Continued)

Federal Grantor/Program Title/ Pass-Through Grantor	CFDA Number	Pass-Through Grantor's Number	Expenditures
<b>U.S. Department of Energy</b>			
ARRA—Renewable Energy Research and Development, passed through Salt Lake Community College	81.087	DE-EE0002090	\$ 13,188
<b>U.S. Department of Education</b>			
Student Financial Assistance Cluster:			
Federal Supplemental Educational Opportunity Grants	84.007		240,340
Federal Family Education Loans	84.032		2,985
Federal Work-Study Program	84.033		296,332
Federal Pell Grant Program	84.063		19,804,569
Federal Direct Student Loans	84.268		3,278,929
Academic Competitiveness Grants	84.375		81,582
Total Student Financial Assistance Cluster			23,704,737
Higher Education—Institutional Aid	84.031		229,301
TRIO Cluster:			
TRIO—Student Support Services	84.042		326,603
TRIO—Talent Search	84.044		249,233
TRIO—Upward Bound	84.047		346,419
Total TRIO Cluster			922,255
Career and Technical Education—Basic Grants to States, passed through the Arizona Department of Education	84.048	10FCTDBG-070521-02A 11FCTDBG-170521-02A	323,963
Leveraging Educational Assistance Partnership, passed through the Arizona Commission for Post Secondary Education	84.069	None	34,139
Migrant Education—College Assistance Migrant Program	84.149		351,652
Tech-Prep Education, passed through the Arizona Department of Education	84.243	10FCTDTP-070521-01A 11FCTDTP-170521-01A	108,119
State Fiscal Stabilization Fund Cluster:			
ARRA—State Fiscal Stabilization Fund (SFSF)— Education State Grants, Recovery Act, passed through AZ Governor's Office of Economic Recovery	84.394	OER-11-IGA-SE-12	15,716

(Continued)

See accompanying notes to schedule.

Yuma/La Paz Counties Community College District  
(Arizona Western College)  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2011  
(Continued)

Federal Grantor/Program Title/ Pass-Through Grantor	CFDA Number	Pass-Through Grantor's Number	Expenditures
ARRA—State Fiscal Stabilization Fund (SFSF)— Government Services, Recovery Act, passed through Science Foundation Arizona	84.397	OER-11-CON-GS-42	\$ 283,546
Total State Fiscal Stabilization Fund Cluster			<u>299,262</u>
Total U.S. Department of Education			<u>25,973,428</u>
Total Expenditures of Federal Awards			<u>\$ 27,384,326</u>

See accompanying notes to schedule.

Yuma/La Paz Counties Community College District  
(Arizona Western College)  
Notes to Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2011

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Yuma/La Paz Counties 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 2011 *Catalog of Federal Domestic Assistance*.

Note 3 - Loans Outstanding

The expenditures reported on the Schedule of Expenditures of Federal Awards for certain programs excluded loan balances outstanding at June 30, 2011, for the Federal Perkins Loan Program—Federal Capital Contributions, CFDA 84.038, of \$6,896.

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Yuma/La Paz Counties Community College District  
(Arizona Western College)  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2011

**Summary of Auditors' Results**

***Financial Statements***

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

***Federal Awards***

Internal control over major programs:		
Material weaknesses identified?	<u>    </u>	<u>  X  </u>
Significant deficiencies identified?	<u>  X  </u>	<u>    </u>
Type of auditors' report issued on compliance for major programs:		Unqualified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133 (section .510[a])?	<u>  X  </u>	<u>    </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
84.032	Federal Family Education Loans
84.033	Federal Work-Study Program
84.063	Federal Pell Grant Program
84.268	Federal Direct Student Loans
84.375	Academic Competitiveness Grants
84.031	Higher Education—Institutional Aid
	TRIO Cluster:
84.042	TRIO—Student Support Services
84.044	TRIO—Talent Search
84.047	TRIO—Upward Bound

Yuma/La Paz Counties Community College District  
(Arizona Western College)  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2011

**CFDA Number**

84.048

84.149

**Name of Federal Program or Cluster**

Career and Technical Education—Basic Grants to States

Migrant Education—College Assistance Migrant Program

Dollar threshold used to distinguish between Type A and Type B programs:

\$300,000

**Yes      No**

Auditee qualified as low-risk auditee?

\_\_\_\_   X  

***Other Matters***

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

  X        \_\_\_\_

Yuma/La Paz Counties Community College District  
(Arizona Western College)  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2011

## Financial Statement Findings

11-01

### **The District should strengthen access controls for its information systems**

Criteria: The District should have effective system access controls to prevent and detect unauthorized use, damage, loss, or modification of programs and data, including sensitive and confidential information.

Condition and context: The District did not have adequate internal controls over logical access to its information systems. Specifically, for 16 of 20 employees tested, the District did not have adequate documentation to support that the access granted to the employee was authorized and compatible with their current job responsibilities. Also, for 2 of 5 employees tested, the District did not remove system access immediately after the employees' termination or transfer to another position. In addition, the District did not monitor employees who had elevated system access or limit this level of access to only those essential individuals needing it.

Effect: There is an increased risk of theft, manipulation, or misuse of financial, sensitive, or confidential information by unauthorized users or by users who were not properly being monitored. This finding is a material weakness in internal control over financial reporting.

Cause: The District did not have written policies and procedures for granting system access. In addition, the District did not dedicate resources to develop such policies and procedures and monitor the activities of those employees with elevated system access.

Recommendation: The District should establish policies and procedures that strengthen access controls. These procedures should include the following:

- Document all system access requests to help ensure that the appropriate level of system access that is compatible with an employee's job responsibilities is granted. Requests for system access should be authorized by the employee's supervisor.
- Periodically perform a comprehensive review of all existing system users to help ensure that access is granted to current employees for access rights that are compatible with their job responsibilities.
- Restrict unlimited or elevated system access to only those individuals who need that level of access.
- Independently monitor and review for propriety the activities of employees with unlimited or elevated system access.
- Immediately remove system access for employees whose employment is terminated or position is changed.

This finding is similar to a prior-year finding.



Yuma/La Paz Counties Community College District  
(Arizona Western College)  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2011

11-02

**The District should strengthen change management controls for its information systems**

Criteria: Changes to the District's information systems should be documented, authorized, tested, reviewed and approved prior to implementation, and reviewed against planned outcomes following implementation. Effective change management controls should ensure changes to the system and databases are valid, meet user needs, and are subject to review and independent approval.

Condition and context: The District did not have policies and procedures in place to ensure that all system and program changes were properly documented, authorized, tested, and reviewed and approved prior to implementation. Also, changes were initiated and recorded through multiple sources, including through e-mail. As a result, the District was not able to effectively track the changes made and could not ensure that all changes were documented, authorized, tested, reviewed, and approved prior to putting the changes into use. In addition, the District did not ensure that the responsibilities for making system, program, and data changes were adequately separated so that no one person had complete control over the process.

Effect: The District is exposed to the risk of unauthorized changes and changes not correctly applied to its information systems. This finding is a material weakness in internal control over financial reporting.

Cause: The District did not have written policies and procedures for making and tracking system and program changes.

Recommendation: The District should establish and implement policies and procedures for controlling all changes made to its information systems. The District should require that all changes be documented, authorized, tested, reviewed, and approved prior to implementation, and reviewed against planned outcomes following implementation. In addition, the responsibilities for developing and implementing changes should be adequately separated from the responsibilities of authorizing, testing, and approving the changes.

This finding is similar to a prior-year finding.

11-03

**The District should develop and test a disaster recovery plan for its information systems**

Criteria: It is critical that the District have an up-to-date and fully tested contingency plan in place to provide for the continuity of operations and to ensure that information can be recovered in the event of a system or equipment failure or other system interruption.

Condition and context: During the fiscal year, the District developed a disaster recovery plan for its information systems; however, the plan was not fully tested.

Yuma/La Paz Counties Community College District  
(Arizona Western College)  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2011

Effect: The District could risk the ability to recover financial and student information and conduct daily operations in the event of a system or equipment failure or other system interruption. This finding is a significant deficiency in internal control over financial reporting.

Cause: The District developed a disaster recovery plan and was able to recover its systems after a major power outage, but did not make it a priority to fully test the plan during the fiscal year.

Recommendation: To help ensure the continuity of the District operations in the event of a system or equipment failure or other system interruption, the District should update and fully test its disaster recovery plan annually.

This finding is similar to a prior-year finding.

Yuma/La Paz Counties Community College District  
(Arizona Western College)  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2011

Federal Award Findings and Questioned Costs

11-101

Student Financial Assistance Cluster:

CFDA No. 84.007 **Federal Supplemental Education Opportunity Grants**

84.032 **Federal Family Education Loans**

84.033 **Federal Work-Study Program**

84.063 **Federal Pell Grant Program**

84.268 **Federal Direct Student Loans**

84.375 **Academic Competitiveness Grants**

**U.S. Department of Education**

Award Year: July 1, 2010 through June 30, 2011

Award Number: N/A

Special Tests and Provisions

Questioned Cost: None

Criteria: To ensure compliance with the special tests and provisions for the Federal Direct Student Loans program, the District should have policies and procedures for reconciling the federal grantor's records of all direct loan disbursements to its system and records on a monthly basis, as required by 34 Code of Federal Regulations (CFR) §§685.102(b), 685.301, and 685.303.

Condition and context: The District did not reconcile the federal grantor's direct loan disbursement records to its records on a monthly basis as required; however, the District performed a year-end reconciliation.

Effect: There was the potential that differences between the District's records and the federal grantor's records could result in questioned costs if not resolved in a timely manner. However, auditors extended auditing procedures and determined that the total difference of \$1,742 was appropriately adjusted by the District; therefore, there were no questioned costs as a result of this finding. This finding is a significant deficiency in internal control over compliance and noncompliance with the cluster's requirements for special tests and provisions.

Cause: During the year, the District's information system had not been updated to receive direct loan disbursement records for the Federal Direct Student Loans program from the federal grantor.

Recommendation: To help ensure that the District complies with the cluster's requirements related to special tests and provisions, the District should update its system to receive the direct loan disbursement records from the federal grantor. In addition, these records should be reconciled to the District's records on a monthly basis, and any reconciling items should be researched and resolved.

Yuma/La Paz Counties Community College District  
(Arizona Western College)  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2011

11-102

CFDA No.: 84.048 **Career and Technical Education—Basic Grants to States**

**U.S. Department of Education**

Passed through the Arizona Department of Education

Award Periods: October 1, 2009 through September 30, 2010

October 1, 2010 through October 31, 2011

Award Numbers: 10FCTDBG-070521-02A and 11FCTDBG-070521-02A

CFDA No.: 84.149 **Migrant Education—College Assistance Migrant Program**

**U.S. Department of Education**

Award Periods: July 1, 2010 through June 30, 2011

Award Number: S149A-100025

Allowable Costs/Cost Principles

Questioned Costs: None

**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. Specifically, 2 CFR §220, Appendix A, Section J(10), requires the District to maintain records that certify or confirm 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.

**Condition:** The District did not have formal policies and procedures for certifying that employees' compensation charged to federal programs represented the employees' actual time and effort spent on federal programs. Auditors tested a sample of payroll transactions for all employees who worked on each major federal program and noted the following deficiencies:

- *Career and Technical Education Program*—One of the program's five employees worked solely on the program and was partially funded with district monies; however, the employee's certification was not sufficiently detailed to indicate whether the employee spent all of their time and effort working for the program.
- *Migrant Education—College Assistance Migrant Program*—One of the program's three employees worked solely on the program, but did not prepare certifications that all of their time and effort was spent working for the program.

**Effect:** The District did not comply with the allowable costs/cost principles requirements outlined in 2 CFR §220, Appendix A, Section J(10). Auditors were able to perform additional auditing procedures to determine that all employees who worked on the major federal programs were authorized to work, and did work, on the programs as allowed by the grant agreements; therefore, no questioned costs were noted. This finding is a significant deficiency in internal control over compliance and noncompliance with the program's requirements for allowable costs/cost principles. This finding also has the potential to affect other federal programs administered by the District.

**Cause:** The District did not have policies and procedures for certifying or confirming employees' time and effort spent on federal programs.

Yuma/La Paz Counties Community College District  
(Arizona Western College)  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2011

Recommendation: To comply with 2 CFR §220, Appendix A, Section J(10), and to help ensure that employee compensation charged to federal programs is allowable and properly supported, the District should establish policies and procedures for certifying or confirming on an after-the-fact basis that employee compensation charged to federal programs represents employees' actual time and effort spent on federal programs. This certification should be maintained in the District's records and should be prepared and signed by the employee. In addition, the employee's supervisor, or other responsible individual having first-hand knowledge or suitable means to verify the work performed by the employee should review and approve the certification.



February 14, 2012

Ms. Debbie Davenport, Auditor General  
State of Arizona, Office of the 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 U. S. Office of Management and Budget Circular A-133. Specifically, we are providing you with the names of the contact persons responsible for corrective action, the corrective action planned, and the anticipated completion date for each audit finding included in the current year's Schedule of Findings and Questioned Costs.

Sincerely,

Carole T. Coleman  
Vice President for Finance and Administrative Services

kmv

Yuma/La Paz Counties Community College District  
Corrective Action Plan  
Year Ended June 30, 2011

## Financial Statement Findings

11-01

**The District should strengthen access controls to its information system**

Contact person: Paul Neuman, Vice President for Information Technology

Anticipated Completion Date: June 2012

### Corrective Actions Planned:

AWC shall develop policies and procedures modeled on the *State of Arizona GITA Standard P800-S810 Rev 2.0, Account Management Standard*, that govern the process by which access to Datatel is requested, approved, granted, and rescinded. These procedures shall include, but not be limited to, the following:

- AWC shall move to a Role Based Access Control (RBAC) model for the assignment of Security Classes and Screen Access in Datatel to ensure that a user is granted only the access needed to perform the functions of their current job responsibilities.
- All requests for access to Datatel will require the use of a standardized request form that shall require the user and the user's supervisor to supply all information necessary to determine the requestors role with the college so that an appropriate level of access can be granted.
- All requests for access to Datatel will require the approval of the requestor's supervisor.
- Changes to a user's employment status or job assignment will prompt the following actions:
  - Termination: All access to Datatel will be removed from the user's account.
  - Reassignment: Access to Security Classes and Screens related to the user's former position will be removed. User will be required to submit a request to be granted access to those Security Classes and Screens assigned to the user's new role. The user's new supervisor will be required to approve the request.
- A review of all Datatel user accounts will be performed on a periodic basis to ensure that access granted to the user is consistent with the user's assigned role and job responsibilities.

AWC shall perform a comprehensive review of all active Datatel user accounts to ensure that currently assigned access is consistent with the user's current job responsibilities, and to gather information that will be used to formulate a series of Security Classes that are consistent with a Role Based Access Control model. New account request forms will be required for each user, along with authorization from the user's supervisor in an effort to ensure that proper and complete documentation concerning each Datatel user is available.

AWC shall perform a review of all Datatel administrative level accounts and ensure that only those users who require that level of access are granted it.

AWC shall investigate mechanisms that would allow for the maintenance of a log that tracks the use of administrative level access on the Datatel system in an unalterable form that can be reviewed by someone not involved in the administration of the system and implement a solution if one is available.

Yuma/La Paz Counties Community College District  
Corrective Action Plan  
Year Ended June 30, 2011

11-02

**The District should strengthen change management controls for its information system**

Contact person: Paul Neuman, Vice President for Information Technology

Anticipated Completion Date: June 2012

**Corrective Actions Planned:**

AWC shall develop policies and procedures that will govern the change management process for the Datatel system. These procedures shall include the following:

- Establish a process by which change requests to the Datatel system are authorized
- Establish the requirement that a change is tested in a non-production environment
- Establish the process by which the change is reviewed and approved for implementation in the production environment
- Establish the requirement that all changes to the Datatel system be documented
- Establish an adequate separation in duties between the responsibilities for developing and implementing the changes and those of authorizing, testing, and approving the changes

11-03

**The District should develop and test a disaster recovery plan for its information system**

Contact person: Paul Neuman, Vice President for Information Technology

Anticipated Completion Date: May 2012

**Corrective Actions Planned:**

AWC has developed a simulated disaster recover test which will be administered in early 2012. The results of the test will be used to update the Business Continuity/Disaster Recovery Plan for 2012.



Yuma/La Paz Counties Community College District  
Corrective Action Plan  
Year Ended June 30, 2011

## Federal Award Findings and Questioned Costs

11-101

**CFDA No.: 84.007 Federal Supplemental Education Opportunity Grants**  
**84.032 Federal Family Education Loans**  
**84.033 Federal Work-Study Program**  
**84.063 Federal Pell Grant Program**  
**84.268 Federal Direct Student Loans**  
**84.375 Academic Competitiveness Grants**

Contact person: Lisa Seale, Director of Financial Aid  
Anticipated Completion Date: November 2011

### Corrective Actions Planned:

The District was able to successfully generate the School Account Statement Reconciliation Report after obtaining the necessary IT assistance in November 2011. In the interim, the District was able to generate an alternate report from the Common Origination and Disbursement in order to perform the monthly reconciliation required.

11-102

**CFDA No.: 84.048 Career and Technical Education—Basic Grants to States**  
**84.149 Migrant Education—College Assistance Migrant Program**

Contact person: Daniel Barajas, Dean of Career & Technical Education, and Rosalia Delgado, Director of College Assistance Migrant Program  
Anticipated Completion Date: May 2012

### Corrective Actions Planned:

Arizona Western College's Division of Career & Technical Education has taken the steps provided to ensure compliance with institutional, state, and federal policy and procedure as it pertains to time and effort certification. Action steps subsequent to audit include:

- Review of institutional policy and procedure
- Review of Federal Fiscal Requirements, per Arizona Department of Education:  
<http://www.azed.gov/grants-management/federal-fiscal-requirements/>
- Establishment of orientation for new employees and re-statement of policy and procedure for existing employees regarding time and effort
- Collaborative efforts between the academic division and business services office, to include the provision of electronic copies of time and effort logs to our business office from the academic division

Moving forward, the time and effort information/logs will acknowledge all work being performed by grant staff, and documentation will be kept per institutional, state, and federal guidelines.

The College Assistance Migrant Program will comply with the District's formal policies and procedures to ensure that employee compensation charged to federal programs is properly supported with a signed *Time and Effort Certification* to be submitted biannually to the Grant Accountant. A signed *Time and Effort Certification* indicates that the signer has firsthand knowledge of all work performed by the grant staff and also certifies that the name and information on the form is correct.



February 14, 2012

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.

Sincerely,

Carole T. Coleman  
Vice President for Finance and Administrative Services

kmv

Yuma/La Paz Counties Community College District  
(Arizona Western College)  
Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2011

Status of Federal Award Findings and Questioned Costs

CFDA No. 84.031 Higher Education—Institutional Aid

Finding No: 10-101

Status: Fully Corrected

CFDA No. 84.031 Higher Education –Institutional Aid

Finding No: 10-102

Status: Fully Corrected

CFDA No. 84.042 TRIO-Student Support Services

84.044 TRIO-Talent Search

84.047 TRIO-Upward Bound

Finding No: 10-103

Status: Fully Corrected