ARIZONA Auditor General
Making a Positive Difference

Single Audit
Year Ended June 30, 2025

Pinal County Community College District

Lindsey A. Perry
Auditor General

Arizona Auditor General's mission

The Arizona Auditor General's mission is to provide independent and impartial information, impactful recommendations, and stakeholder education to improve Arizona government for its citizens. To this end, the Office conducts financial statement audits and provides certain accounting services to the State and political subdivisions, investigates possible criminal violations involving public officials and public monies, and conducts performance audits and special reviews of school districts, State agencies, and the programs they administer.

The Joint Legislative Audit Committee

The Joint Legislative Audit Committee consists of 5 Senate members appointed by the Senate President and 5 House members appointed by the House Speaker. The Committee is responsible for overseeing the Office, including (1) overseeing all audit functions of the Legislature and State agencies, including sunset, performance, special, and financial audits; special research requests; and the preparation and introduction of legislation resulting from audit report findings; (2) requiring State agencies to comply with audit findings and recommendations; (3) receiving status reports regarding the progress of school districts to implement recommendations; and (4) scheduling hearings to review the status of State agencies and school districts.

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Annual Comprehensive Financial Report

Independent auditors' report on internal control over financial reporting and on compliance and other matters based on an audit of basic financial statements performed in accordance with *Government Auditing Standards*

Members of the Arizona State Legislature

The Governing Board of
Pinal County Community College District

We have audited, in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the U.S. Comptroller General, the financial statements of the business-type activities and discretely presented component unit of Pinal County Community College District as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated September 30, 2026. Our report includes a reference to other auditors who audited the financial statements of the Central Arizona College Foundation, the discretely presented component unit, as described in our report on the District's financial statements. The Foundation's financial statements were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Foundation.

Report on internal control over financial reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's basic financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2025-01, 2025-02, and 2025-03, that we consider to be significant deficiencies.

Report on compliance and other matters

As part of obtaining reasonable assurance about whether the District's basic financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and that are described in the accompanying schedule of findings and questioned costs as items 2025-01 and 2025-02.

District response to findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's responses to the findings identified in our audit that are presented in its corrective action plan at the end of this report. The District is responsible for preparing a corrective action plan to address each finding. The District's responses and corrective action plan were not subjected to the other auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

Purpose of this report

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

Lindsey A. Perry

Lindsey A. Perry, CPA, CFE
Auditor General

September 30, 2026

Independent auditors' report on compliance for each major federal program; report on internal control over compliance; and report on schedule of expenditures of federal awards required by the Uniform Guidance

Members of the Arizona State Legislature

The Governing Board of
Pinal County Community College District

Report on compliance for each major federal program

Qualified opinion

We have audited Pinal County Community College District's compliance with the types of compliance requirements identified as subject to audit in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended June 30, 2025. The District's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Qualified opinion on Student Financial Assistance Cluster

In our opinion, except for the noncompliance described in the basis for qualified opinion section of our report, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Student Financial Assistance Cluster (Assistance Listing numbers 84.007, 84,033, 84.063, and 84.268) for the year ended June 30, 2025.

Basis for qualified opinion

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 U.S. Comptroller General, and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the auditors' responsibilities for the audit of compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion on compliance for the major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Matters giving rise to qualified opinion on Student Financial Assistance Cluster

As described in the accompanying schedule of findings and questioned costs, the District did not comply with requirements regarding the Student Financial Assistance Cluster (Assistance Listings numbers 84.007, 84.033, 84.063, and 84.268) for special tests and provisions as described in items 2025-101, 2025-102, and 2025-103. Compliance with such requirements is necessary, in our opinion, for the District to comply with the requirements applicable to that program.

Management's responsibilities for compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's federal programs.

Auditors' responsibilities for the audit of compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with U.S. generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with U.S. generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, we express no such opinion.

We are required to communicate with those charged with governance regarding, among other matters, the audit's planned scope and timing and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other matters

The results of our auditing procedures disclosed other instances of noncompliance that are required to be reported in accordance with the Uniform Guidance and that are described in the accompanying schedule of findings and questioned costs as items 2025-104 and 2025-105. Our opinion on the major federal program is not modified with respect to these matters.

Report on internal control over compliance

Our consideration of internal control over compliance was for the limited purpose described in the auditors' responsibilities for the audit of compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance, and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2025-101, 2025-102, and 2025-104 to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2025-103 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

District response to findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the noncompliance and internal control over compliance findings that are presented in its corrective action plan at the end of this report. The District is responsible for preparing a corrective action plan to address each finding. The District's responses and corrective action plan were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on them.

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

We have audited the financial statements of the District's business-type activities and discretely presented component unit as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated September 30, 2025, that contained unmodified opinions on those financial statements. Our report also included a reference to our reliance on other auditors. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of the District's management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Lindsey A. Perry

Lindsey A. Perry, CPA, CFE
Auditor General

September 30, 2026

Summary of auditors' results

Financial statements

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with U.S. generally accepted accounting principles	Unmodified
Is a going concern emphasis-of-matter paragraph included in the auditors' report?	No
Internal control over financial reporting	
Material weaknesses identified?	No
Significant deficiencies identified?	Yes
Noncompliance material to the financial statements noted?	Yes

Federal awards

Internal control over major federal program(s)	
Material weaknesses identified?	Yes
Significant deficiencies identified?	Yes
Any audit findings disclosed that are required to be reported in accordance with 2 CFR §200.516(a)?	Yes

Identification of major federal program(s) and types of auditors' reports issued on compliance

Assistance Listings number(s)	Name of federal program or cluster	Auditors' report type
84.007, 84.033, 84.063, 84.268	Student Financial Assistance Cluster	**Qualified**

Dollar threshold used to distinguish between Type A and Type B programs	$750,000
Auditee qualified as low-risk auditee?	No

Former employee made unallowable purchases totaling over $85,000 and other District employees made an additional $2,126 in unallowable purchases, which was possible because of the District's inconsistent enforcement of credit card policies and procedures, resulting in potential misuse of public monies

Condition

Contrary to its policies, the District did not ensure that credit card expenditures were for authorized purposes necessary for official District business. Specifically, District management discovered and appropriately reported to us that a former employee made over $85,000 in unallowable purchases using a District credit card between December 2023 and June 2025 while employed with the District. The District discovered these unallowable purchases in August 2025, after the employee submitted their credit card monthly expense reports, reconciliations, and credit card invoices for the period July 1, 2024 through June 30, 2025.

In addition, we selected an additional 20 credit card transactions related to other District employees and noted that for 9 of the transactions, the monthly credit card expense reports were not submitted by the employee within the required time frame, occurring between 16 to 380 days late. Additionally, for 18 of the 20 transactions, the expense reports were not approved timely as the approval for these reports occurred between 14 to 325 days after the reports were submitted.

Further, we noted that for 2 transactions:

- One transaction totaling $2,092 was approved in the general ledger system even though the supporting documentation was marked as not approved because of lack of receipts.
- One transaction totaling $34 did not have a detailed receipt supporting what was purchased and included a $9.50 tip, or 38.8% of the bill, greater than the 20% maximum tip allowed per District policy.

Effect

The former employee may have misused $85,000 of public monies with these unallowable purchases. As of this report's release, we are conducting a separate financial investigation into potentially improper credit card purchases made by the former employee. In addition, the District put an additional $2,126 of public monies at risk of being misspent or being misused through credit card expenditures, which could also be a possible violation of the Arizona Constitution's ban on gifts or loans of public monies.

Cause

District management stated that because of short staffing, the District did not have the resources to ensure credit card policies and procedures were properly followed and enforced. Specifically, the District did not follow up on missing expense reports to ensure that credit card transactions were reconciled timely by the card user and reviewed by an authorized reviewer in a timely manner in accordance with credit card policies. In addition, the District automatically paid all credit card invoices when due, regardless of incomplete supporting documentation, and did not reconcile the credit card transactions to the general ledger timely, noting a year-end difference of $214,796 (13% of total fiscal year 2025 credit card transactions) that was not yet posted to the District's financial records. Further, the District's travel policies and procedures did not require employees to complete a travel claim when using a District credit card, or reconcile all travel related expenses, including breaking out costs associated with business and personal travel days.

Finally, the former employee was provided superuser access to the District's general ledger system, which allowed the employee to circumvent policies and procedures and approve their own credit card expense reports in the system without detection. The employee was originally provided this access as their knowledge was necessary during the implementation of a new general ledger system during fiscal year 2022. Upon completing the implementation, the District did not modify their access to prevent the employee from approving their own transactions.

Criteria

The District's credit card policy restricts District employees' credit card use to serve a legitimate and clear business purpose, and the business purpose must be documented for each transaction during the reconciliation process. It is the cardholder's responsibility to submit all associated documentation for each credit card transaction as part of the reconciliation process. Cardholders are required to complete 1 expense report for each statement period, reconciling all transactions to appropriate support. Valid, itemized receipts and any applicable additional support are required for all transactions. Expense reports are due by the 10th of every month. Reviewers are responsible for verifying that all credit card transactions are legitimate expenses and for acting on questionable charges.[1,2] The District's travel policy also requires that travel expenses paid by a District credit card be submitted monthly as a part of the monthly credit card reconciliation and include the purpose for travel, original receipts for all items, and a conference or meeting brochure.[3] Finally, State law bans gifts or loans of public monies by districts to individuals, which could potentially include credit card expenditures that are not reviewed and approved and not authorized by District policies (Arizona Constitution, Art. IX, Sec. 7).

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1 Central Arizona College. (2023). Central Arizona College Credit Card Cardholder Guide.

2 Central Arizona College. (2023). Central Arizona College Credit Card Procedures Manual.

3 Central Arizona College. (2023). Central Arizona College Travel Procedures Manual.

Recommendations to the District

Enforce and follow its credit card policies to:

1. Ensure all cardholders submit expense reports by the required time frame, including providing detailed invoices and receipts for all purchases and additional documentation if the business purpose is not evident from the support, to ensure that all purchases are for authorized purposes necessary for official District business and that benefit the District and its constituents.

2. Ensure that all designated authorizers review supporting documentation and expense reports and follow up on any unallowable purchases timely.

3. Require purchases for travel (hotels, airfare, meals) include documentation that travel was approved by a supervisor; all travel expenses, including airfare, were at the most economical means; and per diem amounts were not exceeded.

Update and implement changes to existing policies and procedures for credit card purchases to:

4. Require employees to complete detailed travel claims documenting all travel expenses, such as hotel, airfare, mileage, and meals, and reconcile amounts paid by the employee and amounts paid with a District credit card.

5. Verify all expense reports and supporting documentation are reviewed and approved by an authorized employee within 30 days.

6. Request reimbursement for any unauthorized or personal expenses identified within 30 days.

7. Specify penalties for credit card holders who violate District policies.

Require the Finance and Accounting Services Department to:

8. Follow up on all outstanding credit card expense reports past the deadline and implement a process to monitor District employees' compliance with credit card policies and procedures to help ensure that the District does not pay for purchases that do not have the required invoices, travel claims, receipts, or other documentation supporting that they are for authorized District business.

9. Reconcile all credit card activity monthly and verify that the activity is recorded in the general ledger. Resolve any unrecorded transactions with the credit card holder and financial institution, as appropriate.

10. Verify that all employees pay back unauthorized credit card purchases and suspend the employees' use of credit cards when continued violations occur.

11. Train all District employees who are credit card holders and department supervisors on policies and procedures for using credit cards. Training should address detailed instructions for how to submit documentation for review and approval, what documentation to provide, and how to ensure credit card purchases do not violate constitutional provisions.

Views of responsible officials

District management concurs with this finding. The District's corrective action plan at the end of this report includes the views and planned corrective action of its responsible officials regarding these recommendations. We are not required to audit and have not audited these responses and planned corrective actions and therefore provide no assurances as to their accuracy.

The District failed to provide key financial information to auditors timely, which delayed the issuance of the District's financial report and increased the risk that those relying on the reported financial information could be misinformed

Condition

Contrary to State law, the District issued its Annual Comprehensive Financial Report (ACFR) for the year ended June 30, 2025, over 15 months after fiscal year-end, 6 months later than required. Specifically, the District's Finance Department failed to provide key financial information, such as complete financial statements, associated note disclosures, and supporting schedules, to auditors by established deadlines agreed upon at the beginning of the audit. This information was provided to auditors 6 months past agreed-upon deadlines.

Effect

The District's Finance Department did not provide timely financial information to its Governing Board members and others who rely on it to make important decisions about the District's operations. Additionally, because the District had not issued timely financial statements, its Annual Budget Expenditure Limitation Report (ABELR), which relies on information from the ACFR and was due 9 months after fiscal year-end, will also be issued late.

Cause

The District did not have sufficiently detailed policies and procedures to follow for preparing the financial statements, note disclosures, and supporting schedules. In addition, the District reported that because of a vacancy in a key position until March 2026, it was unable to prepare and review the financial information timely.

Criteria

State law requires the District to issue its audited financial statements and AELR within 9 months after fiscal year-end or by March 31, 2026 (Arizona Revised Statutes §41-1279.07[C]). Further, the Governmental Accounting Standards Board sets the accounting and financial reporting standards that require the District to prepare its financial statements in accordance with generally accepted accounting principles (GAAP). In addition, designing, implementing, and maintaining effective policies and procedures is necessary to achieve the District's financial reporting objectives and an essential part of internal control standards, such as the Standards for Internal Control in the Federal Government, issued by the Comptroller General of the United States.[1]

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[1] U.S. Government Accountability Office. (2014). *Standards for Internal Control in the Federal Government*. Washington, DC. Retrieved 6/24/2026 from https://www.gao.gov/assets/670/665712.pdf

Recommendations to the District

1. Provide key financial information to auditors by agreed-upon deadlines established at the beginning of the audit to ensure timely issuance of its audited ACFR.

Develop policies and procedures for preparing its financial statements in accordance with GAAP and train responsible employees on step-by-step procedures to:

2. Reconcile its financial statement balances and activities to subsystems and other records, including obtaining closing and compiling data from the District's accounting system, preparing common year-end financial statement adjustments, and obtaining information not readily available from the accounting system but necessary for financial statement preparation.

3. Evaluate significant changes to financial information to ensure it is properly classified and disclosed.

4. Perform a detailed supervisory review of the draft financial statements, note disclosures, and supporting schedules and journal entries to ensure the ACFR is accurate, complete, properly supported, and presented in accordance with GAAP and to detect and correct misstatements in the financial statements and note disclosures prior to submission for audit.

Views of responsible officials

District management concurs with this finding. The District's corrective action plan at the end of this report includes the views and planned corrective action of its responsible officials regarding these recommendations. We are not required to audit and have not audited these responses and planned corrective actions and therefore provide no assurances as to their accuracy.

The District's control procedures over IT systems and data were not sufficient, which increases the risk that the District may not adequately protect those systems and data

Condition

The District's control procedures were not sufficiently developed, documented, and implemented to consistently help prevent or detect unauthorized or inappropriate access to its information technology (IT) systems and data.

Effect

There is an increased risk that the District may not adequately protect its IT systems and data, which could result in unauthorized or inappropriate access and/or the loss of confidentiality or integrity of systems and data.

Cause

The District's administration and IT management reported they did not fully develop and implement policies and procedures because they relied on an annual review to monitor employee accounts for appropriate system access; however, the review was not timely and did not fully evaluate user accounts for segregation of duties.

Criteria

Implementing effective internal controls that follow a credible industry source, such as the National Institute of Standards and Technology, help the District to protect its IT systems and ensure the integrity and accuracy of the data it maintains as it seeks to achieve its financial reporting, compliance, and operational objectives.[1] Effective internal controls include restricting access through logical controls to help ensure systems and data are accessed by users who have a need, systems and data access granted is appropriate, and key systems and data access is monitored and reviewed.

Recommendations to the District

1. Prioritize documenting and implementing IT policies and procedures over restricting access to systems and data and developing a process to ensure the procedures are consistently followed.

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[1] The U.S. Department of Education (ED) requires the District to comply with the Gramm-Leach-Bliley Act (Pub. L. No. 106-102) in their student financial assistance program participation agreement with ED. The Act's "Safeguards Rule" requires institutions of higher education to safeguard sensitive student data in accordance with 16 Code of Federal Regulations, Parts 313 and 314.

2. To restrict access to its systems and data, develop, document, and implement processes to assign and periodically review employee user access ensuring appropriateness and compatibility with job responsibilities.

Views of responsible officials

District management concurs with this finding. The District's corrective action plan at the end of this report includes the views and planned corrective action of its responsible officials regarding these recommendations. We are not required to audit and have not audited these responses and planned corrective actions and therefore provide no assurances as to their accuracy.

The District did not timely return Title IV funds to the U.S. Department of Education, increasing the risk of reduced or terminated future awards

Cluster name: Student Financial Assistance Cluster

Assistance Listings number(s) and name(s):

84.007 Federal Supplemental Educational Opportunity Grants
84.033 Federal Work-Study Program
84.063 Federal Pell Grant Program
84.268 Federal Direct Student Loans

Award number(s) and year(s):

P007A240134 July 1, 2024 through June 30, 2025
P033A240134 July 1, 2024 through June 30, 2025
P063P242910 July 1, 2024 through June 30, 2025
P268K252910 July 1, 2024 through June 30, 2025

Federal agency: U.S. Department of Education

Compliance requirement: Special tests and provisions – return of Title IV funds

Questioned costs: None

Condition

Contrary to federal regulations, the District's Student Financial Aid Office (Office) did not timely return $1,906 of Student Financial Assistance (SFA) Title IV funds to the U.S. Department of Education (ED) for 3 of 45 students tested who withdrew from the District during the period of enrollment in which the student began attendance.[1]

Specifically, the Office did not:

- Include all required institutional charges recorded in the students' accounts, such as room and board, when calculating the unearned portion of 2 students' Pell grant awards, resulting in underpayments to ED for $1,690 and $37.
- Timely notify 1 student, within 45 days, that they were required to return $179 of unearned Pell grant monies to ED. The District notified the student of the required repayment 607 days late.

[1] The Title IV programs as part of the Student Financial Assistance cluster are administered by the U.S. Department of Education (those with Assistance Listings beginning with 84) and authorized by Title IV of the Higher Education Act of 1965, as amended (HEA), and collectively are referred to as the "Title IV programs."

Effect

The District's failure to timely return Title IV funding and the Office's lack of controls to comply with federal regulations increases the risk that additional Title IV funds could be returned past the 45-day requirement and increases the risk that ED could reduce or terminate future awards of Title IV funds for noncompliance. There were no questioned costs because, after we informed the District of the underpayments, they submitted $1,690 and $216 to ED on June 6, 2026 and July 15, 2026, respectively. The returns were submitted between 363 and 607 days late.

Cause

The Office's policies and procedures did not require a second employee to review and approve the return of Title IV funds calculations to verify that the proper amounts were remitted from both the District and the student. In addition, according to Office management, they did not have the appropriate staffing to complete the secondary reviews.

Criteria

Federal regulations require the return of Title IV funds when a recipient of Title IV grant or loan assistance withdraws from the District during a payment period or period of enrollment in which the recipient began attendance. Specifically, the District must determine the amount of Title IV aid the student earned as of the student's withdrawal date. If the total amount of Title IV assistance the student earned is less than the amount that was disbursed to the student or on their behalf as of the date of the institution's determination that the student withdrew, the difference must be returned to the Title IV programs no later than 45 days after the date the District determined that the student withdrew (34 Code of Federal Regulations [CFR] §668.22[a–j]). In addition, federal regulation requires establishing and maintaining effective internal control over federal awards that provides reasonable assurance that federal programs are being managed in compliance with all applicable laws, regulations, and award terms (2 CFR §200.303).

Recommendations to the District

1. Improve policies and procedures to require an independent employee to review and approve the return of Title IV funds calculations to verify that the proper amounts were remitted from both the District and the student.

2. Perform timely return of Title IV funds calculations for all students who received Title IV funds and subsequently withdrew from the District, ensuring that all institutional charges are included.

3. Notify students who received student financial assistance and subsequently withdrew from the District of any unearned Title IV funds they are required to repay no later than 45 days after the District's determination that the student withdrew.

4. Initiate returns of the institution's and student's portion of Title IV funds to ED no later than 45 days after the date of the District's determination that the student withdrew.

This finding is similar to prior-year finding 2024-001 and was initially reported in fiscal year 2021.

Views of responsible officials

District management concurs with this finding. The District's corrective action plan at the end of this report includes the views and planned corrective action of its responsible officials regarding these recommendations. We are not required to audit and have not audited these responses and planned corrective actions and therefore provide no assurances as to their accuracy.

The District did not accurately report required student information to the federal agency, risking students not being asked to repay financial assistance

Cluster name: Student Financial Assistance Cluster

Assistance Listings number(s) and name(s):

84.007 Federal Supplemental Educational Opportunity Grants

84.033 Federal Work-Study Program

84.063 Federal Pell Grant Program

84.268 Federal Direct Student Loans

Award number(s) and year(s):

P007A240134 July 1, 2024 through June 30, 2025

P033A240134 July 1, 2024 through June 30, 2025

P063P242910 July 1, 2024 through June 30, 2025

P268K252910 July 1, 2024 through June 30, 2025

Federal agency: U.S. Department of Education

Compliance requirement: Special tests and provisions – enrollment reporting

Questioned costs: None

Condition

Contrary to federal regulations, the District's Financial Aid Office (Office) did not accurately report student enrollment status changes to the National Student Loan Data System (NSLDS) as required. Specifically, the Office reported incorrect dates for students' enrollment changes for 5 of the 63 students we tested participating in the Federal Pell Grant (Pell) or Federal Direct Student Loans (Direct Loans) programs.[1]

Effect

The District's students may not be asked to repay student financial assistance grants and loans if or when required if the NSLDS does not accurately reflect students' enrollment status. Also, the District is at risk that student enrollment status changes may be reported inaccurately for additional students attending the summer session.

[1] Four of the students attended the 2025 summer session. The Office identified an additional 39 students attending summer sessions that may have also been inaccurately reported to NSLDS.

Cause

Office management reported that they do not have formal policies and procedures for reviewing and verifying that student enrollment status changes are submitted accurately to NSLDS.

Criteria

Federal regulations require reporting to the NSLDS all applicable students' enrollment statuses and any enrollment status changes for the Pell and Direct Loans programs within 60 days of the students' change. Student enrollment status changes include reductions or increase in attendance levels, withdrawals, graduations, or approved leaves of absence (34 Code of Federal Regulations [CFR] §§685.309[b][2] and 690.83[b][2]). Further, federal guidelines require establishing and maintaining effective internal control over federal awards that provides reasonable assurance that federal programs are being managed in compliance with all applicable laws, regulations, and award terms (2 CFR §200.303).

Recommendations to the District

Develop and implement policies and procedures for enrollment reporting to:

1. Report accurate student enrollment statuses and changes within 60 days of the change to the NSLDS for all students receiving Pell and Direct Loans.

2. Review, verify, and correct as necessary the student-enrollment status data compiled from system-generated reports prior to submitting it to NSLDS.

3. Designate an individual to verify that student enrollment status changes recorded on its student information system and reported to NSLDS are accurate.

Views of responsible officials

District management concurs with this finding. The District's corrective action plan at the end of this report includes the views and planned corrective action of its responsible officials regarding these recommendations. We are not required to audit and have not audited these responses and planned corrective actions and therefore provide no assurances as to their accuracy.

The District did not disburse federal financial assistance owed to 34 students within the required 14-day time frame

Cluster name: Student Financial Assistance Cluster

Assistance Listings number(s) and name(s):

84.007 Federal Supplemental Educational Opportunity Grants
84.033 Federal Work-Study Program
84.063 Federal Pell Grant Program
84.268 Federal Direct Student Loans

Award number(s) and year(s):

P007A240134 July 1, 2024 through June 30, 2025
P033A240134 July 1, 2024 through June 30, 2025
P063P242910 July 1, 2024 through June 30, 2025
P268K252910 July 1, 2024 through June 30, 2025

Federal agency: U.S. Department of Education

Compliance requirement: Special tests and provisions – disbursements to or on behalf of students

Questioned costs: None

Condition

Contrary to federal regulations, the District's Student Financial Aid Office (Office) did not disburse Student Financial Assistance (SFA) credit balances to students or their parents within 14 days after applying the Title IV grant and loan awards to the student's accounts.[1] Specifically, during October 2024, the Office failed to timely disburse $39,014 in SFA credit balance funds owed to 34 students. The Office held the students' SFA credit balances 1 to 3 days longer than the allowed 14 days after the awards were posted to the students' accounts.

Effect

The Office's lack of controls to monitor compliance with federal regulations increases the risk that students will not receive their SFA credit balances timely to help pay for additional college expenses. Further, continued District noncompliance administering its federal programs could enforce escalated penalties over its cash-monitoring requirements, which would require additional supporting records and longer periods of time for reimbursement to the District.

[1] The Title IV programs as part of the Student Financial Assistance cluster are administered by the U.S. Department of Education (those with Assistance Listings beginning with 84) and authorized by Title IV of the Higher Education Act of 1965, as amended (HEA), and collectively are referred to as the "Title IV programs."

Cause

According to Office management, the late SFA credit balance payments were caused by a student information system generated reporting error for the period October 9, 2024 through October 23, 2024. Office management reported that they identified the report was incomplete but were unable to determine why the report did not capture all the required credit balances. The Office subsequently developed a new report to capture the complete population of undisbursed credit balances. However, because of the revised report's timing, 34 students' SFA credit balances were disbursed late.

Criteria

Federal regulation requires the Office to apply each student's SFA awards to the student's account to satisfy tuition and fees owed to the District. Any excess SFA awards results in a credit balance on the student's account. When this occurs, the Office is required to disburse any remaining SFA award monies directly to the student or parent as soon as possible, but no later than 14 days after the award has been posted to the student's account. If the credit balance occurred before the first day of class of that payment period, then disbursement to the student or parent would be required no later than 14 days after the first day of class of the payment period (34 Code of Federal Regulations [CFR] §668.164[h]). In addition, federal regulation requires establishing and maintaining effective internal control over federal awards that provides reasonable assurance that federal programs are being managed in compliance with all applicable laws, regulations, and award terms (2 CFR §200.303).

Recommendations to the District

1. Disburse all SFA credit balances to students or their parents within 14 days after applying the Title IV grant and loan awards to the students' accounts. If the credit balance occurred before the first day of class of that payment period, then disbursement to the student or parent would be required no later than 14 days after the first day of class of the payment period.

2. Verify that student information system-generated reports used to monitor credit balances accurately capture the complete population of student information, award dates, and credit balances to ensure that all impacted students receive final payment of SFA credit balances within the required 14-day time frame.

Views of responsible officials

District management concurs with this finding. The District's corrective action plan at the end of this report includes the views and planned corrective action of its responsible officials regarding these recommendations. We are not required to audit and have not audited these responses and planned corrective actions and therefore provide no assurances as to their accuracy.

The District failed to report complete and accurate information to the U.S. Department of Education (ED) on its Fiscal Operations Report and Application to Participate (FISAP)

Cluster name: Student Financial Assistance Cluster

Assistance Listings number(s) and name(s):

84.007 Federal Supplemental Educational Opportunity Grants

84.033 Federal Work-Study Program

84.063 Federal Pell Grant Program

84.268 Federal Direct Student Loans

Award number(s) and year(s):

P007A240134 July 1, 2024 through June 30, 2025

P033A240134 July 1, 2024 through June 30, 2025

P063P242910 July 1, 2024 through June 30, 2025

P268K252910 July 1, 2024 through June 30, 2025

Federal agency: U.S. Department of Education

Compliance requirement: Reporting

Questioned costs: Not applicable

Condition

Contrary to federal regulations, we found the District failed to report complete and accurate information to the U.S. Department of Education (ED) on the Fiscal Operations Report and Application to Participate (FISAP) for award year July 1, 2024 through June 30, 2025, and application award year July 1, 2026 through June 30, 2027.[1] Specifically, the Student Financial Aid Office (Office) reported the wrong student data for the Pell Grant Program (Pell), Federal Work-Study Program (FWS), and Federal Supplemental Education Opportunity Grants Program (FSEOG) included in Part II, Section F, and Part VI, Section A, of the District's FISAP. In addition, the District reported student data from fiscal year 2024 instead of fiscal year 2025 for all line items in these 2 sections of the FISAP. In addition, the District understated the amounts reported in the FISAP Section E, Lines 22 and 23, for tuition and fees revenues and the Pell grant awarded by $6,104,147 and $128,244, respectively.

[1] Schools use the FISAP to apply for federal funding for campus-based programs, which include the FSEOG and FWS programs, for the upcoming award year, and to report campus-based programs and Pell Grant expenditures for the previous year to the ED. ED uses this report to determine federal awards to the District for the FSEOG and FWS programs.

Effect

Failure to report accurate and complete data in its FISAP puts the District's campus-based programs, which include the FWS and FSEOG programs, at risk and may impact the District's ability to receive funding for these programs from ED. If the District's funding is reduced or eliminated, students lose the opportunity to receive federal grants and work-study opportunities.

Cause

Office management reported that they did not have policies and procedures over the FISAP reporting process. As a result, management used incorrect data to compile the FISAP report, and a second employee did not review or detect the sections with errors to ensure the reported data was compiled in accordance with the FISAP report directions and agreed to the supporting schedules.

Criteria

Each year, the District is required to submit a Fiscal Operations Report to the ED and ensure that the information reported is accurate (34 Code of Federal Regulations [CFR] §§675.19[b][3] and 676.19[b][3]). In addition, federal regulation requires establishing and maintaining effective internal control over federal awards that provides reasonable assurance that federal programs are being managed in compliance with all applicable laws, regulations, and award terms (2 CFR §200.303).

Recommendations to the District

Develop and implement policies and procedures for compiling the FISAP report to include the following:

1. Step-by-step instructions on where to obtain the required data to ensure accurate information is included in the FISAP report in accordance with the report's directions.

2. Require an independent review and approval of the report by a knowledgeable employee prior to its submission to ED.

3. Contact ED to revise and resubmit an accurate FISAP report that covers both the award year July 1, 2024 through June 30, 2025, and the District's application for award year July 1, 2026 through June 30, 2027.

Views of responsible officials

District management concurs with this finding. The District's corrective action plan at the end of this report includes the views and planned corrective action of its responsible officials regarding these recommendations. We are not required to audit and have not audited these responses and planned corrective actions and therefore provide no assurances as to their accuracy.

The District submitted its June 30, 2025, Single Audit Report to the federal audit clearinghouse nearly 6 months later than allowed by federal regulation, creating a risk that federal grantors may deny the District future federal awards

Assistance Listings number(s) and name(s): Not applicable

Questioned costs: Not applicable

Condition

Contrary to federal regulations, the District did not submit its June 30, 2025, Single Audit Report to the federal audit clearinghouse until September 30, 2026, which was 6 months later than required.

Effect

The District's submitting its Single Audit Report late prevents the federal government and other grantors of federal awards from having current information to effectively monitor their programs and could delay corrective actions that the District needs to take. Further, federal grantors may deny the District future federal awards or subject it to stricter cash-monitoring requirements. This finding was not a result of internal control deficiencies of individual federal programs and, accordingly, did not have a direct and material effect on the compliance requirements over the District's major federal programs.

Cause

The District failed to prepare its June 30, 2025, Annual Comprehensive Financial Report in a timely manner for the reasons we reported in finding 2025-02, which delayed the Single Audit Report's completion.

Criteria

Federal regulation requires the District to submit its Single Audit Report to the federal audit clearinghouse no later than 9 months after fiscal year-end or by March 31, 2026, for the District's June 30, 2025, Single Audit Report (2 Code of Federal Regulations §200.512).

Recommendation to the District

1. Improve its financial reporting process, as noted in finding 2025-02, so that it can submit all future Single Audit Reports on or before the federally required submission deadline, which is no later than 9 months after fiscal year-end or by March 31 of the subsequent year.

Views of responsible officials

District management concurs with this finding. The District's corrective action plan at the end of this report includes the views and planned corrective action of its responsible officials regarding these recommendations. We are not required to audit and have not audited these responses and planned corrective actions and therefore provide no assurances as to their accuracy.

The District prepared the subsequent pages of this document.

Schedule of expenditures of federal awards and related notes

This schedule includes the District's federal grant activity for the fiscal year and the related notes, which are an integral part of the schedule and describe the significant accounting policies used in preparing the schedule and other disclosures as required by 2 Code of Federal Regulations (CFR) §200.510(b).

The results of our auditing procedures on this schedule are described in the independent auditors' report on compliance for each major federal program; report on internal control over compliance; and report on schedule of expenditures of federal awards required by the Uniform Guidance.

District response and corrective action plan

The District response and corrective action plan includes the District's response to each finding identified in our audit, including the District's corrective action plan and anticipated completion date to implement our audit finding recommendations, as required by 2 CFR §200.511(c).

We are not required to audit and have not audited these responses and planned corrective actions and therefore provide no assurances as to their accuracy.

Summary schedule of prior audit findings

The summary schedule of prior audit findings includes the District's status of implementing audit finding recommendations from the prior year's audit in addition to the status of any older audit findings that were not reported as fully corrected in the prior year's summary schedule of prior audit findings as required by 2 CFR §200.511(b).

We performed auditing procedures to follow up on prior audit findings, including assessing the reasonableness of the summary schedule of prior audit findings as required by 2 CFR §200.514(e).

Pinal County Community College District
(Central Arizona College)
Schedule of Expenditures of Federal Awards
Fiscal Year Ended June 30, 2025

Federal Agency/ Assistance Listings Number	Federal Program Name	Additional Award Identification	Cluster Title	Pass-through grantor	Pass-through Grantor's numbers	Program Expenditures
Department of Labor						
17.258	WIOA Adult Program		WIOA Cluster	SunLife Health	GR-WIOA-GOYFF-100123-00	$ 72,396
17.259	WIOA Youth Activities		WIOA Cluster	Pinal County	220126RFP	576,075
	Total WIOA Cluster					648,471
	Total Department of Labor					648,471
Department of the Treasury						
21.027	Coronavirus State and Local Fiscal Recovery Funds	COVID-19		Arizona Water Infrastructure Finance Authority	WC3-122-2024	183,287
	Total Department of the Treasury					183,287
National Aeronautics and Space Administration						
43.008	Office of Stem Engagement (OSTEM)			University of Arizona	571906	3,098
	Total National Aeronautics and Space Administration					3,098
National Science Foundation						
47.076	STEM Education (formerly Education and Human Resources)			Maricopa County Community College District	1953763	1,502
	Total National Science Foundation					1,502
Small Business Administration						
59.037	Small Business Development Centers			Maricopa County Community College District	SBAOEDSB240114-01-00, SBAOEDSB250166-01-00	83,253
	Total Small Business Development Centers					83,253
Department of Education						
84.002	Adult Education - Basic Grants to States			Arizona Department of Education	25FFSABE-512601-01A, 25FFSIET-512601-01A, 25FSESOL-512601-01A, 25FSPLSA-512601-01A, 25FSIELT-512601-01A, 25FEAWF-512601-01	526,603
84.007	Federal Supplemental Educational Opportunity Grants		Student Financial Assistance Cluster			154,169
84.033	Federal Work-Study Program		Student Financial Assistance Cluster			87,774
84.063	Federal Pell Grant Program		Student Financial Assistance Cluster			11,641,637
84.268	Federal Direct Student Loans		Student Financial Assistance Cluster			1,201,528
	Total Student Financial Assistance Cluster					13,085,108
84.031	Higher Education Institutional Aid					432,998
84.042	TRIO Student Support Services		TRIO Cluster			224,519
84.047	TRIO Upward Bound		TRIO Cluster			376,289
	Total TRIO Cluster					600,808
84.048	Career and Technical Education -- Basic Grants to States			Arizona Department of Education	24-FCTDBG-412601-20A, 25FCTDBG-512601-20A	226,251
84.116	Fund for the Improvement of Postsecondary Education	84.116T		Yavapai County Community College District	P116T210013	96,656
84.411	Education Innovation and Research (formerly Investing in Innovation (i3) fund)	84.411C		Center for the Future of Arizona	U411C190109	7,189
84.425	Education Stabilization Fund	COVID-19, 84.425R				355,784
	Total Department of Education					15,331,397
	Total Expenditures of Federal Awards					$ 16,251,008

See accompanying notes to schedule

PINAL COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2025

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (schedule) includes the federal grant activity of Pinal County Community College District for the year ended June 30, 2025. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.*

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3 FEDERAL ASSISTANCE LISTING NUMBERS

The program titles and Federal Assistance Listings numbers were obtained from the federal or pass-through grantor or the 2025 *Federal Assistance Listings.*

NOTE 4 INDIRECT COST RATE

The District has not elected to use the 15 percent de minimis indirect cost rate as covered in 2 CFR §200.414.

September 16, 2026

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

Dear Ms. Perry:

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

Sincerely,

Terrance Quest

Terrance Quest

Vice President, Operations and Finance

Pinal County Community College District
(Central Arizona College)
Corrective Action Plan
Year ended June 30, 2025

Financial Statement Findings

2025-01

Credit Card

Terrance Quest
Anticipated completion date: June 30, 2027

The District concurs with the findings and recommendations. The District recognizes the importance of maintaining consistent and appropriate credit card procedures to protect public monies. With respect to the unallowable purchases, the District has retained a detailed record of the misuse and is waiting for the results of the investigation by the Auditor General. To prevent future misuse and improve the current processes, the College has updated its procedures and continues to monitor future improvements.

The updated procedures are expected to be fully implemented in FY2026-2027 and include:

1. Updated and enforceable processing requirements with clear deadlines for credit card holders. New procedures clarify that all transactions must have proper support, valid and approved expenses, and timely submissions. All expenses will be approved through the appropriate workflows to supervisors who will submit to expense management by the required monthly deadline.
2. Penalties for violation of the Credit Card Manual or procedures range from temporary/permanent suspension to employment termination.
3. Any personal use of the credit card will be processed through accounts receivable during the expense report creation and must be paid back to the college by the required deadline.
4. Expenses management will complete and maintain a record of monthly purchasing card reconciliations. All unreconciled amounts are closely tracked and reported to the appropriate level during the violation period. Continued violation will result in penalties.
5. Annually the Finance department will require that all purchasing cardholders complete training and sign an acknowledgement. Failure to complete the training will result in suspension of the card.

Pinal County Community College District
(Central Arizona College)
Corrective Action Plan
Year ended June 30, 2025

Financial Statement Findings

2025-02

Delay of Audit

Terrance Quest
Anticipated completion date: March 31, 2027

The District concurs with the findings and recommendations. The District recognizes the importance of submitting the Single Audit Report in a timely manner.

In late August of 2025 the District had a vacancy in the Vice President of Operations and Finance, a key position for the preparation and submission of the Annual Comprehensive Financial Report (ACFR). This position remained vacant until late March 2026. In the months following the vacancy, the Finance Department has updated audit support documentation and closing procedures to accurately and efficiently process the ACFR by the Single Audit reporting deadline of March 31.

Pinal County Community College District
(Central Arizona College)
Corrective Action Plan
Year ended June 30, 2025

Financial Statement Findings

2025-03

Internal Control over IT systems

Terrance Quest
Anticipated completion date: March 31, 2027

The District concurs with the findings and recommendations. The District recognizes the importance maintaining sufficient and appropriate internal controls over the IT systems.

In October 2025, the District began reevaluating all security access and users for the Finance ERP system to verify that employees can complete their work and segregation of duties standards is followed. This process has updated the access of many users within the finance system. The District is working with our IT team to continue evaluating the necessity of advanced administrative permission for upper management. Since a higher level of access is required to complete the normal tasks we are planning to implement additional reporting to prevent future misuse of authorized access. The additional monthly reporting includes required reviews of security access, and monitoring of changes to workflows. The district is also adding an annual internal audit of workflows to ensure that workflows are working as intended and reviewed for improvements.

Pinal County Community College District
(Central Arizona College)
Corrective Action Plan
Year ended June 30, 2025

Federal award findings and questioned costs

2025-101

Cluster name:	Student Financial Assistance Cluster
Assistance Listings numbers and names:	84.007 **Federal Supplemental Educational Opportunity Grants** 84.033 **Federal Work-Study Program** 84.063 **Federal Pell Grant Program** 84.268 **Federal Direct Student Loans**

Terrance Quest
Anticipated completion date: June 30, 2027

The District concurs with the findings and recommendations. The District recognizes the importance of ensuring that Return of Title IV Funds (R2T4) calculations are completed accurately and timely, that all applicable institutional charges are included in the calculations, and that required institutional and student returns and notifications are completed within the federally established timeframes.

The District has taken corrective action regarding the specific students identified during the audit and has returned the applicable funds to the U.S. Department of Education. In addition, the Financial Aid Office is implementing enhanced procedures and system controls designed to address the underlying causes of the finding and strengthen ongoing compliance with federal R2T4 requirements.

The updated procedures are expected to be implemented in FY2026-2027 and include:

1. Additional withdrawal monitoring and tracking added to the Return of Title IV (R2T4) reporting.
2. Secondary independent review of the calculation prior to the notification that is sent to students.
3. Implementation of internal automation system connected to the student information system to improve accuracy and reduce the risk of errors in the R2T4 calculation.
4. Tracking and monitoring student notifications and returns to meet required deadlines.
5. Ongoing monitoring of R2T4 activities to evaluate new procedures alignment with compliance requirements.

Pinal County Community College District
(Central Arizona College)
Corrective Action Plan
Year ended June 30, 2025

Federal award findings and questioned costs

2025-102

Cluster name:	Student Financial Assistance Cluster
Assistance Listings numbers and names:	84.007 **Federal Supplemental Educational Opportunity Grants** 84.033 **Federal Work-Study Program** 84.063 **Federal Pell Grant Program** 84.268 **Federal Direct Student Loans**

Terrance Quest
Anticipated completion date: June 30, 2027

The District concurs with the findings and recommendations. The District recognizes the importance of ensuring that enrollment statuses and status changes for the Pell and Direct Loan programs are reported timely to the National Student Loan Data System (NSLDS).

In Fall 2024, the National Student Clearinghouse changed the processing for enrollment for non-required terms. This change affected the logic for the enrollment status start dates at the campus and program levels. To remain in compliance and proactively address the data sources changes, the District updated report queries. However, this update resulted in unanticipated errors with the report. The District has since reevaluated and updated the reporting logic to reflect the errors outlined in the audit and will continue to monitor reporting to ensure that compliance is maintained.

Pinal County Community College District
(Central Arizona College)
Corrective Action Plan
Year ended June 30, 2025

Federal award findings and questioned costs
2025-103

Cluster name:	Student Financial Assistance Cluster
Assistance Listings numbers and names:	84.007 **Federal Supplemental Educational Opportunity Grants** 84.033 **Federal Work-Study Program** 84.063 **Federal Pell Grant Program** 84.268 **Federal Direct Student Loans**

Terrance Quest
Anticipated completion date: June 30, 2027

The District concurs with the findings and recommendations. The District recognizes the importance of ensuring Student Financial Assistance credit balances are disbursed to students or parent timely.

Since the error took place in October 2024, the District has implemented a new report to properly notate all credit balance in the system. This report is monitored and reviewed regularly to ensure that all student credit balances are paid back within the required 14-day time frame.

Pinal County Community College District
(Central Arizona College)
Corrective Action Plan
Year ended June 30, 2025

Federal award findings and questioned costs

2025-104

Cluster name:	Student Financial Assistance Cluster
Assistance Listings numbers and names:	84.007 **Federal Supplemental Educational Opportunity Grants** 84.033 **Federal Work-Study Program** 84.063 **Federal Pell Grant Program** 84.268 **Federal Direct Student Loans**

Terrance Quest
Anticipated completion date: June 30, 2027

The District concurs with the findings and recommendations. The District recognizes the importance of submitting complete and accurate Fiscal Operations Report and Application to Participate (FISAP) information to the U.S. Department of Education and maintaining appropriate internal controls over the preparation, review, and submission of federally required reports.

The Financial Aid Office is implementing new processes to ensure that the FISAP report is submitted accurately. The District is working with the Department of Education to correct the FISAP that covers the Award Year July 1, 2024 through June 30, 2025.

The corrective actions are expected to be implemented in FY2026-2027 and include:

1. Detailed written procedures that govern the preparation and submission of the FISAP report and provide guidance for all parties involved in the FISAP reporting process.
2. Implementation of standardized data sourcing and collection to reduce errors.
3. Independent secondary review and approval to confirm that the report has been prepared in accordance with the new procedures and has appropriate supporting documentation.
4. Internal annual compliance review following the FISAP submission to ensure that all procedures were followed properly and evaluate the current process for any additional improvements.

Pinal County Community College District
(Central Arizona College)
Corrective Action Plan
Year ended June 30, 2025

Federal award findings and questioned costs

2025-105

Cluster name:	Student Financial Assistance Cluster
Assistance Listings numbers and names:	84.007 **Federal Supplemental Educational Opportunity Grants** 84.033 **Federal Work-Study Program** 84.063 **Federal Pell Grant Program** 84.268 **Federal Direct Student Loans**

Terrance Quest
Anticipated completion date: March 31, 2027

The District concurs with the findings and recommendations. The District recognizes the importance of submitting the Single Audit Report in a timely manner.

In late August of 2025 the District had a vacancy in the Vice President of Operations and Finance, a key position for the preparation and submission of the Annual Comprehensive Financial Report (ACFR). This position remained vacant until late March 2026. In the months following the vacancy, the Finance Department has updated audit support documentation and closing procedures to accurately and efficiently process the ACFR by the Single Audit reporting deadline of March 31.

September 16, 2026

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

Dear Ms. Perry:

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

Sincerely,

Terrance Quest

Terrance Quest

Vice President, Operations and Finance

Pinal County Community College District
(Central Arizona College)
Summary schedule of prior audit findings
Year ended June 30, 2025

Status of federal award findings and questioned costs

2024-001

Cluster name:	**Student Financial Assistance Cluster**
Assistance Listings numbers and names:	84.007 **Federal Supplemental Educational Opportunity Grants** 84.033 **Federal Work-Study Program** 84.063 **Federal Pell Grant Program** 84.268 **Federal Direct Student Loans**

Year finding initially occurred: FY 2021
Status: Partially corrected

During the fiscal year ending June 30, 2025, the District continued to use a semi-automated process to identify potential Return to Title IV (R2T4) accounts. There were errors in timely submission and missed charges due to short staffing for preparation and appropriate reviews. Since the implementation of this process in fiscal year ended June 30, 2023, the District has found that there is additional support needed to accurately complete the R2T4 calculation. Additional personnel and new procedures will now support this process. The District is also going to further automate the process using an internal program that pulls data directly from the student information systems so all applicable data is included in the calculation.