

## Maricopa County Community College District Annual financial statement and compliance audits

The District's fiscal year 2023 reported financial information is reliable. However, we reported deficiencies and noncompliance over financial reporting and federal programs, summarized on the next page.

### Audits' purpose

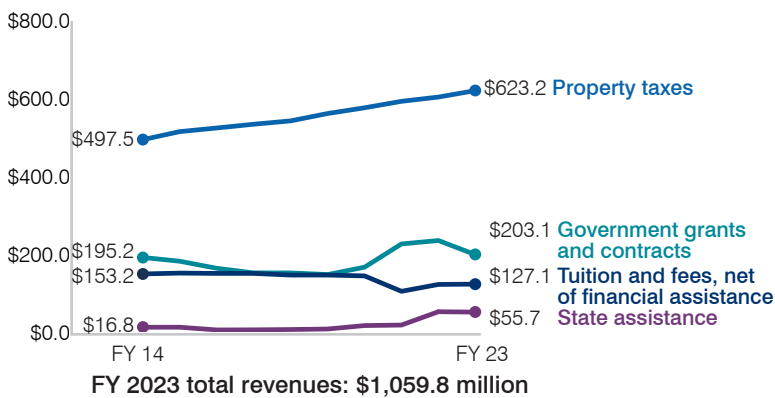
To express our opinions on the District's financial statements and on compliance with certain federal requirements and, if applicable, to report findings over noncompliance with certain laws and regulations or other financial deficiencies.

### Primary revenue sources and how they were spent

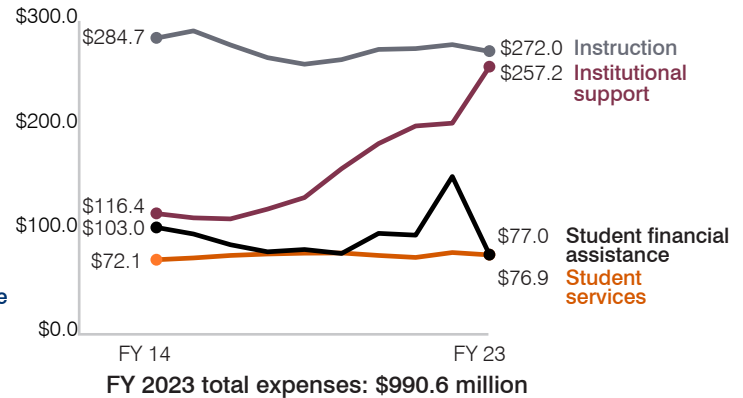
#### Fiscal years (FY) 2014 through 2023

(In millions)

#### Primary revenue sources



#### Primary expense purposes



Source: Auditor General staff summary of information obtained from the District's financial statements.

#### Largest primary revenue sources FY 2023

- **Property taxes 58.8%**—Levied and collected from property owners based on the assessed value of real and personal property within Maricopa County.
- **Government grants and contracts 19.2%**—Includes State and federal government grant programs awarded primarily for student financial aid and contracts to provide educational services.

#### Largest primary expense purposes FY 2023

- **Instruction 27.5%**—Costs to provide instruction for all sessions and online learning, including instruction for general academics, vocational/technical programs, and community education.
- **Institutional support 26.0%**—Costs for District-wide planning and administrative support, including executive management, general and fiscal operations, information technology, and public relations/development.

#### District's net position increased in FY 2023

District revenues were \$69.2 million greater than its expenses, increasing total net position to \$692.0 million at June 30, 2023. Net position includes all assets, such as buildings, vehicles, and cash and investments, less all liabilities, such as unpaid pension and other payroll obligations, long-term debt, and accounts payable. Of the total net position, \$640.6 million is restricted by external parties or is not in spendable form, and the remaining \$51.4 million is unrestricted.

## Auditor findings and recommendations

Summarized below are our findings and recommendations included in the District's [Report on Internal Control and on Compliance](#) and [Single Audit Report](#) where there is further information and the District's responses. The District needs to:

- Enforce and monitor District colleges' compliance with its written policies and procedures requiring supervisors to review and approve employees' time sheets. We found that supervisors did not review and approve 8,412 employee time sheets totaling approximately \$5.4 million in total wages during the year, increasing the risk of fraud and misuse of public monies. We initially reported similar findings in fiscal year 2014.
- Develop, document, and implement comprehensive information technology (IT) policies and procedures for assigning and restricting access, and monitor District employees' adherence to the IT policies and procedures on a periodic basis to ensure they are consistently followed. We found that the District's procedures did not consistently help prevent or detect unauthorized or inappropriate access to its IT systems and data.
- Require its Student Financial Assistance (SFA) offices to follow federal guidelines and its existing policies and procedures over student financial assistance programs. We found that the SFA offices did not follow federal guidelines and District policies and procedures for notifying the National Student Loan Data System of enrollment changes accurately or within the required 60 days. We initially reported similar findings in fiscal year 2015.
- Develop and implement policies and procedures over the colleges' Higher Education—Institutional Aid programs federal endowments to modify its contracts with the Maricopa Community College Foundation to ensure compliance with federal regulations; designate an employee centrally to monitor the endowments with the Foundation to ensure the endowments are properly accounted for, spent, and invested; and submit all required endowment reports to U.S. Department of Education. We found that the District Office and colleges did not monitor its Foundation to verify that the endowments were properly accounted for, spent, and invested. In addition, not all of the endowment reports were submitted to U.S. Department of Education or compiled accurately. We initially reported similar findings in fiscal year 2021.
- Require all District colleges that administer the federal TRIO Cluster to follow or update their policies and procedures to require an independent and knowledgeable employee to review and approve student eligibility determinations, train employees on the policies and procedures, and work with U.S. Department of Education to repay the \$5,612 the District awarded to ineligible students. We found that 2 of the colleges did not review and approve its student eligibility determinations and 1 college awarded a total of \$5,612 to 6 students who were ineligible. We initially reported similar findings in fiscal year 2022.

## Auditor General website report links

- The June 30, 2023, Maricopa County Community College District Annual Comprehensive Financial Report, Report on Internal Control and on Compliance, and Single Audit Report that are summarized in these highlights can be found at this [link](#). These reports should be read to fully understand the District's overall financial picture and our reporting responsibilities.
- The District's reports from prior years are available at this [link](#).
- For help in understanding important information presented in these reports, please refer to our user guides at the following links:
  - [Financial Report User Guide for Colleges and Universities](#).
  - [Internal Control and Compliance Reports User Guide](#).