

Pima County Community College District

Single Audit Report

Year Ended June 30, 2018



A Report to the Arizona Legislature

Lindsey A. Perry
Auditor General





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Audit Staff

Donna Miller, Director
John Faulk, Manager and Contact Person

Contact Information

Arizona Office of the Auditor General
2910 N. 44th St.
Ste. 410
Phoenix, AZ 85018

(602) 553-0333

www.azauditor.gov



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Comprehensive Annual Financial Report



MELANIE M. CHESNEY
DEPUTY AUDITOR GENERAL

ARIZONA AUDITOR GENERAL
LINDSEY A. PERRY

JOSEPH D. MOORE
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
Pima County Community College District

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, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 14, 2018. Our report includes a reference to other auditors who audited the financial statements of the Pima Community College Foundation, Inc., 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 Pima Community College Foundation, Inc., were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Pima Community College Foundation, Inc.

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.

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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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 have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2018-01 through 2018-03, that we consider to be significant deficiencies.

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*.

Pima County Community College District's response to findings

Pima County Community College District's responses to the findings identified in our audit are presented in its corrective action plan at the end of this report. 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.

Lindsey Perry, CPA, CFE
Auditor General

December 14, 2018



MELANIE M. CHESNEY
DEPUTY AUDITOR GENERAL

ARIZONA AUDITOR GENERAL
LINDSEY A. PERRY

JOSEPH D. MOORE
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 the Uniform Guidance**

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) Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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, 2018.

Other matters

The results of our auditing procedures disclosed instances of noncompliance that are required to be reported in accordance with the Uniform Guidance and that are described in the accompanying schedule of findings and questioned costs as items 2018-101 and 2018-102. Our opinion on each major federal program is not modified with respect to these matters.

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 the Uniform Guidance, 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. 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.

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 material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2018-101 and 2018-102, that we consider to be material weaknesses.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Pima County Community College District's response to findings

Pima County Community College District's responses to the findings identified in our audit are presented in its corrective action plan at the end of this report. The District's responses were not subjected to the auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on them.

Report on schedule of expenditures of federal awards required by the Uniform Guidance

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, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated December 14, 2018, that contained unmodified opinions on those financial statements. Our report also included 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 the Uniform Guidance 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.

Lindsey Perry, CPA, CFE
Auditor General

February 11, 2019





SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Summary of auditors' results

Financial statements

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with generally accepted accounting principles Unmodified

Internal control over financial reporting

Material weaknesses identified? No

Significant deficiencies identified? Yes

Noncompliance material to the financial statements noted? No

Federal awards

Internal control over major programs

Material weakness identified? Yes

Significant deficiency identified? None reported

Type of auditors' report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR §200.516(a)? Yes

Identification of major programs

CFDA number	Name of federal program or cluster
84.007, 84.033, 84.063, 84.268	Student Financial Assistance Cluster
84.042, 84.044, 84.047, 84.066	TRIO Cluster

Dollar threshold used to distinguish between Type A and Type B programs \$1,590,102

Auditee qualified as low-risk auditee? No

Other matters

Auditee's summary schedule of prior audit findings required to be reported in accordance with 2 CFR §200.511 (b)? Yes

Financial statement findings

2018-01

Managing risk

Condition and context—The District’s process for managing its risks did not include an overall risk-assessment process that included identifying, analyzing, and responding to the District-wide information technology (IT) risks, such as potential harm from unauthorized access, use, disclosure, disruption, modification, or destruction of IT data and systems. Also, it did not include evaluating and determining the business functions and IT systems that would need to be restored quickly if disasters or other system interruptions impacted the District. Finally, the District had not completed its inventory of sensitive information that might need stronger access and security controls.

Criteria—Effectively managing risk at the District includes an entity-wide risk-assessment process that involves members of the District’s administration and IT management to determine the risks the District faces as it seeks to achieve its objectives to not only report accurate financial information and protect its IT systems and data but to also carry out its overall mission and service objectives. The process should provide the basis for developing appropriate responses based on identified risk tolerances and specific potential risks to which the District might be subjected. To help ensure the District’s objectives can be met, an annual risk assessment should include considering IT risks. For each identified risk, the District should analyze the identified risk and develop a plan to respond within the context of the District’s defined objectives and risk tolerances. The process of managing risks should also address the risk of unauthorized access and use, modification, or loss of sensitive information and the risk of losing the continuity of business operations in the event of a disaster or system interruption.

Effect—The District’s administration and IT management may put the District’s operations and IT systems and data at unintended and unnecessary risk.

Cause—The District has relied on an informal process to perform risk-assessment procedures that did not include IT risk considerations. Further, although the District has started inventorying data across its IT systems, the inventory process has not been completed.

Recommendations—The District should identify, analyze, and reduce risks to help prevent undesirable incidents and outcomes that could impact business functions and IT systems and data. It also should plan for where resources should be allocated and where critical controls should be implemented. To help ensure it has effective entity-wide policies and procedures to achieve these objectives, the District should follow guidance from a credible IT security framework such as that developed by the National Institute of Standards and Technology. Responsible administrative officials and management over finance, IT, and other entity functions should be asked for input in the District’s process for managing risk. The District should conduct the following as part of its process for managing risk:

- Perform an annual entity-wide IT risk-assessment process that includes evaluating risks such as risks of inappropriate access that would affect financial data, system changes that could adversely impact or disrupt system operations, and inadequate or outdated system security.
- Evaluate and manage the risks of holding sensitive information by completing its inventory of information the District holds to assess where stronger access and security controls may be needed to protect data in accordance with State statutes and federal regulations.

- Evaluate and determine the business functions and IT systems that would need to be restored quickly given the potential impact disasters or other IT system interruptions could have on critical organizational functions such as student services and operations such as payroll and accounting, and determine how to prioritize and plan for recovery.

The District's responsible officials' views and planned corrective action are in its corrective action plan included at the end of this report.

This finding is similar to prior-year finding 2017-01.

2018-02

Information technology (IT) controls—access, configuration and change management, security, and contingency planning

Condition and context—The District's control procedures were not sufficiently designed, documented, and implemented to respond to risks associated with its IT systems and data. The District lacked adequate procedures over the following:

- **Restricting access to its IT systems and data**—Procedures did not consistently require sufficient reviewing and monitoring of user access to help prevent or detect unauthorized or inappropriate access.
- **Configuring systems securely and managing system changes**—Procedures did not ensure IT systems were securely configured and all changes were adequately managed.
- **Securing systems and data**—IT security policies and procedures lacked controls to monitor users with elevated access and provide employee security awareness training to help prevent unauthorized or inappropriate access or use, manipulation, damage, or loss.
- **Updating the contingency plan**—Plan lacked key elements related to restoring operations in the event of a disaster or other system interruption.

Criteria—The District should have effective internal controls to protect its IT systems and help ensure the integrity and accuracy of the data it maintains.

- **Logical access controls**—Help to ensure systems and data are accessed by users who have a need, systems and data access granted is appropriate, and key systems and data access is monitored and reviewed.
- **Well-defined documented configuration management process**—Ensures IT systems are configured securely and that changes to the systems are identified, documented, evaluated for security implications, tested, and approved prior to implementation. This helps limit the possibility of an adverse impact on the system security or operations. Separation of responsibilities is an important control for system changes; the same person who has authority to make system changes should not put the change into production. If those responsibilities cannot be separated, a post-implementation review should be performed to ensure the change was implemented as designed and approved.
- **IT security internal control policies and procedures**—Help prevent, detect, and respond to instances of unauthorized or inappropriate access or use, manipulation, damage, or loss to its IT systems and data.
- **Comprehensive documented and tested contingency plan**—Provides the preparation necessary to place the plan in operation and helps to ensure business operations continue and systems and data can be recovered in the event of a disaster, system or equipment failure, or other interruption.

Effect—There is an increased risk that the District may not adequately protect its IT systems and data, which could result in unauthorized or inappropriate access and the loss of confidentiality and integrity of systems and data. It also increases the District’s risk of not being able to effectively continue daily operations and completely and accurately recover vital IT systems and data in the event of a disaster or system interruption.

Cause—The District continues to develop and review its written policies and procedures over IT access, configuration and change management, security, and contingency planning; however, many of the policies and procedures are still lacking critical elements to ensure they are comprehensive and effective.

Recommendations—To help ensure the District has effective policies and procedures over its IT systems and data, the District should follow guidance from a credible IT security framework such as that developed by the National Institute of Standards and Technology. To help achieve these control objectives, the District should develop, document, and implement control procedures as necessary, in each IT control area described below:

Access

- Periodically review employee user access ensuring appropriateness.
- Remove terminated employees’ access to IT systems and data.

Configuration and change management

- Establish and follow a documented change management process.
- Review proposed changes for appropriateness, justification, and security impact.
- Document changes, testing procedures and results, change approvals, and post-change review.
- Develop and document a plan to roll back changes in the event of a negative impact to IT systems.
- Test changes prior to implementation.
- Separate responsibilities for the change management process or, if impractical, perform a post-implementation review to ensure the change was implemented as approved.
- Configure IT resources appropriately and securely and maintain configuration settings.
- Manage software installed on employee computer workstations.

Security

- Perform proactive key user logging and log monitoring, particularly for users with administrative access privileges.
- Provide all employees ongoing training on IT security risks and their responsibilities to ensure systems and data are protected.

Contingency planning

- Update the contingency plan and ensure it includes all required elements to restore critical operations.
- Test the contingency plan.
- Train staff responsible for implementing the contingency plan.

The District’s responsible officials’ views and planned corrective action are in its corrective action plan included at the end of this report.

This finding is similar to prior-year findings 2017-02 (access), 2017-03 (configuration and change management), 2017-04 (security), and 2017-05 (contingency planning).

2018-03

Procedures for approving employee time sheets

Condition and context—A supervisor did not review and approve 3 of 70 employee time sheets tested. When supervisors do not preapprove time sheets, District procedures require an email be sent to the supervisor as a reminder to review and post-approve the time sheet. Using a District-prepared report, we determined that approximately 10 percent of the District's time sheets during fiscal year 2018 were missing a supervisory preapproval, and there was no documentation that a supervisory post-approval was performed.

Criteria—District policy requires a supervisory review and approval of employee time sheets to help ensure that the District pays employees for only authorized hours worked.

Effect—The District risks paying for unauthorized or unapproved hours, which could potentially result in inappropriate use of District monies.

Cause—The District's procedures allow for payroll processing without the required supervisory approvals; however, the District had no procedures to ensure that supervisors perform and document their post-review of time sheets.

Recommendations—To help ensure the District pays employees for only authorized and approved hours worked, the District should require that supervisors review and approve employee time sheets prior to payroll processing or establish a process that ensures supervisors post-approve time sheets and document their approval.

The District's responsible officials' views and planned corrective action are in its corrective action plan included at the end of this report.

Federal award findings and questioned costs

2018-101

Cluster name:	TRIO Cluster
CFDA numbers and names:	84.042 TRIO—Student Support Services 84.044 TRIO—Talent Search 84.047 TRIO—Upward Bound 84.066 TRIO—Educational Opportunity Centers
Award numbers and years:	P042A150315-17, P042A151041-17, P042A150997-17, September 1, 2015 through August 31, 2020; P066A160165-16, September 1, 2016 through December 31, 2017; P044A160351-17, September 1, 2016 through August 31, 2021; P047A120512-16, September 1, 2012 through August 31, 2017; P047A170154, P047A170032, P047A170256-17A, June 1, 2017 through May 31, 2022; P047A170051-17A, P047V170045, September 1, 2017 through August 31, 2022
Federal agency:	U.S. Department of Education
Compliance requirement:	Eligibility
Questioned costs:	Not applicable

Condition and context—The District did not maintain effective internal control to ensure that all TRIO Cluster Student Support Services (SSS), Upward Bound (UB), and Educational Opportunity Centers (EOC) program participants were eligible. Specifically, for 3 of 17 SSS participants, 5 of 30 UB participants, and 5 of 5 EOC participants tested, we noted that the District did not obtain or review sufficient documentation to ensure the participant met eligibility requirements. For those students without sufficient eligibility documentation, we reviewed other documentation that indicated their eligibility and determined that all 3 of the SSS participants, 4 of the 5 UB participants, and 3 of the 5 EOC participants met the program’s eligibility requirements described below. However, we could not determine whether the remaining 1 UB and 2 EOC program participants were eligible.

Criteria—In accordance with 34 Code of Federal Regulations (CFR) §§646.3, 645.3, and 644.3, participants in SSS, UB, or EOC programs must be a United States citizen or national or meet one of several other residency requirements. Also, the District is required by 2 CFR §200.303 to maintain effective internal control over its TRIO Cluster to provide reasonable assurance that it is managing the award in compliance with federal statutes, regulations, and the award terms.

Effect—Without sufficient internal controls to determine eligibility including maintaining evidence to provide reasonable assurance that the District sufficiently determined eligibility, there is an increased risk of program benefits being provided to ineligible participants.

Cause—The District did not have sufficient internal control policies and procedures in place to ensure and provide evidence that all program participants were eligible.

Recommendation—The District should implement internal control policies and procedures to ensure that it adequately reviews and maintains sufficient eligibility documentation for all TRIO Cluster program participants.

The District’s responsible officials’ views and planned corrective action are in its corrective action plan included at the end of this report.

This finding is similar to prior-year finding 2017-101.

2018-102

Cluster name:	Student Financial Assistance Cluster
CFDA numbers and names:	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
Award numbers and year:	P007A170133, P007A160133, P033A170133, P033A160133, P063P170512, P063160512, P268K180512, P268K170512; July 1, 2017 through June 30, 2018
Federal agency:	U.S. Department of Education
Compliance requirement:	Special tests and provisions
Questioned costs:	Not applicable

Condition and context—The District did not have adequate policies and procedures to ensure that all student enrollment status changes were reported to the National Student Loan Data System (NSLDS) within the required time periods. As a result, for 17 of 40 students tested, the District did not report enrollment status changes within 60 days after it received an enrollment reporting roster from NSLDS.

Criteria—For the Federal Pell Grant and Federal Direct Student Loans programs, 34 Code of Federal Regulations (CFR) §§690.83(b)(2) and 685.309(b) require institutions to notify the NSLDS within 30 days of a change in student status or include the change in status in a response to an enrollment reporting roster file within 60 days. Student enrollment status changes include reductions or increases in attendance levels, withdrawals, graduations, or approved leaves-of-absence. In addition, 2 CFR §200.303 requires the District to maintain effective internal control over its Student Financial Assistance Cluster to provide reasonable assurance that the District is managing the award in compliance with federal statutes, regulations, and the award terms.

Effect—The District did not comply with the enrollment reporting requirement of 34 CFR §§690.83(b)(2) and 685.309(b). Consequently, student enrollment statuses in the NSLDS were not always accurate and reported in a timely manner. Therefore, if the NSLDS does not accurately reflect students' enrollment on a timely basis, students may not be asked to repay student financial assistance grants and loans if or when required.

Cause—The District used a third-party servicer to report enrollment status changes to NSLDS but did not have adequate internal control procedures to verify that changes were reported to the NSLDS in a timely manner.

Recommendation—The District should develop and implement policies and procedures to ensure that it monitors changes the third-party servicer submits to the NSLDS to ensure its reported student enrollment status changes are accurate and reported within required timelines.

The District's responsible officials' views and planned corrective action are in its corrective action plan included at the end of this report.

This finding is similar to prior-year finding 2017-102.

DISTRICT SECTION

Pima County Community College District
Schedule of expenditures of federal awards
Year ended June 30, 2018

Federal agency/CFDA number	Federal program name	Cluster title	Pass-through grantor	Pass-through grantor's numbers	Program expenditures	Amount provided to subrecipients
Department of Agriculture						
10 223	Hispanic Serving Institutions Education Grants				\$ 60,363	
Department of Interior						
15 224	Cultural and Paleontological Resources Management				24,364	
15 659	National Wildlife Refuge Fund		Arizona Game and Fish Commission	7010 35001 0300048	11,554	
	Total Department of Interior				<u>35,918</u>	
Department of Justice						
16 607	Bulletproof Vest Partnership Program				4,184	
Department of Labor						
17 268	H-1B Job Training Grants		Pima County Community Services	YC-25417-14-60-A-4	77,109	
17 282	Trade Adjustment Assistance Community College and Career Training (TAACCT) Grants				306,652	\$ 48,222
	Total Department of Labor				<u>383,761</u>	<u>48,222</u>
Department of State						
19 040	Public Diplomacy Programs				15,000	
Department of Transportation						
20 600	State and Community Highway Safety		Governor's Office of Highway Safety	2017-PT-078	27,000	
20 616	National Priority Safety Programs		Governor's Office of Highway Safety	2016-405d-008, 2017-405d-026, 2018-405d-036	17,007	
20 701	University Transportation Centers Program		University of Southern California	69A3551747109	90,874	
	Total Department of Transportation				<u>134,881</u>	
National Aeronautics and Space Administration						
43 001	Science		Planetary Science Institute	NNX16AC55A	788	
43 008	Education		University of Arizona	NNX15AJ17H	8,254	
	Total National Aeronautics and Space Administration				<u>9,042</u>	
National Endowment for the Humanities						
45 162	Promotion of the Humanities—Teaching and Learning Resources and Curriculum Development				18,699	

See accompanying notes to schedule.

Pima County Community College District
Schedule of expenditures of federal awards
Year ended June 30, 2018

Federal agency/CFDA number	Federal program name	Cluster title	Pass-through grantor	Pass-through grantor's numbers	Program expenditures	Amount provided to subrecipients
National Science Foundation						
47 049	Mathematical and Physical Sciences		University of Arizona	1460828	742	
47 050	Geosciences		University of Arizona	1540596	12,664	
47 076	Education and Human Resources		University of Arizona	1625015, 1644899	62,264	
Total National Science Foundation					<u>75,670</u>	
Small Business Administration						
59 037	Small Business Development Centers		Maricopa County Community College District	SBHQ-17-B-0026	161,653	
Department of Education						
84 007	Federal Supplemental Educational Opportunity Grants	Student Financial Assistance Cluster			511,426	
84 033	Federal Work-Study Program	Student Financial Assistance Cluster			575,098	
84 063	Federal Pell Grant Program	Student Financial Assistance Cluster			29,678,321	
84 268	Federal Direct Student Loans	Student Financial Assistance Cluster			11,337,357	
	<i>Total Student Financial Assistance Cluster</i>				<u>42,102,202</u>	
84 042	TRIO—Student Support Services	TRIO Cluster			649,674	
84 044	TRIO—Talent Search	TRIO Cluster			415,675	
84 047	TRIO—Upward Bound	TRIO Cluster			1,142,466	
84 066	TRIO—Educational Opportunity Centers	TRIO Cluster			107,959	
	<i>Total TRIO Cluster</i>				<u>2,315,774</u>	
84 002	Adult Education—Basic Grants to States		Arizona Department of Education	18FAEABE-812501-01A, 18FAEIEL-812501-01A, 18FAELET-812501-01A, 18FAEAPL-812501-01A	2,270,816	
84 031	Higher Education—Institutional Aid				1,641,397	
84 048	Career and Technical Education—Basic Grants to States		Arizona Department of Education	V048A110003, 17FCTDBG-712501-20A, 16FCTDBG-612501-20A	234,037	
Total Department of Education					<u>48,564,226</u>	
Department of Health and Human Services						
93 093	Affordable Care Act (ACA) Health Profession Opportunity Grants				3,062,212	631,170
93 243	Substance Abuse and Mental Health Services—Projects of Regional and National Significance				284,986	162,323

Pima County Community College District
Schedule of expenditures of federal awards
Year ended June 30, 2018

Federal agency/CFDA number	Federal program name	Cluster title	Pass-through grantor	Pass-through grantor's numbers	Program expenditures	Amount provided to subrecipients
93 566	Refugee and Entrant Assistance—Targeted Assistance Grants		Arizona Department of Economic Security	DES13038227, ADES18-191653	111,947	
93 859	Biomedical Research and Research Training		University of Arizona	5K12GM000708-18	64,857	
Total Department of Health and Human Services					<u>3,524,002</u>	<u>793,493</u>
Corporation for National and Community Service						
94 006	AmeriCorps		Arizona Governor's Office of Youth, Faith and Family	AC-VSG-15-090115-13, AC-VSG-15-090115-13Y2	16,014	
Total expenditures of federal awards					<u>\$ 53,003,413</u>	<u>\$ 841,715</u>

Pima County Community College District
Notes to schedule of expenditures of federal awards
Year ended June 30, 2018

Note 1 - Basis of presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Pima County Community College District for the year ended June 30, 2018. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

Note 2 - Summary of significant accounting policies

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Note 3 - Catalog of Federal Domestic Assistance (CFDA) numbers

The program titles and CFDA numbers were obtained from the federal or pass-through grantor or the 2018 *Catalog of Federal Domestic Assistance*.

Note 4 - Indirect cost rate

The District did not elect to use the 10 percent de minimis indirect cost rate as covered in 2 CFR §200.414.

DISTRICT RESPONSE



PimaCountyCommunityCollegeDistrict

District Office

Office of the Executive Vice Chancellor
for Finance and Administration
4905D East Broadway Boulevard
Tucson, Arizona 85709-1200
Telephone (520) 206-4519
Fax (520) 206-4516
www.pima.edu

February 11, 2019

Lindsey Perry
Auditor General
2910 N. 44th St., Ste. 410
Phoenix, AZ 85018

Dear Ms. Perry:

We have prepared the accompanying corrective action plan as required by the standards applicable to financial audits contained in *Government Auditing Standards* and by the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Specifically, for each finding we are providing you with our responsible officials' views, the names of the contact people responsible for corrective action, the corrective action planned, and the anticipated completion date.

Sincerely,

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

Pima County Community College District
Corrective Action Plan
Year Ended June 30, 2018

Financial Statement Findings

Finding Number: 2018-01

Managing risk.

Contact Person: Kurt Myers

Anticipated Completion Date: December 31, 2019

Corrective Action:

Pima Community College Information Technology (PCC IT) is in the process of fully adopting the National Institute of Standards and Technology (NIST) SP 800-30/39 risk frameworks that will work in conjunction with the Information Management Policy. The College has added staffing and reorganized information technology resources to ensure successful implementation of best practices.

Action Steps and Timeframe:

- Fully adopt formal risk framework in NIST SP 800-30/39. September 30, 2019.
- Complete data inventory for all data assets, including data handling and security awareness training. December 2021.
- Implement a Disaster Recovery Plan. December 2019.

Finding Number: 2018-02

Information technology (IT) controls—access, configuration and change management, security, and contingency planning.

Contact Person: Kurt Myers

Anticipated Completion Date: June 30, 2019

Corrective Action:

In July 2018, IT selected a vendor called Team Dynamics that is going to assist in centralizing our ticketing system, project management, configuration and change management, governance and service portfolio into one system. Full implementation is expected by December 2019. The College has also developed policies and procedures for access, configuration and change management, security and contingency planning in a number of areas and expects completion by June 2019.

Action Steps and Timeframe:

- Formal written policies and procedures for configuration and change management, backups, contingency planning and security. December 2019.
- Security impact incorporated into the process for configuration management. December 2019.
- Reporting processes on all changes made to internal systems. December 2019.

Finding Number: 2018-03

The District should improve procedures for approving employees' time sheets.

Contact Person: Kim Dosch

Anticipated Completion Date: June 30, 2019

Corrective Action:

PCC's Employee Service Center, which is responsible for payroll processing, will implement a process that tracks and assures supervisor approvals for employee timesheets.

Action Steps and Timeframe:

- Develop, test, and implement a supplemental electronic process to attain supervisor affirmation for timesheets. February 2019.
- Communicate new process and expectations to College supervisors. February 2019.
- Develop reports for tracking ongoing compliance. March 2019.

Federal Award Findings

Finding Number: 2018-101

CFDA Numbers: 84.042 TRIO—Student Support Services
84.044 TRIO—Talent Search
84.047 TRIO—Upward Bound
84.066 TRIO—Educational Opportunity Centers

Contact Persons: Amanda Kaminski, Director District Grants Resource Office
Morgan Phillips, Campus President, Educational Opportunity Centers
Ted Roush, Campus Vice President, Veterans Upward Bound

Anticipated Completion Date: December 31, 2018

Corrective Action:

The College continues to make improvements to ensure verification of program participant eligibility for the TRIO cluster. The College has consolidated by program the TRIO policies and procedures manuals, applications and verification forms to ensure appropriate review and confirmation of applicant's eligibility prior to admission into the programs. The District Grants Resource Office completed annual monitoring visits for all TRIO programs and coordinated a 4-day audit preparation workshop with an external evaluator in the Fall 2018. Also in the Fall, each grant Program Manager completed an internal audit of active student files.

The processes for collecting proof of citizenship and eligibility have been updated. The Upward Bound grant staff collect and maintain proof of citizenship on file. Veterans Upward Bound is allowed by the Department of Education to collect a DD-214 and copies are maintained on file. The Student Support Services grant staff assemble and retain proof of citizenship through an approved internal system or by collection. Talent Search participants self-declare citizenship.

Finding Number: 2018-102

CFDA Numbers: 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

Contact Person: Norma Navarro-Castellanos

Anticipated Completion Date: August 30, 2019

Corrective Action:

Pima Community College recognizes the importance of complying with student enrollment reporting as regulated in 34 CFR §685.309(b), as well as maintaining effective internal controls required by 2 CFR §200.303. To date, the College has put significant measures in place, developing and implementing policies and procedures to ensure student enrollment status changes are reported to the National

Student Loan Data System (NSLDS) within the required timelines. Additional corrective actions are scheduled through the remainder of the 2018-2019 academic year. These improvements will result in positive outcomes beginning with end-of-Fall 2018 graduate reporting and continuing through Spring and Summer 2019. As these changes and improvements have been put in place, we will continue to review and assess the effectiveness of each piece listed below.

Corrective Action to Date	Date Implemented
Moved National Student Clearinghouse (NSC) transmission dates to align with timing of NSLDS roster pull.	11/27/2018
Began sending enrollment updates twice per month to reduce potential lag between student status changes and transmission to NSC.	11/27/2018
Documented Pima's monthly enrollment reporting timeline.	12/11/2018
Delivered Title IV Funding & Administrative Capability mandatory Administrator training.	12/14/2018
Shifted organizational reporting lines of Registrar and Financial Aid Office from Student Affairs to Associate Provost, with increased focus on compliance.	12/19/2018
Through short-term reassignment of staff to the Registrar's Office, all Fall 2018 degrees and certificates were processed within 11 days (previous semesters averaged 6-8 weeks processing time). This ensures graduates can be reported through NSC to NSLDS within 60 days.	1/2/2019
Developed and implemented Program of Study Standard Operating Procedures and notified students of associated deadlines.	1/7/2019
Submitted modified graduate report file to NSC.	1/17/2019
Additional Planned Corrective Action	Planned Date
Strengthening of institutional deadlines to submit curriculum changes to a program of study. Standards of Operating Procedures/Curriculum Handbook updates limiting curriculum changes.	Fall 2019
Limiting SIS access of key student record components to Registrar's Office staff (ex. Program of Study Changes, Degree/Cert awarding).	Spring 2019
Hiring three (3) additional staff members in Registrar's Office with focused duties including NSC enrollment reporting, degree awarding and student program of study changes.	Spring 2019
Developing continuous quality improvement measures to compare NSC transmissions with NSLDS data, ensuring enrollment updates are received and accurately processed by NSC.	On-going. First quality control reports developed by Spring 2019
Developing standards to enforce faculty accountability for timely and accurate attendance taking and grading.	Spring 2019
Providing training to administrators and faculty to ensure accountability for timely and accurate attendance taking and grading.	Spring 2019



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February 11, 2019

Lindsey Perry
Auditor General
2910 N. 44th St., Ste. 410
Phoenix, AZ 85018

Dear Ms. Perry:

We have prepared the accompanying summary schedule of prior audit findings as required by the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Specifically, we are reporting the status of audit findings included in the prior audit's schedule of findings and questioned costs. This schedule also includes the status of audit findings reported in the prior audit's summary schedule of prior audit findings that were not corrected.

Sincerely,

David 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, 2018**

Status of Financial Statement Findings

Finding Number: 2017-01

The District should improve its risk-assessment process to include information technology security.

Status: Partially Corrected

Corrective action:

PCC IT has accomplished a number of action steps toward complete resolution. Remaining steps are incorporated in our corrective action plan in finding number 2018-01.

Finding Number: 2017-02

The District should improve access controls over its information technology resources.

Status: Partially Corrected

Corrective action:

PCC IT is working with unit stakeholders to develop internal processes and policies to improve logical and physical access over information technology resources. Specific remaining steps are outlined in our corrective action plan in finding number 2018-02.

Finding Number: 2017-03

The District should improve its configuration management processes over its information technology resources.

Status: Partially Corrected

Corrective action:

The College has implemented processes for desktop patching and server patching. Specific remaining steps are outlined in our corrective action plan in finding number 2018-02.

Finding Number: 2017-04

The District should improve security over its information technology resources.

Status: Partially Corrected

Corrective action:

The College is working towards developing a comprehensive cyber security framework that strengthens the incident response plan, incorporates training for internal IT staff and PCC staff compliant with NIST 800 framework. To date, the College has developed an incident response plan and has conducted table top exercises. Specific additional steps are outlined in our corrective action plan in finding number 2018-01.

Finding Number: 2017-05

The District should improve its contingency planning procedures for its information technology resources.

Status: Partially Corrected

Corrective action:

PCC IT is working towards a comprehensive contingency planning policy and procedure framework. The Office of Information Assurance and Compliance will be working with IT stakeholders to ensure a plan is developed for all systems, testing occurs, training staff who are responsible for implementation of a contingency plan and that documentation is kept current once developed. Specific remaining actions are outlined in our corrective action plan in finding number 2018-01.

Finding Number: 2017-06

The District should improve its internal control over purchasing.

Status: Fully Corrected

Status of Federal Award Findings and Questioned Costs

Finding Number: 11-03, 12-102, 2013-101, 2014-101, 2015-101, 2016-101, 2017-102

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

2013-101 CFDA Numbers: 84.007, 84.033, 84.038, 84.063, 84.268

2014-101 CFDA Numbers: 84.038, 84.063, 84.268

2015-101 CFDA Numbers: 84.063, 84.268

2016-101 CFDA Numbers: 84.007, 84.033, 84.063, 84.268

2017-102 CFDA Numbers: 84.007, 84.033, 84.063, 84.268

Program: Student Financial Assistance Cluster

Status: Partially Corrected

Corrective Action:

The corrective actions listed for 2017-102 were put into place and assisted the College in finding solutions to ensure timelier reporting. However, there are items in this corrective action that required the College to better understand the problem. For example, the errors being reported by the NSC, the College has corrected its data extraction to mitigate errors. The College has continued to work closely with NSC to put in place fixes of data transmission to NSLDS. In our corrective action plan in finding number 2018-102, we provide in more detail the additional corrective steps.

Finding Number: 2017-101

2017-101 CFDA Numbers: 84.042 TRIO Student Support Services

84.044 TRIO Talent Search

84.047 TRIO Upward Bound

84.066 TRIO Educational Opportunity Centers

Program: TRIO Cluster

Status: Partially Corrected

Corrective Action:

Effective December 2017, all TRIO grants updated their procedures and the District Grants Office verified the changes with the respective federal Program Officers via email. In May 2018, copies of the seven updated policies & procedures manuals, along with a sample verification form, were provided to the DOE Auditor.

The College has taken additional steps to improve program processes and procedures to ensure compliance. Starting in December 2017, support documentation was obtained for all new participants and a review started in February 2018 of all current participants in order to verify citizenship eligibility. Upward Bound (UB) grants collect proof of citizenship and maintains a copy in the student file. Each program has actively attempted to collect proof of citizenship back to the 2012 cohort, which is in its final year of reporting on the annual performance report. The Student Support Services (SSS) grants review internal systems on a financial aid screen or collect proof of citizenship. Copies of proof of citizenship are collected and maintained on file. Talent Search (TS) grant participants are allowed to self-declare.

In August 2018, the programs (UB, TS, and SSS) consolidated their Policy & Procedures manuals to one per program. In November 2018, the programs consolidated application and verifications forms to one per program. The College also added content to the Applications or Verification Forms to provide internal control on data entry.

Between March and April 2018, the District Grants Resource Office performed annual monitoring visits for Talent Search, Student Support Services, and Upward Bound. Additionally, grant Program Managers completed internal audits between September and November 2018. In November 2018, the District Grants Office coordinated with an external auditor to provide federal audit training and review of the TRIO grants in a 4-day workshop.

