Pima County Community College District
(Pima College)

Single Audit Reporting Package

Year Ended June 30, 2008
Pima County Community College District  
(Pima College)  
Single Audit Reporting Package  
Year Ended June 30, 2008

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Independent Auditor’s Report on Compliance with Requirements
Applicable to Each Major Program and on Internal Control over Compliance in
Accordance with OMB Circular A-133

Board of Governors
Pima County Community College District
Tucson, Arizona

Compliance

We have audited the compliance of Pima County Community College District with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2008. The District’s major federal programs are identified in the Summary of Auditor’s Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the District’s management. Our responsibility is to express an opinion on the District’s compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District’s compliance with those requirements.

As described in items 08-01, 08-02, and 08-07 in the accompanying Schedule of Findings and Questioned Costs, the District did not comply with requirements regarding special tests and provisions that are applicable to its Student Financial Assistance Cluster of programs and the requirements regarding the Davis-Bacon Act that are applicable to its Higher Education-Institutional Aid program. Compliance with such requirements is necessary, in our opinion, for the District to comply with the requirements applicable to those programs.

In our opinion, except for the noncompliance described in the preceding paragraph, Pima County Community College District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008. The results of our auditing procedures also disclosed other instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and are described in the accompanying Schedule of Findings and Questioned Costs as items 08-03, 08-04, 08-06, and 08-08.
Internal Control over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 would not necessarily identify all deficiencies in the District’s internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies and others that we consider to be material weaknesses.

A control deficiency in the District’s internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District’s ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the District’s internal control. We consider items 08-01 through 08-08 described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over compliance.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the District’s internal control. Of the significant deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs, we consider items 08-01, 08-02 and 08-07 to be material weaknesses.

Schedule of Expenditures of Federal Awards

The basic financial statements of Pima County Community College were audited by the Office of the Auditor General of the State of Arizona for the year ended June 30, 2008, who issued an unqualified report on the basic financial statements and a report on compliance and on internal control over financial reporting based on an audit of financial statements performed in accordance with Government Auditing Standards, dated December 3, 2008. The report disclosed a significant deficiency in internal control and no instances of noncompliance that would affect Pima County Community College’s federal programs.

The accompanying Schedule of Expenditures of Federal Awards for the year ended June 30, 2008, is presented as required by OMB Circular A-133 and is not a required part of the basic financial statements. We conducted our audit of the schedule in accordance with 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 the schedule is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the schedule. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall schedule presentation. We believe that our audit provides a reasonable basis for our opinion. Such information has been subjected to the auditing procedures as outlined above and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Pima County Community College District’s responses to the findings identified in our audit are presented on pages 15 through 19. We did not audit the District’s responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Governing Board, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.

Miller, Allen & O’Gara, P.L.

March 30, 2009
### Pima County Community College District
(Pima College)
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2008

<table>
<thead>
<tr>
<th>Federal Grantor/Pass-Through Grantor/Program Title</th>
<th>CFDA Number</th>
<th>Pass-Through Grantor’s Number</th>
<th>Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>U.S. Department of Agriculture</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Secondary and Two-Year Postsecondary</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agriculture Education Challenge Grants</td>
<td>10.226</td>
<td></td>
<td>$13,717</td>
</tr>
<tr>
<td><strong>U.S Department of Education</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Student Financial Assistance Cluster:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federal Supplemental Educational Opportunity Grants</td>
<td>84.007</td>
<td></td>
<td>369,307</td>
</tr>
<tr>
<td>Federal Family Education Loans</td>
<td>84.032</td>
<td></td>
<td>19,471,948</td>
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<tr>
<td>Federal Work-Study Program</td>
<td>84.033</td>
<td></td>
<td>411,139</td>
</tr>
<tr>
<td>Federal Perkins Loan Program – Federal Capital Contributions</td>
<td>84.038</td>
<td></td>
<td>2,393,049</td>
</tr>
<tr>
<td>Federal Pell Grant Program</td>
<td>84.063</td>
<td></td>
<td>15,259,878</td>
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<tr>
<td>Academic Competitiveness Grant</td>
<td>84.375</td>
<td></td>
<td>12,800</td>
</tr>
<tr>
<td><strong>Total Student Financial Assistance Cluster</strong></td>
<td></td>
<td></td>
<td>37,918,121</td>
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<tr>
<td>TRIO Cluster:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TRIO - Talent Search</td>
<td>84.044</td>
<td></td>
<td>332,198</td>
</tr>
<tr>
<td>TRIO - Upward Bound</td>
<td>84.047</td>
<td></td>
<td>396,560</td>
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<tr>
<td><strong>Total TRIO Cluster</strong></td>
<td></td>
<td></td>
<td>728,778</td>
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<tr>
<td>Higher Education-Institutional Aid</td>
<td>84.031</td>
<td></td>
<td>822,663</td>
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<tr>
<td>Child Care Access Means Parents In School</td>
<td>84.335</td>
<td></td>
<td>112,431</td>
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<tr>
<td><strong>Passed through Arizona Commission for Post-Secondary Education:</strong></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Leveraging Educational Assistance Partnership</td>
<td>84.069</td>
<td>N/A</td>
<td>101,151</td>
</tr>
<tr>
<td><strong>Passed through Arizona Department of Education:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adult Education – State Grant Program</td>
<td>84.002</td>
<td>08FAEABE-870600-04A</td>
<td>1,600,421</td>
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<tr>
<td>08FAECIV-870600-07A</td>
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<td></td>
<td></td>
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<tr>
<td>Career and Technical Education - Basic Grants to States</td>
<td>84.048</td>
<td>07FCDBG-870600-01A</td>
<td>333,308</td>
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<tr>
<td>07FCDBG-770600-06A</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Even Start - State Educational Agencies</td>
<td>84.213</td>
<td>08FECEVS-870600-03A</td>
<td>236,555</td>
</tr>
<tr>
<td><strong>Passed through Sunnyside Unified School District:</strong></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Even Start - State Educational Agencies</td>
<td>84.213</td>
<td>08FECEVS-86054-14A</td>
<td>310,126</td>
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<tr>
<td><strong>Total CFDA 84.213</strong></td>
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<td></td>
<td>546,681</td>
</tr>
<tr>
<td><strong>Passed through Pima County:</strong></td>
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<td></td>
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<tr>
<td>Tech-Prep Education</td>
<td>84.243</td>
<td>01-38-P-138184-1005</td>
<td>63,845</td>
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<tr>
<td><strong>Passed through University of Arizona:</strong></td>
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<td></td>
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<tr>
<td>Gaining Early Awareness and Readiness for Undergraduate Programs</td>
<td>84.334</td>
<td>P334A050173</td>
<td>226,436</td>
</tr>
<tr>
<td><strong>Total U.S. Department of Education</strong></td>
<td></td>
<td></td>
<td>42,453,835</td>
</tr>
<tr>
<td><strong>U.S. Department of Health and Human Services</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Biomedical Research and Research Training</td>
<td>93.859</td>
<td></td>
<td>149,988</td>
</tr>
<tr>
<td><strong>Passed through University of Arizona:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Biomedical Research and Research Training</td>
<td>93.859</td>
<td>5 K12 GM000708-07</td>
<td>70,898</td>
</tr>
<tr>
<td><strong>Total CFDA 93.859</strong></td>
<td></td>
<td></td>
<td>220,886</td>
</tr>
<tr>
<td><strong>Passed through State of Arizona Dept. of Economic Security:</strong></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Refugee and Entrant Assistance - State Administered Programs</td>
<td>93.586</td>
<td>E6304021</td>
<td>121,956</td>
</tr>
<tr>
<td><strong>Total U.S. Department of Health and Human Services</strong></td>
<td></td>
<td></td>
<td>342,842</td>
</tr>
</tbody>
</table>

See accompanying notes to schedule.
# Pima County Community College District
(Pima College)
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2008

<table>
<thead>
<tr>
<th>Federal Grantor/Pass-Through Grantor/Program Title</th>
<th>CFDA Number</th>
<th>Pass-Through Grantor's Number</th>
<th>Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>U.S. Department of Labor</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Passed through Job Path Inc.:</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>WIA Pilots, Demonstrations, and Research Projects</td>
<td>17.261</td>
<td>HG-14753-05-60</td>
<td>$ 6,723</td>
</tr>
<tr>
<td><strong>Small Business Administration</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Passed through Maricopa Community College District:</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Small Business Development Centers</td>
<td>59.037</td>
<td>8-603001-003-16</td>
<td>184,588</td>
</tr>
<tr>
<td><strong>National Science Foundation</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Passed through Arizona State University:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Education and Human Resources</td>
<td>47.076</td>
<td>603478</td>
<td>26,385</td>
</tr>
<tr>
<td>Passed through University of Arizona:</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Education and Human Resources</td>
<td>47.076</td>
<td>DUE-0736844</td>
<td>1,584</td>
</tr>
<tr>
<td>Total National Science Foundation</td>
<td></td>
<td></td>
<td>27,969</td>
</tr>
<tr>
<td><strong>U.S. Department of Housing and Urban Development</strong></td>
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<td></td>
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<tr>
<td>Passed through Pima County Community Services:</td>
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<tr>
<td>Hispanic Serving Institutions Assisting Communities</td>
<td>14.514</td>
<td>HSIAC-05-AZ-23</td>
<td>166,782</td>
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<tr>
<td><strong>Corporation for National and Community Service</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Passed through State of Arizona Governor's Office:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>AmeriCorps</td>
<td>94.006</td>
<td>06AFHAZ0010002</td>
<td>186,470</td>
</tr>
<tr>
<td>Passed through Paradise Valley Community College and Mesa Community College:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>AmeriCorps</td>
<td>94.006</td>
<td>05EDHAZ001</td>
<td>1,589</td>
</tr>
<tr>
<td>Total Corporation for National and Community Service</td>
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<td></td>
<td>188,059</td>
</tr>
<tr>
<td><strong>U.S. Department of Justice</strong></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Passed through Bureau of Justice Assistance:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bulletproof Vest Partnership Program</td>
<td>16.607</td>
<td>G04022</td>
<td>359</td>
</tr>
<tr>
<td><strong>U.S. Department of Transportation</strong></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Passed through Arizona Department of Transportation:</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Total Expenditures of Federal Awards $ 43,400,557

See accompanying notes to schedule.
Pima County Community College District  
(Pima College)  
Notes to Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2008

**Note 1 - Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Pima County Community College District and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

**Note 2 - Catalog of Federal Domestic Assistance (CFDA) Numbers**

The program titles and CFDA numbers were obtained from the federal or pass-through grantor or the 2008 Catalog of Federal Domestic Assistance.

**Note 3 - Loans Outstanding**

The expenditures reported on the Schedule of Expenditures of Federal Awards for certain programs include loan balances outstanding at June 30, 2008 as follows:

<table>
<thead>
<tr>
<th>Program Title</th>
<th>CFDA Number</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal Perkins Loan Program -</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federal Capital Contributions</td>
<td>84.038</td>
<td>$2,393,049</td>
</tr>
</tbody>
</table>


Pima County Community College District
(Pima College)
Schedule of Findings and Questioned Costs
Year Ended June 30, 2008

Summary of Auditor's Results

Financial Statements (Audited by Other Auditors)

Type of auditor's report issued: Unqualified

Material weakness identified in internal control over financial reporting? YES NO

X

Significant deficiency identified not considered to be a material weakness?
[Reported by other auditors in separately issued Report on Internal Control and Compliance dated December 3, 2008]

X

Noncompliance material to the financial statements noted?

X

Federal Awards

Material weaknesses identified in internal control over major programs? YES NO

X

Significant deficiencies identified not considered to be material weaknesses?

X

Type of auditor's report issued on compliance for major programs:

Unqualified for Adult Education – State Grant Program, Career and Technical Education – Basic Grants to States, and qualified for the Higher Education – Institutional Aid program and for the Student Financial Assistance Cluster of programs.

Any audit findings disclosed that are required to be reported in accordance with Circular A-133 (section .510[a])?

X

Identification of major programs:

CFDA Number Name of Federal Program or Cluster
84.002 Adult Education – State Grant Program
84.031 Higher Education – Institutional Aid
84.048 Career and Technical Education – Basic Grants to States

Student Financial Assistance Cluster
84.007 Federal Supplemental Educational Opportunity Grants
84.032 Federal Family Education Loans
84.033 Federal Work-Study Program
84.038 Federal Perkins Loan Program – Federal Capital Contributions
84.063 Federal Pell Grant Program
84.375 Academic Competitive Grants

Dollar threshold used to distinguish between Type A and Type B programs: $646,067

Auditee qualified as low-risk auditee?

X

Other Matters

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

X
Pima County Community College District  
(Pima College)  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2008

Federal Award Findings and Questioned Costs

Item: 08-01

CFDA Numbers: 84.007, 84.032, 84.033, 84.038, 84.063, 84.375 Student Financial Assistance Cluster

Grantor: U.S. Department of Education

Award Period: July 1, 2007 through June 30, 2008

Award Numbers: P038A060133, P007A050133, P007A060133, P033A060133, P063P050512, P063P060512, P375A060512

Questioned Costs: N/A

Under the requirements of the Federal Family Education Loans program (FFEL) and Direct Student Loan program, the District must notify the NSLDS within 30 days of a change in student status, or include the change in status in a response to a SSCR within 60 days. The system the District uses to track student enrollment changes is not currently compatible with SSCR and NSLDS reporting. As a result, for four of the six FFEL borrowers with enrollment status changes selected for testing, status changes were not reported to NSLDS within the required time period. This finding is a material weakness in internal control and a material noncompliance with the program's special tests and provisions requirements.

The District should establish policies and procedures to ensure the prompt and accurate reporting of student status changes to NSLDS.

Item: 08-02

CFDA Numbers: 84.007, 84.032, 84.033, 84.038, 84.063, 84.375 Student Financial Assistance Cluster

Grantor: U.S. Department of Education

Award Period: July 1, 2007 through June 30, 2008

Award Numbers: P038A060133, P007A050133, P007A060133, P033A060133, P063P050512, P063P060512, P375A060512

Questioned Costs: Unknown

When a student who begins attending the College and has not officially withdrawn fails to earn a passing grade in at least one course offered over an entire period, the institution must assume, for return to Title IV purposes, that the student has unofficially withdrawn, unless the institution
can document that the student completed the period. While performing test work over students who completely withdrew during the spring semester, it was noted that many of the students on the District prepared listing of withdrawals had a withdrawal date indicated of March 25, 2008. Based on this listing of withdrawals, there were 1,278 students who withdrew during the applicable semester and 675 (54%) of these students withdrew on March 25, 2008. Of the 675 students with a withdrawal date of March 25, 2008, seven students were selected for testing. Based on the results of this testing, and discussion with District personnel, it was determined that a calculation was made by the District of the potential return to Title IV funds for students with failing grades. These students with failing grades were indicated as having withdrawn on March 25, 2008 and resulted in approximately $195,715 in funds that may be due back to the U.S. Department of Education. During audit fieldwork, the District was unable to provide documentation that these students successfully completed the semester rather than unofficially withdrawing. Therefore, a return to Title IV calculation should have been performed using the mid-point method and the funds should have been returned to the U.S. Department of Education. This finding is a material weakness in internal control and a material noncompliance with the program’s special tests and provisions requirements.

Policies and procedures should be implemented to help ensure compliance with the U.S. Department of Education’s regulations regarding return to Title IV calculations and post-withdrawal disbursements.

Item: 08-03

CFDA Numbers: 84.007, 84.032, 84.033, 84.038, 84.063, 84.375 Student Financial Assistance Cluster

Grantor: U.S. Department of Education

Award Period: July 1, 2007 through June 30, 2008

Award Numbers: P038A060133, P007A050133, P007A060133, P033A060133, P063P050512, P063P060512, P375A060512

Questioned Costs: Unknown

Under the requirements of the Federal Pell Grant Program, institutions must report student payment data to the Common Origination Disbursement System (COD) within 30 calendar days after the school makes a payment. For a portion of the fiscal year, controls did not function properly to ensure payment data was reported to COD. As a result, for seven of twenty-four students selected for testing, the student payment data was reported to COD between 60 and 120 days past due. This finding is a significant deficiency in internal control and an immaterial noncompliance with the program’s special tests and provisions requirements.

The District should establish policies and procedures to ensure the prompt and accurate reporting of student status changes to the Common Origination Disbursement System.
Item: 08-04

CFDA Numbers: 84.007, 84.032, 84.033, 84.038, 84.063, 84.375 Student Financial Assistance Cluster

Grantor: U.S. Department of Education

Award Period: July 1, 2007 through June 30, 2008

Award Numbers: P038A060133, P007A050133, P007A060133, P033A060133, P063P050512, P063P060512, P375A060512

Questioned Costs: Unknown

According to Federal Work-Study Program regulations, the District is required to maintain job descriptions for all students, including the name, address and supervisor of the student. The job description must also include the student’s responsibilities, wage rate and length of service. For six out of ten students tested for compliance with Federal Work-Study Program regulations, the personnel action form did not indicate the student was a Federal Work-Study Program student. For all ten students, the District did not maintain appropriate job descriptions. This finding is a significant deficiency in internal control and an immaterial noncompliance with the program’s special tests and provisions requirements.

The District should establish policies and procedures to ensure the administration of the Federal Work-Study Program is in compliance with Federal requirements.

Item: 08-05

CFDA Numbers: 84.002 Adult Education – State Grant Program; 84.007, 84.032, 84.033, 84.038, 84.063, 84.375 Student Financial Assistance Cluster; 84.031 Higher Education – Institutional Aid; 84.048 Career and Technical Education – Basic Grants to States

Grantor: U.S. Department of Education


Award Numbers: 08FAEABE-870600-04A, 84FAECIV-870600-07A, P038A060133, P007A050133, P007A060133, P033A060133, P063P050512, P063P060512, P375A060512; Unknown; 08FCTDBG-870600-01A, 07FCTDBG-770600-06A

Questioned Costs: N/A
Pima County Community College District  
(Pima College)  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2008

The District purchases over $30 million each year from many different vendors. To help ensure that the District receives quality goods and services at the best possible price, it needs to strictly follow its purchasing policies and procedures. However, auditors found that the District did not always follow its policies and had not developed adequate procedures concerning processing vendor payments and monitoring purchasing card activity.

Vendor payments  
The District's current written policies and procedures were not adequate to help ensure that vendors received timely payment for only legitimate district purchases. Auditors noted that review and approval of vendor invoices was required before invoices were processed and paid, and did not note any improper vendor payments. However, auditors determined that the current policies and procedures could allow duplicate payments to vendors for the same invoice or payments to fictitious vendors, or result in late payments to vendors.

Purchasing Cards  
District employees often use purchasing cards to make purchases, and the District has written policies and procedures to help ensure that purchasing cards are used appropriately. The current policies included a listing of unallowable items or vendors and transaction spending limits for cardholders. They also prohibited splitting purchases to avoid exceeding a cardholder's approved transaction limit and required cardholders to obtain bids and quotations for purchases exceeding $1,000. However, auditors noted that the District's policies were not in line with current practices, did not include all areas of purchasing card usage, and were not always followed. For example, it was common practice that cardholders were given preapproval to circumvent the policies because they sometimes exceeded their designated limits, bought unallowable items, or used unallowable vendors. However, auditors examined 55 purchasing card transactions and noted many such violations that were neither preapproved nor detected. In addition, auditors noted several instances in which cardholders did not obtain bids or quotations. This finding is a significant deficiency in internal control over each program's procurement and suspension and debarment requirements.

The District should strengthen its internal controls over vendor payments and update and strengthen its policies and procedures over purchasing card transactions. Specifically, the District should ensure that it implements and practices the following procedures:

Vendor payments
- Input vendor invoices into the accounting system prior to forwarding them to departments for approval.
- Track invoices in a suspense file until the departmental approvals are received.
- Monitor invoices in the suspense file and ensure invoices get departmental approval within a specified time frame.
- Require that all invoice numbers are entered into the accounting system exactly as shown without any extra spaces or characters and periodically audit this process.
- Separate the responsibilities for entering new vendors into the accounting system, inputting and processing invoices, and processing and verifying the accuracy of checks.
Pim County Community College District
(Pima College)
Schedule of Findings and Questioned Costs
Year Ended June 30, 2008

Purchasing card transactions
- Update purchasing card policies and procedures to reflect current practices for allowable purchases, vendors, and limits.
- Develop policies and procedures for all areas of purchasing card usage, including approvals, reconciliations, and monitoring violations.
- Reinforce existing policies that require bids and quotations for purchases exceeding $1,000 and that prohibit splitting purchasing card purchases to avoid exceeding transaction limits.
- Take corrective action, such as canceling or suspending the cardholder's purchasing card privileges, when the cardholders do not comply with policies.

Item: 08-06

CFDA Number: 84.031 Higher Education – Institutional Aid

Grantor: U.S. Department of Education

Award Period: July 1, 2006 through September 30, 2007, and July 1, 2007 through September 30, 2008

Award Numbers: Unknown

Questioned Costs: N/A

For one of seven purchases requiring full, open bidding practices to be followed (purchases over $15,000 per the District’s procurement policies and procedures manual), only three written quotations were obtained. This finding is a significant deficiency in internal control and an immaterial noncompliance with the program’s procurement and suspension and debarment requirements.

To help ensure the best possible prices are paid for goods and services, the District should adhere to its guideline of following full, open bidding practices for purchases over $15,000.

Item: 08-07

CFDA Number: 84.031 Higher Education – Institutional Aid

Grantor: U.S. Department of Education

Award Period: October 1, 2006 through September 30, 2011, and July 1, 2007 through June 30, 2011

Award Number: Unknown

Questioned Costs: N/A
Pima County Community College District
(Pima College)
Schedule of Findings and Questioned Costs
Year Ended June 30, 2008

The District does not require contractors to submit the required weekly certified payrolls to verify prevailing wage rates were paid. This finding is a material weakness in internal control and a material noncompliance with the program’s Davis-Bacon Act requirements.

To help ensure compliance with Davis-Bacon Act provisions, the District should require contractors to submit weekly certified payrolls to ensure prevailing wage rates are paid.

Item: 08-08

CFDA Number: 84.048 Career and Technical Education – Basic Grants to States

Grantor: U.S. Department of Education

Award Period: October 1, 2006 through September 30, 2011, and July 1, 2007 through June 30, 2011

Award Numbers: 08FCTDBG-870600-01A, 07FCTDBG-770600-06A

Questioned Costs: N/A

For one of sixteen purchases requiring three written quotations (purchases between $2,500 and $15,000 per the District’s procurement policies and procedures manual), only two written quotations were obtained. This finding is a significant deficiency in internal control and an immaterial noncompliance with the program’s procurement and suspension and debarment requirements.

To help ensure the best possible prices are paid for goods and services, the District should adhere to its guideline of obtaining three written quotations for purchases between $2,500 and $15,000.
District Responses
Pima County Community College District  
(Pima College)  
Corrective Action Plan  
Year Ended June 30, 2008  

Federal Award Findings and Questioned Costs  

General Responses to Items 08-01 through 08-08  

Pima Community College reviewed the audit findings and immediately implemented corrective procedures to ensure compliance with federal regulations. The College has taken measures to correct deficiencies identified in this audit report and to ensure that future awards will comply with regulations. Corrective measures include the following:  

1. The College is in the process of implementing recommendations proposed by the consulting firm Financial Aid Services (FAS). The recommendations are expected to improve operational effectiveness and internal controls.  

2. The College centralized the financial aid staff reporting structure to improve multi-campus coordination and ensure college-wide standardization.  

3. The College budgeted funding in FY2009 and FY2010 to provide additional compliance training to financial aid staff, including training specific to the US Department of Education requirements.  

4. The College will stay informed of all US Department of Education notifications regarding eligibility and calculation of financial aid awards.  

5. The College will keep the enterprise resource planning (ERP) system current and in compliance with all financial aid regulations and will manually test system calculations on a periodic basis to ensure accuracy.  

6. The College will add a Compliance Analyst position that will assume responsibility for reviewing processes shared by the Finance Department and the District Financial Aid Office. The position will assist with assessment and improvement of internal control procedures to ensure that the College maintains compliance with federal regulations.  

Item: 08-01  

CFDA Numbers: 84.007, 84.032, 84.033, 84.038, 84.063, 84.375 Student Financial Assistance Cluster  

Contact Person: Anna M. Reese  

Anticipated Completed Date: June 15, 2009  

Corrective Action: The College:  

1. started completing the Student Status Confirmation Report 6 times a year, effective September 30, 2008. Pima Community College is ensuring that the report is completed every 60 days effective March 2009 with the implementation of the following schedule:
2. is developing a report to capture students whose enrollment changed to update in NSLDS. Monthly updates will be scheduled in NSLDS to ensure compliance.
3. implemented weekly Federal Pell Grant reporting to capture new recipients and changes in the grant program, effective March 2008.

Item: 08-02

CFDA Numbers: 84.007, 84.032, 84.033, 84.038, 84.063, 84.375 Student Financial Assistance Cluster

Contact Person: Anna M. Reese

Anticipated Completed Date: May 31, 2009

Corrective Action: The mock R2T4 calculations were completed for internal discussions regarding whether using the midpoint or changing institutional policies regarding the collection of the last date of attendance in a class would meet the needs of the regulations, students and institution. Pima Community College District overwhelmingly felt that most of the unsuccessful students truly earned their grades. Therefore, using the midpoint date would be detrimental to the students. Hence, Pima Community College District has implemented the policy to collect the last date of attendance/contact from faculty at the point of grading. The District Financial Aid Office will be able to run reports upon the closing of the grading system every semester to determine which students will need an R2T4 calculation. Calculations will occur and money will be returned in accordance with regulations within 30 days of determining the student stopped attending all classes.

To resolve the 2007-2008 academic year, the District Financial Aid Office is working with the Registrar’s Office and IT to collect the last date of attendance/contact for the unsuccessful students from faculty. The institution will complete the R2T4 based on the last date of attendance. Pending the R2T4 calculation, money will be returned in accordance with guidelines and policy.
Pima County Community College District
(Pima College)
Corrective Action Plan
Year Ended June 30, 2008

Item: 08-03

CFDA Numbers: 84.007, 84.032, 84.033, 84.038, 84.063, 84.268, 84.375 Student Financial Assistance Cluster

Contact Person: Anna M. Reese

Anticipated Completed Date: October 31, 2008

Corrective Action: The College:
1. realigned District Financial Aid Office responsibilities with new staff and developed cross-training.
2. developed a reporting schedule based on the Disbursement Schedule that ensures reporting within 30 days to Common Origination Disbursement System (COD).
3. developed tools and trained Staff to work with federal reports that target rejected students and Multiple Reported students to correct and fund in a timely manner to maintain compliance.

Item: 08-04

CFDA Numbers: 84.007, 84.032, 84.033, 84.038, 84.063, 84.375 Student Financial Assistance Cluster

Contact Person: Anna M. Reese

Anticipated Completed Date: August 1, 2008

Corrective Action: Historically, the Federal Work-Study funds were divided and distributed to the Campuses to manage using an institutional formula. Pima County Community College District changed this practice in the 2008-2009 Academic Year, and The Federal Work-Study program has been moved to the District Financial Aid Office (DFAO) to ensure compliance. Additionally, the DFAO now:

1. utilizes an electronic Work-Study job request process that includes job description information.
2. operates a Federal Work-Study web page that posts all open and approved positions for students to review and apply.
3. maintains student employment records after the Campuses complete the hiring paperwork within the District Finance Office.

Item: 08-05

CFDA Numbers: 84.002 Adult Education – State Grant Program; 84.007, 84.032, 84.033, 84.038, 84.063, 84.375 Student Financial Assistance Cluster; 84.031 Higher Education – Institutional Aid; 84.048 Career and Technical Education – Basic Grants to States
Pima County Community College District
(Pima College)
Corrective Action Plan
Year Ended June 30, 2008

Vendor Payments

Contact Person: Henry Rillos

Anticipated Completed Date: June 30, 2009

Corrective Action: In October 2008, the Director of Fiscal Services implemented the following procedures to reduce incidences of duplicate payments:

1. Prior to entering an invoice for payment in Banner, specialists review the vendor payment history to verify that invoices have not been paid or are not in process of being paid.
2. The staff has discontinued the practice of adding their initials to the invoice numbers recorded in Banner. This allows the Banner system to perform an edit check function that compares a new invoice number to previously processed invoice numbers and alerts the staff that the new entry is a duplicate invoice number.
3. The staff has developed standardized commodity description acronyms to facilitate exception reports that may be used to monitor invoice payment activity.

The process of setting up new vendor files has been moved to the Purchasing Department to ensure adequate separation of duties. Accounts Payable staff no longer has access to vendor profile and maintenance forms. Prior to printing checks, a quality control check is performed on each batch of pending payables by a specialist who did not prepare the payment batch. The quality control check includes steps to ensure that the payee name, amount, invoice number, etc. agrees to the source documentation before the check is issued. A user identification report is checked periodically to ensure that that only authorized users are processing payments and that duties are appropriately segregated. The corrective action has already been completed and the Director of Fiscal Services will continue to monitor the procedures for compliance.

Purchasing Cards

Contact Person: Tom Harrington

Anticipated Completed Date: June 30, 2009

Corrective Action Plan: In December 2008, the College administration approved a revised Purchasing Card (PCard) Manual. The PCard Manual is a comprehensive policy manual and includes procedures that thoroughly inform PCard participants of regulations and requirements. The Manual describes authorization procedures, spending limits, and specifically states that certain transactions are not allowed. The Manual is available via the College website. The District Purchasing unit is currently updating mandatory training materials and quality control reviews were initiated in December 2008. Exception reports will be developed in order to identify transactions that may exceed allowable transaction limits. The PCard Manual specifically states that cardholders who do not adhere to College policy and procedures regarding the use of the card may be subject to disciplinary actions. The
Director of Purchasing will be responsible for ensuring that the College is trained on the updated procedures in the new PCard Manual. Training is underway and will be completed College-wide by June 30, 2009.

*Item: 08-06*

**CFDA Numbers: 84.031 Higher Education – Institutional Aid**

**Contact Person: Tom Harrington**

**Anticipated Completed Date: October 31, 2009**

**Corrective Action:** The Director of Purchasing will ensure that all purchases that exceed an aggregate estimated dollar amount of $15,000 are processed according to documented policies and procedures. The College Purchasing Manual will be reviewed and updated annually to ensure that all purchase transactions are executed according to College guidelines and/or applicable state and federal regulations. The College will also conduct training for the purchasing staff to ensure they understand college policies and state and federal purchasing requirements.

*Item: 08-07*

**CFDA Numbers: 84.031 Higher Education – Institutional Aid**

**Contact Person: Joan Hood**

**Anticipated Completed Date: June 30, 2009**

**Corrective Action:** For construction projects that are required to adhere to the Davis-Bacon Act requirements, the Director of Fiscal Management Operations will ensure that contractors submit weekly certified payrolls to verify prevailing wage rates were paid.

*Item: 08-08*

**CFDA Numbers: 84.048 Career and Technical Education – Basic Grants to States**

**Contact Person: Tom Harrington**

**Anticipated Completed Date: October 31, 2009**

**Corrective Action:** The Director of Purchasing will ensure that all purchases are processed in accordance with College guidelines and/or applicable state and federal regulations. The Purchasing Manual will be revised to instruct employees to obtain three written quotations for purchases between $2,500 and $15,000 or document the reason that three quotations cannot be obtained. The College will also conduct training for the purchasing staff to ensure they understand college policies and state and federal purchasing requirements.
Pima County Community College District
(Pima College)
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2008

Status of Prior Year Federal Award Findings and Questioned Costs

Finding Number: 07-01

CFDA Numbers: 84.007, 84.032, 84.033, 84.038, 84.063, 84.268, 84.375

Program: Student Financial Assistance Cluster

Status: Not Corrected

Corrective Action:

1. Pima Community College planned to start completing the Student Status Confirmation Report (SSCR) every 60 days effective February 2008. Due to staffing changes, the implementation of the Student Status Confirmation Reports to 6 times a year was delayed. During 2007-2008, Pima Community College reported 5 times a year. A new schedule has been implemented. Pima Community College last received the SSCR on January 29, 2008. Therefore, the District Financial Aid Office has updated NSLDS so that SSCR reporting will follow the schedule below:
   - April 1st
   - June 1st
   - August 1st
   - October 1st
   - December 1st
   - February 1st

2. Pima Community College has and will continue to update NSLDS of withdrawal dates for Title IV students at the time it is determined that the withdrawal has occurred and the Title IV Refund calculation is completed for Federal Family Education Loan Program recipients.

3. Prior to March 2008 Pima Community College reported to COD the Federal Pell Grant report every 30 days as required. In March 2008, the College implemented weekly Federal Pell Grant reporting to capture new recipients and changes to the grant program pending response files from Common Origination and Disbursement (COD).

Finding Numbers: 07-02

CFDA Numbers: 84.007, 84.032, 84.033, 84.038, 84.063, 84.268, 84.375

Program: Student Financial Assistance Cluster

Status: Corrected

Corrective Action: None Required
Finding Numbers: 07-03

**CFDA Numbers:** 84.007, 84.032, 84.033, 84.038, 84.063, 84.268, 84.375

*Program:* Student Financial Assistance Cluster

*Status:* Corrected

*Corrective Action:* None Required

Finding Numbers: 07-04

**CFDA Numbers:** 84.007, 84.032, 84.033, 84.038, 84.063, 84.268, 84.375

*Program:* Student Financial Assistance Cluster

*Status:* Corrected

*Corrective Action:* None Required