Pima County Community College District  
(Pima College)  
Single Audit Reporting Package  
Year Ended June 30, 2009
# Pima County Community College District

(Pima College)

Single Audit Reporting Package

Year Ended June 30, 2009

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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, 2009. 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 09-02, 09-03, and 09-05 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. 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, 2009. 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 09-01, 09-04, and 09-06.
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 09-01 through 09-06 described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control.

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 09-02, 09-03, 09-05 and 09-06 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, 2009, 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 2, 2009. The report disclosed a material weakness 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, 2009, 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 14 through 17. 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.

[Signature]

March 30, 2010
# Pima County Community College District
## (Pima College)
### Schedule of Expenditures of Federal Awards
#### Year Ended June 30, 2009

<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>U.S. Department of Agriculture</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agriculture Education Challenge Grants</td>
<td>10.226</td>
<td></td>
<td>$ 12,054</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>421,693</td>
</tr>
<tr>
<td>Federal Family Education Loans</td>
<td>84.032</td>
<td></td>
<td>20,701,039</td>
</tr>
<tr>
<td>Federal Work-Study Program</td>
<td>84.033</td>
<td></td>
<td>500,574</td>
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<tr>
<td>Federal Perkins Loan Program</td>
<td>84.038</td>
<td></td>
<td>2,276,884</td>
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<tr>
<td>Federal Pell Grant Program</td>
<td>84.063</td>
<td></td>
<td>20,259,668</td>
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<tr>
<td>Academic Competitiveness Grants</td>
<td>84.375</td>
<td></td>
<td>59,650</td>
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<tr>
<td>Total Student Financial Assistance Cluster</td>
<td></td>
<td></td>
<td>44,219,508</td>
</tr>
<tr>
<td><strong>TRIO Cluster:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TRIO - Talent Search Program</td>
<td>84.044</td>
<td></td>
<td>398,051</td>
</tr>
<tr>
<td>TRIO - Upward Bound Program</td>
<td>84.047</td>
<td></td>
<td>993,314</td>
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<tr>
<td>Total TRIO Cluster</td>
<td></td>
<td></td>
<td>1,391,365</td>
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<tr>
<td><strong>Higher Education-Institutional Aid:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Child Care Access Means Parents In School</td>
<td>84.031</td>
<td></td>
<td>1,503,559</td>
</tr>
<tr>
<td><strong>Passed through Arizona Commission for Post-Secondary Education:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Leveraging Educational Assistance Partnership</td>
<td>84.069</td>
<td>N/A</td>
<td>40,389</td>
</tr>
<tr>
<td><strong>Passed through Arizona Department of Education:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adult Education – Basic Grants to States</td>
<td>84.002</td>
<td>V002A080003</td>
<td>1,531,079</td>
</tr>
<tr>
<td></td>
<td></td>
<td>V002A070003</td>
<td></td>
</tr>
<tr>
<td>Career and Technical Education - Basic Grants to States</td>
<td>84.048</td>
<td>08FCTDBG-870600-01A</td>
<td>357,450</td>
</tr>
<tr>
<td>ARRA- State Fiscal Stabilization Fund</td>
<td>84.394</td>
<td>V048A040003</td>
<td>4,523,652</td>
</tr>
<tr>
<td>Even Start – State Educational Agencies</td>
<td>84.213</td>
<td>N/A</td>
<td>130,293</td>
</tr>
<tr>
<td>S213C080003</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Passed through Sunnyside Unified School District:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Even Start - State Educational Agencies</td>
<td>84.213</td>
<td>ED01-0033-013</td>
<td>310,126</td>
</tr>
<tr>
<td>Total CFDA 84.213</td>
<td></td>
<td></td>
<td>440,419</td>
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<tr>
<td><strong>Passed through Pima County</strong></td>
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<td></td>
<td></td>
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<tr>
<td>Tech Prep Education</td>
<td>84.243</td>
<td>01-38-P-138184-1005</td>
<td>18,461</td>
</tr>
<tr>
<td><strong>Passed through University of Arizona:</strong></td>
<td></td>
<td></td>
<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>217,398</td>
</tr>
<tr>
<td>Total U.S. Department of Education</td>
<td></td>
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<td>54,373,027</td>
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<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 Training</td>
<td>93.859</td>
<td></td>
<td>45,237</td>
</tr>
<tr>
<td><strong>Passed through University of Arizona:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Biomedical Research and Training</td>
<td>93.859</td>
<td>5K12GM000708-07</td>
<td>66,407</td>
</tr>
<tr>
<td>Total U.S. Department of Health and Human Services</td>
<td></td>
<td></td>
<td>111,644</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-Z-0003-14</td>
<td>177,101</td>
</tr>
<tr>
<td></td>
<td></td>
<td>9-603001-Z-0003-17</td>
<td></td>
</tr>
</tbody>
</table>

See accompanying notes to schedule.
<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>National Science Foundation</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><em>Passed through Arizona State University</em></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Education and Human Resources</td>
<td>47.076</td>
<td>07-781</td>
<td>64,012</td>
</tr>
<tr>
<td><em>Passed through University of Arizona</em></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Education and Human Resources</td>
<td>47.076</td>
<td>DUE-0736844</td>
<td>14,683</td>
</tr>
<tr>
<td>Subtotal CFDA 47.076</td>
<td></td>
<td></td>
<td>78,695</td>
</tr>
<tr>
<td><em>Passed through Ventana Research Corporation</em></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Engineering Grants</td>
<td>47.041</td>
<td>OII-0450441</td>
<td>9,127</td>
</tr>
<tr>
<td>Total National Science Foundation</td>
<td></td>
<td></td>
<td>87,822</td>
</tr>
<tr>
<td><strong>U.S. Department of Housing and Urban Development</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><em>Passed through Pima County Community Services</em></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Hispanic Serving Institutions Assisting Communities</td>
<td>14.514</td>
<td>HSIAC-05-AZ-23</td>
<td>122,404</td>
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<tr>
<td><strong>U.S. Department of Justice</strong></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td><em>Passed through Bureau of Justice Assistance</em></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bulletproof Vest Partnership Program</td>
<td>16.607</td>
<td>G04022</td>
<td>2,512</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><em>Passed through State of Arizona Governor's Office</em></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>AmeriCorps</td>
<td>94.006</td>
<td>AC-VSG-07-9273-04</td>
<td>171,681</td>
</tr>
<tr>
<td><em>Passed through Paradise Valley Community College and Mesa Community College</em></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>AmeriCorps</td>
<td>94.006</td>
<td>05EDHAZ001</td>
<td>1,466</td>
</tr>
<tr>
<td>Total Corporation for National and Community Service</td>
<td></td>
<td></td>
<td>173,147</td>
</tr>
<tr>
<td><strong>U.S. Department of Transportation</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><em>Passed through Arizona Department of Transportation:</em></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>State and Community Highway Safety</td>
<td>20.600</td>
<td>2008-PT-011</td>
<td>2,160</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2009-PT-018</td>
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<tr>
<td>Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grant</td>
<td>20.601</td>
<td>2007-410-014</td>
<td>47,125</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2008-410-014</td>
<td></td>
</tr>
<tr>
<td>Total U.S. Department of Transportation</td>
<td></td>
<td></td>
<td>49,285</td>
</tr>
<tr>
<td><strong>Total Expenditures of Federal Awards</strong></td>
<td></td>
<td></td>
<td>$ 55,108,996</td>
</tr>
</tbody>
</table>
Pima County Community College District  
(Pima College)  
Notes to Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2009

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 2009 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, 2009 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>84.038</td>
<td>$2,224,304</td>
</tr>
</tbody>
</table>
Pima County Community College District  
(Pima College)  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2009

Summary of Auditor's Results

Financial Statements (Audited by Other Auditors)

Type of auditor's report issued:  
Unqualified  

YES  NO

Material weakness identified in internal control over financial reporting?  
X  

[Reported by other auditors in separately issued Report on Internal Control and Compliance dated December 2, 2009]

Significant deficiency identified not considered to be a material weakness?  
X  

Noncompliance material to the financial statements noted?  
X  

Federal Awards

Material weaknesses identified in internal control over major programs?  
X  

Significant deficiencies identified not considered to be material weaknesses?  
X  

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

<table>
<thead>
<tr>
<th>CFDA Number</th>
<th>Name of Federal Program or Cluster</th>
</tr>
</thead>
<tbody>
<tr>
<td>84.002</td>
<td>Adult Education-Basic Grants to States</td>
</tr>
<tr>
<td>84.394</td>
<td>ARRA-State Fiscal Stabilization Funds</td>
</tr>
<tr>
<td>84.031</td>
<td>Higher Education – Institutional Aid</td>
</tr>
<tr>
<td>84.048</td>
<td>Career and Technical Education – Basic Grants to States</td>
</tr>
</tbody>
</table>

Student Financial Assistance Cluster:

<table>
<thead>
<tr>
<th>CFDA Number</th>
<th>Name of Federal Program or Cluster</th>
</tr>
</thead>
<tbody>
<tr>
<td>84.007</td>
<td>Federal Supplemental Educational Opportunity Grants</td>
</tr>
<tr>
<td>84.032</td>
<td>Federal Family Education Loans</td>
</tr>
<tr>
<td>84.033</td>
<td>Federal Work-Study Program</td>
</tr>
<tr>
<td>84.038</td>
<td>Federal Perkins Loan Program</td>
</tr>
<tr>
<td>84.063</td>
<td>Federal Pell Grant Program</td>
</tr>
<tr>
<td>84.375</td>
<td>Academic Competitive Grants</td>
</tr>
</tbody>
</table>

Dollar threshold used to distinguish between Type A and Type B programs:  
$965,510

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  

7
Federal Award Findings and Questioned Costs

Item: 09-01

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, 2008 through June 30, 2009

Award Numbers: P007A070133/P007A080133, P033A080133, P038A080133, P063P070512/P063P080512, P375A070512/P375A080512

Questioned Costs: N/A

Criteria: A post withdrawal disbursement (PWD) occurs when the percentage of financial aid earned by the student is greater than the amount disbursed. The amount of the post-withdrawal disbursement is determined by following the requirements for calculating earned Title IV Aid. When it is discovered that a student is due a PWD, specific actions are required by the Department of Education. If the PWD is to be made from grant funds, the institution may credit the students account for outstanding fees and tuition without prior notification or a check for the full PWD should be disbursed within 45 days. A PWD due from loan funds requires a confirmation from the parent or student before crediting their account for outstanding charges. The PWD from loan funds must be made within 120 days of the date the institution determines that the student withdrew.

Condition and Context: Of sixteen students selected for testing who withdrew during fiscal year 2009, one student’s required calculation of PWD was not performed within the required timeframe.

Effect: The District’s internal controls over post-withdrawal disbursements are not sufficient to reduce the risk of noncompliance with requirements regarding post-withdrawal disbursements, resulting in noncompliance. This finding is a significant deficiency in internal controls and an immaterial noncompliance with the program’s special tests and provisions requirements.

Cause and Recommendation: The District sent a letter to the student notifying them they had to accept or decline the grant funds, which is not in compliance with program regulations. The regulations state that an institution may not delay its disbursement processes in order to ascertain whether a student wishes to receive the grant funds the student is entitled to. A check for the full PWD should have been mailed to the student within 45 days of dropping. In addition, the District’s policies and procedures should be reviewed and strengthened to help ensure compliance with the U.S. Department of Education’s regulations regarding post withdrawal disbursements.
Item: 09-02

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, 2008 through June 30, 2009

Award Numbers: P007A070133/P007A080133, P033A080133, P038A080133, P063P070512/P063P080512, P375A070512/P375A080512

Questioned Costs: Unknown

Criteria: When a student who began attendance 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 Title IV purposes, that the student has unofficially withdrawn, unless the institution can document that the student completed the period. A return to Title IV calculation must then be performed within 45 days.

Condition and Context: For four of the sixteen students selected for testing of return to Title IV calculations, the return calculations were necessary since the student received complete withdrawals due to failure to earn a passing grade. The return calculation was not performed within the required 45 days.

Effect: As of fiscal year ending June 30, 2009, the District was not in compliance with the Department of Education’s requirements regarding return to Title IV calculations for students who are withdrawn due to failure to earn a passing grade. This finding is a material weakness in internal controls and a material noncompliance with the program’s special tests and provisions requirements.

Cause and Recommendation: During fiscal year 2009, the District was in the process of correcting prior year finding 08-02, which had been discovered during the 2009 fiscal year. The District has strengthened its controls and completed the calculations as well as remitted payment to the Department of Education in October 2009. Policies and procedures should be strengthened to help ensure timely compliance with the U.S. Department of Education’s regulations regarding the return of title IV funds for students are withdrawn due to failure to earn a passing grade.

Item: 09-03

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, 2008 through June 30, 2009
Pima County Community College District  
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Schedule of Findings and Questioned Costs  
Year Ended June 30, 2009

Award Numbers: P007A070133/P007A080133, P033A080133, P038A080133, P063P070512/P063P080512, P375A070512/P375A080512

Questioned Costs: N/A

Criteria: Under the requirements of the Federal Pell Grant program, disbursement data must be reported timely to the U.S. Department of Education through the Common Origination and Disbursement System (COD). Institutions must report student payment data to the COD no later than 30 days after making a Federal Pell Grant disbursement or becoming aware of the need to adjust a student’s previously reported Federal Pell Grant disbursement.

Condition and Context: For 13 of 28 transactions tested, The District did not report Pell data to COD within the 30 day timeframe. Nine transactions were reported 32 days late; two transactions were reported 100-130 days late; one transaction was reported 209 days late; and one transaction was reported 312 days late.

Effect: The District is not in compliance with the Department of Education’s requirements regarding timely reporting of disbursement data to the Common Origination Disbursement System. This finding is a material weakness in internal control and a material noncompliance with the program’s special tests and provisions requirements.

Cause and Recommendation: Controls were not sufficient to appropriately report to applicable program personnel the timing of Pell disbursements and adjustments so that personnel can report appropriate data to the COD. Theses controls should be reviewed and strengthened.

Item: 09-04

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, 2008 through June 30, 2009

Award Numbers: P007A070133/P007A080133, P033A080133, P038A080133, P063P070512/P063P080512, P375A070512/P375A080512

Questioned Costs: N/A

Criteria: According to Federal Work Study regulations, the District is required to use at least 7% of its allocation to employ students in community service jobs. At least one of these work study students must perform family literacy activities in a family literacy project that provides services to families with preschool age children or elementary school children; or as a reading tutor for children who are preschool age or are in elementary school.

Condition and Context: The District did not employ any students in family literacy programs or as reading tutors, as required.

Effect: By not employing any students in family literacy programs or as reading tutors, the
District is not in compliance with the Department of Education’s requirements for Federal Work Study. This is a significant deficiency in internal controls and an immaterial non-compliance with the program’s earmarking requirements.

Cause and Recommendation: The District did not actively pursue students wishing to be employed in a family literacy program or as a reading tutor for children who are preschool age or in elementary school. As a result, none of the student’s receiving Federal Work-Study awards selected this type of employment. The District should establish policies and procedures to ensure at least one student is employed in family literacy activities or as a reading tutor for preschool age children or children in elementary school.

Item: 09-05

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, 2008 through June 30, 2009

Award Numbers: P007A070133/P007A080133, P033A080133, P038A080133, P063P070512/ P063P080512, P375A070512/P375A080512

Questioned Costs: N/A

Criteria: 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.

Condition and Context: For eight of the twelve FFEL borrowers with enrollment status changes selected for testing, status changes were not reported to NSLDS within the required time period.

Effect: The District is not in compliance with the Federal Family Education Loans Program's special tests and provisions requirements since student status changes are not being reported to NSLDS within the required time frame. This finding is a material weakness in internal control and a material noncompliance with the program’s special tests and provisions requirements.

Cause and Recommendation: The system the District uses to track student enrollment changes is not currently compatible with SSCR and NSLDS reporting. Adequate alternative procedures should be implemented or the District’s system should be updated to be compatible with SSCR and NSLDS reporting.
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Item: 09-06

CFDA Numbers: 84.002 Adult Education-Basic Grants to States; 84.394 ARRA - State Fiscal Stabilization Funds; 84.031 Higher Education – Institutional Aid; 84.048 Career and Technical Education – Basic Grants to States; 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, 2008 through June 30, 2009

Award Numbers: V002A080003/V002A070003; N/A; P031S060031/P031S0080153; 08FCTDBG-870600-01A; P007A070133/P007A080133, P033A080133, P038A080133, P063P070512/P063P080512, P375A070512/P375A080512

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

Condition and Context: When obtaining an understanding of the District’s (District-wide) internal control over payroll processing, auditors noted that 270 individual employees had system access that allowed them to make changes to sensitive employee payroll data, such as pay rates and periods of employment, and could also add new employees to the system. Most of these employees had job titles that indicated they would never be required to modify or add sensitive payroll data. In addition, any payroll data changes made became effective immediately, and the District did not have controls in place to ensure that the changes were appropriate and approved.

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

Cause: Over several years, the District authorized and granted payroll computer system access to employees for job responsibilities or projects. However, the District did not always follow its procedures to revise employees’ access rights when their job duties changed or when projects ended and did not have procedures in place to periodically review system users to ensure that access rights were compatible with employees’ current job responsibilities. In addition, the District did not have written policies and procedures for monitoring changes made to employee payroll data.

Recommendation: The District should follow established procedures that require review and modification of employees’ system access rights when they change positions or job responsibilities and should establish written policies and procedures that require periodic comprehensive reviews of existing system users to ensure that employees’ access rights are compatible with their job responsibilities. In addition, the District should establish written policies and procedures that require review and approval of changes made to employee payroll system data and require that the documentation of such reviews be retained.
District Responses
Federal Award Findings and Questioned Costs

**Item: 09-01**

**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:** February 2009

**Corrective Action:** A review of the post withdrawal disbursement policy occurred in January 2009. It was discovered at that point that an adjustment was needed to correct and adjust institutional policy which was adapted in February 2009. The amount due to the student is now disbursed to their student account at the time of recalculation.

The cluster that was selected pre-dates the change in institutional policy. In addition, a review of the student's record that has been identified within the cluster indicates that the calculation was made the same day that verification and awarding was completed. During the verification review, the employee did not discover the withdrawal and adjust enrollment. Enrollment was not corrected to reflect the change due to the withdrawal. The system automatically awarded after the withdrawal. The system did not pick up that a R2T4 was required and was completed to reflect the correct withdrawal date. Student completed file after withdrawal in anticipation of Spring 2009 semester, not for Fall 2008. However, the error was discovered and no Title IV grants were disbursed to this student for Fall 2008. Student did not enroll in Spring 2009.

**Item: 09-02**

**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:** Completed

**Corrective Action:** As a result of the A-133 Audit for 2007-2008, the Institution reviewed institutional policies and determined that a change regarding institutional practice was required. The following steps have been implemented during 2008-2009:

- The administration determined that faculty will report the last date of attendance or activity in a class during the 45th day reporting and final grading.
- Institutional Technology programmed the grading system to include entry of last date of attendance.
- Faculty was instructed to go back and report last date of attendance.
- Planning and Institutional Reporting created reports that compile all students that did not successfully complete the semester with the last day of attendance/activity prior to the of the semester.
- R2T4 calculations were performed and money was distributed accordingly.
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Corrective Action Plan  
Year Ended June 30, 2009

To ensure compliance for 2009-2010, the following steps have been implemented:

- Reports are pulled weekly throughout the semester and at the conclusion of the 45th day grade reporting to determine who requires a R2T4 recalculation. Calculations are completed and aid redistributed accordingly.
- With the implementation of the new institutional deletion process, the Financial Aid Office began to run reports and perform R2T4 calculations daily.
- At the close of final grading a copy of the Unsuccessful Student Report is requested from Planning and Institutional Reporting to complete recalculations and R2T4’s within 45 days.

Item: 09-03

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: Steps 1 through 4 - Completed; Step 4 implemented March 2010

Corrective Action: The District Financial Aid Office implemented the following actions:

1. Realigned responsibilities and cross trained staff (January 2009)
2. Developed a reporting schedule based on the disbursement schedule that ensures reporting within 30 days to Common Origination Disbursement System (COD). (August 2008)
4. 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. (January 2009)
5. Enhanced institutional policies to withdraw the Federal Pell Grant award if staff is unable to resolve rejected student or students reported as attending multiple institutions within 30 days. Adjustments will then be reported to COD during weekly reporting. This final phase will resolve all reporting issues regarding timeframe with COD. (March 2010)

Item: 09-04

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: 2010-2011

Corrective Action: Dwindling student interest and opportunities severely impacted this program over several years. Pima reported deficiency on the Fiscal Operation Report July 1, 2008-June 30, 2009 and Application to Participate July 1, 2010-June 30, 2011. The District Financial Aid
Office is currently seeking new opportunities within the community, as well as student recruitment into the program. Pima Community College does not assign students to positions. Pima allows students to seek positions in a competitive manner and students have been drawn to positions that are readily available on campus versus external opportunities. The College is discussing how best to influence students to seek external opportunities regarding literacy and math skills.

**Item: 09-05**

*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:* March 2010

**Corrective Action:** The District Financial Aid Office implemented the following actions:

1. Updated NSLDS to obtain SSCR reports every 60 days. (Completed in 2008-09)
2. Worked with Admissions/Registrars Office to enhance reporting withdraw dates within the ERP to promote more accurate and timely reporting of data. (Completed January 2010)
3. Enhanced institutional policies regarding R2T4 to include another step which includes reporting the withdrawal to NSLDS at the time the calculation is completed. (Completed February 2010)

**Item: 09-06**

*CFDA Numbers:* 84.002 Adult Education – Basic Grants to States; 84.394 ARRA - State Fiscal Stabilization Funds; 84.031 Higher Education – Institutional Aid; 84.048 Career and Technical Education – Basic Grants to States; 84.007, 84.032, 84.033, 84.038, 84.063, 84.375 Student Financial Assistance Cluster

*Contact Person:* Doreen Armstrong

*Anticipated Completed Date:* February 28, 2010

**Corrective Action:** The College reviewed the access rights for all employees who have access to payroll data and adjusted the access from update to query, or eliminated access, for all employees except for those whose job responsibilities require update access. The access adjustments were completed by January 28, 2010.

Human Resources will establish and implement written policies and procedures by January 31, 2010 to ensure the following:

1. When a request for employee access to employment job data is submitted, the employees' job duties will be reviewed to ensure that the job responsibilities meet criteria that validate a need for access.
2. A periodic review of all employees who have access will be performed to confirm that their job responsibilities continue to require access to payroll data.
   - Review of approved access levels will be conducted quarterly. Staff responsible for this activity: Leslie Weng
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(3) Transactions made to payroll data will be monitored to verify that the activity is appropriate and that transaction postings are properly reviewed by supervisors.

- Report: Determine job records were updated only by employees with the designated access authority and that these employees did not update their own job record. This report is currently being run bi-weekly after every payroll. Staff responsible for activity: Leslie Weng.

- Report: Review job data for discrepancies (i.e., job titles & rates of pay are officially approved for use; step placement for temporary employees is at step one, etc.). This report will be put into effect prior to the February 19, 2010 payroll being run so any discrepancies found are resolved. Staff responsible for activity: Leslie Weng
Pima County Community College District  
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Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2009

Status of Prior Year Federal Award Findings and Questioned Costs

Finding Numbers: 07-01, 08-01

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

Program: Student Financial Assistance Cluster

Status: Not Corrected

1. Corrective Action: Updated NSLDS to obtain SSCR reports every 60 days. (Completed in 2008-09)
2. Worked with Admissions/Registrars Office to enhance reporting withdraw dates within the ERP to promote more accurate and timely reporting of data. (Completed January 2010)
3. Enhanced institutional policies regarding R2T4 to include another step which includes reporting the withdrawal to NSLDS at the time the calculation is completed. (Completed February 2010)

While the corrective action plan was implemented as indicated, further review revealed additional steps were needed to ensure compliance. Step 3 of the new corrective action plan should reduce this issue in 2009-2010 and completely eliminate the issue within 2010-2011 due to the timing of the implementation.

Finding Numbers: 08-02

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

Program: Student Financial Assistance Cluster

Status: Not Corrected

Corrective Action: As a result of the A-133 Audit for 2007-2008, the Institution reviewed institutional policies and determined that a change regarding institutional practice was required. The following steps have been implemented during 2008-2009:

- The administration determined that faculty will report the last date of attendance or activity in a class during the 45th day reporting and final grading.
- Institutional Technology programmed the grading system to include entry of last date of attendance.
- Faculty was instructed to go back and report last date of attendance.
- Planning and Institutional Reporting created reports that compile all students that did not successfully complete the semester with the last day of attendance/activity prior to the of the semester.
- R2T4 calculations were performed and money was distributed accordingly.

Faculty were instructed to input last date of attendance/activity for all semesters in the 2007-2008 Academic Year. Upon completion, the semesters were closed. Planning and Institutional Research provided unsuccessful student reports to the District Financial Aid Office to complete
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calculations on students that did not successfully complete at least one course and stopped attending prior to the end of the semester. R2T4’s were completed and money has been returned to the appropriate programs. However, due to the timing of this discovery, the issue was resolved but not in compliance regarding the time frame of the audit. Institutional changes to policies and reporting now permits timely calculations and reporting to the U.S. Department of Education.

Finding Numbers: 08-03

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

Program: Student Financial Assistance Cluster

Status: Not Corrected

1. Corrective Action: District Financial Aid Office realigned responsibilities and cross trained staff (January 2009)
2. Developed a reporting schedule based on the disbursement schedule that ensures reporting within 30 days to Common Origination Disbursement System (COD). (August 2008)
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. (January 2009)

Steps 1 through 3 were implemented as indicated. However upon further review it was determined that the issue was not completely eliminated. Therefore, the District Financial Aid Office has implemented:

2. Enhanced institutional policies to withdraw the Federal Pell Grant award if staff are unable to resolve rejected student or multiple reporting issues with other institutions within 30 days. Adjustments will then be reported to COD during weekly reporting. This final phase will resolve all reporting issues regarding timeframe with COD. (March 2010)

Finding Numbers: 08-04

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

Program: Student Financial Assistance Cluster

Status: Corrected

Corrective Action: None Required
Pima County Community College District
(Pima College)
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2009

Finding Numbers: 08-05

CFDA Numbers: 84.002, 84.007, 84.031, 84.032, 84.033, 84.038, 84.048, 84.063, 84.375,

Program: Student Financial Assistance Cluster, Adult Education – State Grant Program, Higher Education – Institutional Aid, Career and Technical Education – Basic Grants to States

Status: Corrected

Corrective Action: None Required

Finding Numbers: 08-06

CFDA Numbers: 84.031

Program: Higher Education – Institutional Aid

Status: Corrected

Corrective Action: None Required

Finding Numbers: 08-07

CFDA Numbers: 84.031

Program: Higher Education – Institutional Aid

Status: Corrected

Corrective Action: None Required

Finding Numbers: 08-08

CFDA Numbers: 84.048

Program: Career and Technical Education – Basic Grants to States

Status: Corrected

Corrective Action: None Required