



A REPORT  
TO THE  
ARIZONA LEGISLATURE

Financial Audit Division

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Single Audit

# Mohave County Community College District

Year Ended June 30, 2013

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

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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  
Mohave County Community College District

We have audited the financial statements of the business-type activities and discretely presented component unit of Mohave County Community College District as of and for the year ended June 30, 2013, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 15, 2014. Our report includes a reference to other auditors who audited the financial statements of the Mohave Community College Foundation, the discretely presented component unit, as described in our report on the District's financial statements. 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. However, the financial statements of the Mohave Community College Foundation were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or compliance associated with the Mohave Community College Foundation.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 2013-01 and 2013-02 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 2013-03 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 from 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 disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Mohave County Community College District's Response to Findings**

Mohave County Community College District's responses to the findings identified in our audit are presented on pages 15 through 17. The District's responses were not subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Jay Zsorey, CPA  
Financial Audit Director

January 15, 2014



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  
Mohave County Community College District

**Report on Compliance for Each Major Federal Program**

We have audited Mohave 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.

### ***Basis for Qualified Opinion on Higher Education—Institutional Aid***

As described in item 2013-101 in the accompanying Schedule of Findings and Questioned Costs, the District did not comply with requirements regarding allowable costs/cost principles and level of effort that are applicable to its Higher Education—Institutional Aid (84.031) program. Compliance with such requirements is necessary, in our opinion, for the District to comply with the requirements applicable to that program.

### ***Qualified Opinion on Higher Education—Institutional Aid***

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, Mohave 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 the Higher Education—Institutional Aid (84.031) program for the year ended June 30, 2013.

### ***Unmodified Opinion on Each of the Other Major Federal Programs***

In our opinion, Mohave 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 other major federal programs identified in the Summary of Auditors' Results section of the accompanying Schedule of Findings and Questioned Costs for the year ended June 30, 2013.

Mohave County Community College District's response to the noncompliance finding identified in our audit is presented on pages 15 through 17. 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.

Mohave County Community College District's response to the internal control over compliance finding identified in our audit is presented on pages 15 through 17. 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 Mohave 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 County's basic financial statements. We issued our report thereon dated January 15, 2014, 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 7, 2014

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

| Federal<br>agency/CFDA<br>number (Note 2)   | Federal program name                                    | Cluster title                        | Pass-through<br>grantor                          | Pass-through<br>grantor's<br>number                 | Program<br>expenditures |
|---|---|--------------------------------------|--|---|-------------------------|
| <b>National Science Foundation</b>          |   |                                      |  |   |                         |
| 47 076                                      | Education and Human Resources                           |                                      |  |   | \$ 9,651                |
| <b>Small Business Administration</b>        |   |                                      |  |   |                         |
| 59 037                                      | Small Business Development Centers                      |                                      | Maricopa County<br>Community College<br>District | SBAHQ-12-B-<br>0046, SBAHQ-13-<br>B-0061            | <u>69,822</u>           |
| <b>Department of Education</b>              |   |                                      |  |   |                         |
| 84 002                                      | Adult Education - Basic Grants to States                |                                      | AZ Department of<br>Education                    | 13FAEABE-370556-<br>02A, 13FAEAEF-<br>370556-03A    | 204,180                 |
| 84 007                                      | Federal Supplemental Educational Opportunity Grants     | Student Financial Assistance Cluster |  |   | <u>136,279</u>          |
| 84 033                                      | Federal Work-Study Program                              | Student Financial Assistance Cluster |  |   | 111,176                 |
| 84 063                                      | Federal Pell Grant Program                              | Student Financial Assistance Cluster |  |   | 9,541,324               |
| 84 268                                      | Federal Direct Student Loans                            | Student Financial Assistance Cluster |  |   | <u>8,497,632</u>        |
|   | <i>Total Student Financial Assistance Cluster</i>       |                                      |  |   | <u>18,286,411</u>       |
| 84 031                                      | Higher Education - Institutional Aid                    |                                      |  |   | 390,974                 |
| 84 048                                      | Career and Technical Education - Basic Grants to States |                                      | AZ Department of<br>Education                    | 13FCTDBG-<br>370556-01A,<br>12FCTDBG-<br>270556-03A | <u>296,498</u>          |
| <b>Total Department of Education</b>        |   |                                      |  |   | <u>19,178,063</u>       |
| <b>Total expenditures of federal awards</b> |   |                                      |  |   | <u>\$ 19,257,536</u>    |

See accompanying notes to schedule.

Mohave 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 Mohave 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 the 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 - Subrecipients

The District did not provide federal awards to subrecipients during the year ended June 30, 2013.

Mohave 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 |           |
|   | <b>Yes</b> | <b>No</b> |
| Internal control over financial reporting:                |            |           |
| Material weaknesses 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 weakness identified?  | <u>X</u> | ___                         |
| Significant deficiency identified?   | ___      | <u>X</u><br>(None reported) |
| Type of auditors' report issued on compliance for major programs: Unmodified for all major programs except for the Higher Education—Institutional Aid (84.031) program, which was 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                          |
| 84.063      | Federal Pell Grant Program                          |
| 84.268      | Federal Direct Student Loans                        |
| 84.031      | Higher Education—Institutional Aid                  |

Mohave 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: \$300,000

|  | <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> | ___ |
|---|----------|-----|

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

Financial Statement Findings

**2013-01**

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**The District should improve procedures over its financial information systems**

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Criteria: The District's financial information system processes and stores information that is vital to its daily operations. Therefore, the District should have adequate written internal control policies and procedures to prevent and detect unauthorized use, damage, loss, or manipulation of programs and data, including sensitive and confidential information. Further, to help ensure the continuity of operations and that electronic data files are not lost in the event of a system or equipment failure or other interruption, the District should periodically test its disaster recovery plan for its significant computer systems and document the results of those tests.

Condition and context: The District did not adequately limit logical access to its financial information system during the year. Specifically, the District did not always retain documentation for granting system access, ensure that the authorized access was compatible with an employee's job responsibilities, and ensure that the access granted agreed with the access requested. In addition, the District did not have policies and procedures in place for monitoring the activities of those users with elevated system access and did not have adequate written policies and procedures for password protection to its financial information system. Further, the District was unable to provide documentation that its disaster recovery plan was tested.

Effect: There is an increased risk that unauthorized use, damage, loss, or manipulation of programs and data, including sensitive and confidential information, may not be prevented or detected. In addition, the District may be unable to recover financial or student information, and therefore, conduct daily operations in the event of a system or equipment failure or other interruption.

Cause: The District did not establish policies and procedures to secure its information systems, applications, and data against unauthorized access and loss.

Recommendation: To help prevent and detect unauthorized access to its information systems and unauthorized use, damage, or loss of information, the District should establish policies and procedures that include the following:

- Perform a periodic, comprehensive review of all existing users to help ensure that access granted is needed and is compatible with job responsibilities.
- Document all requests and approvals of access granted.
- Monitor the activity of users with elevated access.
- Require user passwords to be changed on a regular basis and that passwords be composed of specified lengths and characters.
- Retain documentation of all disaster recovery plan tests and the results of those tests.

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

**2013-02**

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**The District should establish procedures to accurately record and report financial information**

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Criteria: The District's internal controls should include policies and procedures to help ensure that its *Comprehensive Annual Financial Report* is prepared in accordance with generally accepted accounting principles.

Condition and context: The District's Governing Board and management depend on accurate information to fulfill their oversight responsibilities and to report accurate information to the public and agencies from which the District receives funding. Auditors identified some misstatements requiring adjustments to help ensure the financial statements, notes, and other reported information within the *Comprehensive Annual Financial Report* were consistent, clear, and accurate. The most significant misstatement resulted in a \$3 million reclassification of short-term investments to cash and cash equivalents.

Effect: The District's financial statements could omit important and required information or contain other misstatements. The District made various adjustments to correct its financial statements, notes, and other reported information within the *Comprehensive Annual Financial Report*.

Cause: The District lacked comprehensive internal control policies and procedures needed to prepare and review its financial statements.

Recommendation: The District should develop comprehensive internal control policies and procedures to prepare accurate financial statements. These policies and procedures should:

- Include detailed instructions to help ensure that the amounts are accurate and properly supported and the financial statements are presented in accordance with generally accepted accounting principles.
- Require an employee who did not prepare the financial statements and the accompanying notes to review them.

**2013-03**

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**The District should improve procedures over capital asset reporting and stewardship**

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Criteria: The District should have effective policies and procedures for capital assets that are sufficiently detailed to properly control, safeguard, and record capital assets.

Condition and context: The District did not properly control and safeguard capital assets, and accurately report them in the financial statements. Specifically, auditors identified the following errors:

- The total costs of assets were not always capitalized or adequately supported.
- Asset disposals were not always approved in writing; assets disposed of were not always removed from the capital assets listing in a timely manner; and some assets were deleted erroneously from the capital assets listing. For eight deletions tested, two deletions had no documentation that their

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

disposal was approved by an authorized employee. In addition, one asset did not have any documentation for its disposal and the asset's disposal was reported in the wrong fiscal year. In addition, three other assets totaling \$45,927 were deleted from the capital assets listing; however, these assets were still being used and were located on district property.

- Depreciation expense was not always calculated and recorded accurately. For example, assets acquired under capital leases agreements were depreciated for longer than the lease terms, and had undepreciated balances when the assets were replaced.

Effect: The District's capital assets were exposed to potential theft or misuse. The District adjusted its financial statements for the errors noted above.

Cause: The District lacked sufficient internal control policies and procedures to properly control, safeguard, and record capital assets and the related depreciation.

Recommendation: To help ensure that the District's capital assets are properly reported and controlled, the District should develop and implement written policies and procedures for recording capital assets and the associated depreciation. The procedures should include the following:

- Record total costs of assets and retain supporting documents.
- Prepare and retain disposal authorization forms to support the transfer or disposal of capital assets.
- Calculate depreciation expense accurately by making more realistic estimates of assets' useful lives.

## Federal Award Findings and Questioned Costs

### **2013-101**

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|                                 |  |
|---------------------------------|--|
| <b>CFDA No. and Name:</b>       | <b>84.031 Higher Education—Institutional Aid</b>   |
| <b>Award Numbers and Years:</b> | P031A080013-09, October 1, 2011 through September 30, 2012; and P031A080013-12, October 1, 2012 through September 30, 2013 |
| <b>Federal Agency:</b>          | <b>Department of Education</b>   |
| <b>Compliance Requirements:</b> | Allowable Costs/Cost Principles and Level of Effort  |
| <b>Questioned Costs:</b>        | Unknown  |

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Criteria: In accordance with 2 Code of Federal Regulations (CFR) §220, Appendix A, Section J(10), the District is required 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. In addition, such records should be retained for at least 3 years to comply with 34 CFR §80.42. Finally, the District's grant agreement stipulated for the level of effort requirement that 100 percent of the program director's time and effort be spent on program activities.

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

Condition and context: The District had four salaried and 50 hourly employees working on the program during the fiscal year. For the four salaried employees, expenditures were charged to the program based on budgeted percentages established in the payroll system. The District did not require the employees to prepare documents to certify or confirm their compensation represents the actual time spent on the federal program. As a result, the budgeted distribution percentages were not compared to actual costs and revised as necessary to reflect actual time spent working on the program. In addition, the District's program director did not certify or confirm that 100 percent of his time and effort was spent on program activities to support that the level of effort required by its grant agreement was achieved.

Effect: The District did not comply with the cost principles requirements outlined in 2 CFR §220, Appendix A, Section J(10). It was not practical to extend our auditing procedures to determine questioned costs, if any, that may have resulted from this finding. This finding has the potential to affect other federal programs the District administers. In addition, the District did not comply with the level of effort requirement stipulated in the grant agreement for the program director.

Cause: The District lacked policies and procedures for certifying or confirming employees' time and effort spent on federal programs.

Recommendation: The District should implement policies and procedures to ensure that salaries and wages charged to the program represent actual costs. In addition, the District should establish policies and procedures for certifying or confirming on an after-the-fact basis employees' time and effort on federal programs.

March 7, 2014

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,

Jess Jacobs  
Associate Dean of Business

**Mohave County  
Community College  
District Office**  
1971 Jagerson Ave.  
Kingman, AZ 86409  
928.757.4331

**Bullhead City Campus**  
3400 Highway 95  
Bullhead City, AZ 86442  
928.758.3926

**Distance Education Campus**  
1971 Jagerson Ave.  
Kingman, AZ 86409  
928.757.0867

**Lake Havasu City Campus**  
1977 Acoma Blvd. West  
Lake Havasu City, AZ 86403  
928.855.7812

**Neal Campus - Kingman**  
1971 Jagerson Ave.  
Kingman, AZ 86409  
928.757.4331

**North Mohave Campus**  
480 S. Central  
Colorado City, AZ 86021  
928.875.2799  
1.800.678.3992

**www.mohave.edu**  
**1.866.664.2832**

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

Financial Statement Findings

**2013-01**

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**The District should improve procedures over its financial information systems**

Contact person: William Farmer, Executive Director of IT

Anticipated completion date: June 30, 2014

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Due to turnover in staff in the office responsible for this procedure software permissions processes were not adequately addressed. The District accepts this finding and recognizes the deficiencies in the creation and maintenance of system permissions. The District is near completion with the redesign of this process. Permissions are being restructured and formalized. Additionally, a properly documented approval system is near completion and will be supported by proper IT standards for security. The District performs periodic tabletop exercises to ensure recoverability and continuity and will improve documentation of these exercises going forward. The District will continue to invest to prevent intrusion and ensure recoverability.

**2013-02**

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**The District should establish procedures to accurately record and report financial information**

Contact person: Jess Jacobs, Associate Dean of Business

Anticipated completion date: June 30, 2014

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The District agrees that the internal review process for financial statements and note disclosures should be formalized to include employees that do not prepare the statements. The District will utilize the existing Finance and Audits Committee to ensure statements are accurately finalized prior to auditor review. The District recognizes the current year auditor's recommendation to achieve a full review internally.

**2013-03**

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**The District should improve procedures over capital asset reporting and stewardship**

Contact person: Jess Jacobs, Associate Dean of Business

Anticipated completion date: June 30, 2014

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The District recognizes the deficiencies in the capital assets reporting process. These were largely due to turnover in this area of the business office. Going forward, the District will review capital assets more regularly and establish written procedures to ensure asset records are balanced and current throughout the fiscal year. The Controller will assume direct responsibility for this task and will utilize the Finance and Audits Committee to ensure compliance through recurring reports.

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

Federal Award Findings and Questioned Costs

**2013-101**

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CFDA No.: **84.031 Higher Education—Institutional Aid**

Contact person: Jess Jacobs, Associate Dean of Business

Anticipated completion date: April 2014

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The District recognizes a deficiency in certifying reports for salaried employees tied to the grant. Job descriptions and routine managerial supervision did ensure work was being done exclusively on the grant operations though no after-the-fact certification was created. Though this particular grant expires with fiscal year 2014, the District will ensure procedures are in place to stay in compliance with federal grant requirements for after-the-fact time and effort reporting.

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March 7, 2014

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,

Jess Jacobs  
Associate Dean of Business

**Mohave County  
Community College  
District Office**

1971 Jagerson Ave.  
Kingman, AZ 86409  
928.757.4331

**Bullhead City Campus**

3400 Highway 95  
Bullhead City, AZ 86442  
928.758.3926

**Distance Education Campus**

1971 Jagerson Ave.  
Kingman, AZ 86409  
928.757.0867

**Lake Havasu City Campus**

1977 Acoma Blvd. West  
Lake Havasu City, AZ 86403  
928.855.7812

**Neal Campus - Kingman**

1971 Jagerson Ave.  
Kingman, AZ 86409  
928.757.4331

**North Mohave Campus**

480 S. Central  
Colorado City, AZ 86021  
928.875.2799  
1.800.678.3992

**[www.mohave.edu](http://www.mohave.edu)**

**1.866.664.2832**

Mohave County Community College District  
Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2013

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

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CFDA No.: 84.007 Federal Supplemental Educational Opportunity Grants (FSEOG)  
84.033 Federal Work-Study Program (FWS)  
84.063 Federal Pell Grant Program (Pell)  
84.268 Federal Direct Student Loans (Direct Loan)

Finding No.: 11-01

Status: Fully corrected

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CFDA No.: 84.007 Federal Supplemental Educational Opportunity Grants (FSEOG)  
84.033 Federal Work-Study Program (FWS)  
84.063 Federal Pell Grant Program (Pell)  
84.268 Federal Direct Student Loans (Direct Loan)

Finding No.: 12-01

Status: Fully corrected

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