

# Pinal County Community College District (Central Arizona College)

Single Audit Report

Year Ended June 30, 2017



A Report to the Arizona Legislature

Debra K. Davenport  
Auditor General





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## Audit Staff

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## Report Issued Separately

Comprehensive annual financial report





**DEBRA K. DAVENPORT, CPA**  
AUDITOR GENERAL

**STATE OF ARIZONA**  
OFFICE OF THE  
**AUDITOR GENERAL**

**MELANIE M. CHESNEY**  
DEPUTY AUDITOR GENERAL

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

Members of the Arizona State Legislature

The Governing Board of  
Pinal County Community College District

We have audited 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, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 19, 2017. 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. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. However, the financial statements of the Central Arizona College Foundation were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Central Arizona College Foundation.

**Internal control over financial reporting**

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's basic financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2017-04 to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2017-01 through 2017-03 to be significant deficiencies.

## **Compliance and other matters**

As part of obtaining reasonable assurance about whether the District's basic financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Pinal County Community College District's response to findings**

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

## **Purpose of this report**

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

Jay Zsorey, CPA  
Financial Audit Director

December 19, 2017



DEBRA K. DAVENPORT, CPA  
AUDITOR GENERAL

STATE OF ARIZONA  
OFFICE OF THE  
AUDITOR GENERAL

MELANIE M. CHESNEY  
DEPUTY AUDITOR GENERAL

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

We have audited Pinal County Community College District's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditors' responsibility***

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

### ***Opinion on each major federal program***

In our opinion, Pinal County Community College District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

### ***Other matters***

The results of our auditing procedures disclosed an instance of noncompliance that is required to be reported in accordance with the Uniform Guidance and that is described in the accompanying schedule of findings and questioned costs as item 2017-101. Our opinion on each major federal program is not modified with respect to this matter.

### **Report on internal control over compliance**

The District's management is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2017-101, that we consider to be a significant deficiency.

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.



## **Pinal County Community College District's response to findings**

Pinal County Community College District's response to the finding identified in our audit is presented in its corrective action plan at the end of this report. The District's response was not subjected to the auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on it.

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

We have audited the financial statements of the business-type activities and discretely presented component unit of Pinal County Community College District as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated December 19, 2017, that contained an unmodified opinion on those financial statements. Our report also included a reference to our reliance on other auditors. Our audit was conducted for the purpose of forming our opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of the District's management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Jay Zsorey, CPA  
Financial Audit Director

December 19, 2017





# SCHEDULE OF FINDINGS AND QUESTIONED COSTS

## Summary of auditors' results

### Financial statements

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with generally accepted accounting principles	Unmodified
<b>Internal control over financial reporting</b>	
Material weaknesses identified?	Yes
Significant deficiencies identified?	Yes
Noncompliance material to the financial statements noted?	No

### Federal awards

<b>Internal control over major programs</b>	
Material weaknesses identified?	No
Significant deficiencies identified?	Yes
Type of auditors' report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR §200.516(a)?	Yes

### Identification of major programs

CFDA number	Name of federal program or cluster
17.282	Trade Adjustment Assistance Community College and Career Training (TAACCCT) Grants
84.007, 84.033, 84.063, 84.268	Student Financial Assistance Cluster

Dollar threshold used to distinguish between Type A and Type B programs \$750,000

Auditee qualified as low-risk auditee? No

**Other matters**

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

## Financial statement findings

### 2017-01

#### The District should conduct a district-wide risk assessment that includes information technology security

**Criteria**—An effective internal control system should include an entity-wide risk-assessment process that involves members of the District’s administration and information technology (IT) management to determine the risks the District faces as it seeks to achieve its objectives to report accurate financial information and protect sensitive data. An effective risk-assessment process provides the basis for developing appropriate risk responses and should include defining objectives to better identify risks and define risk tolerances, and identifying, analyzing, and responding to identified risks.

**Condition and context**—The District did not conduct an annual district-wide risk assessment that included IT security risk assessment over the District’s IT resources, which include its systems, network, infrastructure, and data.

**Effect**—There is an increased risk that the District’s administration and IT management may not effectively identify, analyze, and respond to risks that may impact its resources, including IT.

**Cause**—The District has not established a district-wide risk-assessment process.

**Recommendations**—To help ensure the District has effective policies and procedures to identify, analyze, and respond to risks that may impact its IT resources, the District needs to implement a district-wide risk-assessment process. A best practice to help the District achieve this objective is to conduct an entity-wide risk-assessment process at least annually. A risk-assessment process should include the identification of risk scenarios, including the scenarios’ likelihood and magnitude; documentation and dissemination of results; review by appropriate personnel; and prioritization of risks identified for remediation. An IT risk assessment could also incorporate any unremediated threats identified as part of an entity’s security vulnerability scans.

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

### 2017-02

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

**Criteria**—Logical access controls help to protect a District’s information technology (IT) resources, which include its systems, network, infrastructure, and data, from unauthorized or inappropriate access or use, manipulation, damage, or loss. Logical access controls also help to ensure that authenticated users access only what they are authorized to. Therefore, the District should have effective internal control policies and procedures to control access to its IT resources.

**Condition and context**—The District’s written policies and procedures for managing access to its IT resources lacked critical elements, and the District did not have adequate policies and procedures to help prevent or detect unauthorized or inappropriate access to its IT resources.

**Effect**—There is an increased risk that the District may not prevent or detect unauthorized or inappropriate access or use, manipulation, damage, or loss of its IT resources, including sensitive and confidential information.

**Cause**—The District's review of policies and procedures did not adequately ensure they were in line with current IT standards and best practices.

**Recommendations**—To help prevent and detect unauthorized access or use, manipulation, damage, or loss to its IT resources, the District needs to review its logical access policies and procedures over its IT resources against current IT standards and best practices, update them where needed, and implement them district-wide, as appropriate. Further, the District should train staff on the policies and procedures. A best practice to help the District achieve this objective is to document the procedures performed for review and monitoring of key activities of users and those with elevated access.

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

## 2017-03

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

**Criteria**—A well-defined configuration management process, including a change management process, is needed to ensure that the District's information technology (IT) resources, which include its systems, network, infrastructure, and data, are configured securely and that changes to these IT resources do not adversely affect security or operations. IT resources are typically constantly changing in response to new, enhanced, corrected, or updated hardware and software capabilities and new security threats. The District should have effective written configuration management internal control policies and procedures to track and document changes made to its IT resources.

**Condition and context**—The District's written policies and procedures for managing changes to its IT resources were not adequate to ensure its IT resources were configured securely.

**Effect**—There is an increased risk that the District's IT resources may not be configured appropriately and securely and that changes to those resources could be unauthorized or inappropriate or could have unintended results without proper documentation, authorization, review, testing, and approval prior to being applied.

**Cause**—The District's review of policies and procedures did not adequately ensure they were in line with current IT standards and best practices.

**Recommendations**—To help prevent and detect unauthorized, inappropriate, and unintended changes to its IT resources, the District needs to review its configuration management policies and procedures against current IT standards and best practices, update them where needed, and implement them district-wide, as appropriate. Further, the District should train staff on the policies and procedures. The information below provides guidance and best practices to help the District achieve this objective.

- **Roll back changes**—Rollback procedures should be established that include documentation necessary to back out changes that negatively impact IT resources.

- **Separate responsibilities for the change management process**—Responsibilities for developing and implementing changes to IT resources should be separated from the responsibilities of authorizing, reviewing, testing, and approving changes for implementation or, if impractical, performing a post-implementation review of the change to confirm the change followed the change management process and was implemented as approved.
- **Manage software installed on employee computer workstations**—For software installed on employee computer workstations, policies and procedures should be developed to address what software is appropriate and the process for requesting, approving, installing, monitoring, and removing software on employee computer workstations.

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

## 2017-04

### The District should improve security over its information technology resources

**Criteria**—The selection and implementation of security controls for the District's information technology (IT) resources, which include its systems, network, infrastructure, and data, are important because they reduce the risks that arise from the loss of confidentiality, integrity, or availability of information that could adversely impact the District's operations or assets. Therefore, the District should have internal control policies and procedures for an effective IT security process that includes practices to help prevent, detect, and respond to instances of unauthorized or inappropriate access or use, manipulation, damage, or loss to its IT resources.

**Condition and context**—The District did not have sufficient written security policies and procedures over its IT resources.

**Effect**—There is an increased risk that the District may not prevent or detect the loss of confidentiality, integrity, or availability of systems and data.

**Cause**—The District's review of policies and procedures did not adequately ensure they were in line with current IT standards and best practices.

**Recommendations**—To help prevent, detect, and respond to instances of unauthorized or inappropriate access or use, manipulation, damage, or loss to its IT resources, the District needs to further develop its IT security policies and procedures. The District should review these policies and procedures against current IT standards and best practices and implement them district-wide, as appropriate. Further, the District should train staff on the policies and procedures. The information below provides guidance and best practices to help the District achieve this objective.

- **Prepare and implement an incident response plan**—An incident response plan should be developed, tested, and implemented for an entity's IT resources, and staff responsible for the plan should be trained. The plan should coordinate incident-handling activities with contingency-planning activities and incorporate lessons learned from ongoing incident handling in the incident response procedures. The incident response plan should be distributed to incident response personnel and updated as necessary.

Security incidents should be reported to incident response personnel so they can be tracked and documented. Policies and procedures should also follow regulatory and statutory requirements, provide a mechanism for assisting users in handling and reporting security incidents, and ensure disclosures are made to affected individuals and appropriate authorities if an incident occurs.

- **Provide training on IT security risks**—A plan should be developed to provide continuous training on IT security risks, including a security awareness training program for all employees that provides a basic understanding of information security, user actions to maintain security, and how to recognize and report potential indicators of security threats, including threats employees generate. Security awareness training should be provided to new employees and on an on-going basis.
- **Perform IT vulnerability scans**—A formal process should be developed for vulnerability scans that includes performing vulnerability scans of its IT resources on a periodic basis and utilizing tools and techniques to automate parts of the process by using standards for software flaws and improper configuration, formatting procedures to test for the presence of vulnerabilities, measuring the impact of identified vulnerabilities, and approving privileged access while scanning systems containing highly sensitive data. In addition, vulnerability scan reports and results should be analyzed and legitimate vulnerabilities remediated as appropriate, and information obtained from the vulnerability-scanning process should be shared with other departments of the entity to help eliminate similar vulnerabilities.
- **Apply patches**—Patches to IT resources should follow a documented patch management process that includes evaluation and testing of patches and ensures patches are applied in a timely manner once the vendor makes them available.

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

## Federal award findings and questioned costs

### 2017-101

<b>Cluster name:</b>	<b>Student Financial Assistance Cluster</b>
<b>CFDA numbers and names:</b>	84.007 <b>Federal Supplemental Educational Opportunity Grants</b> 84.033 <b>Federal Work-Study Program</b> 84.063 <b>Federal Pell Grant Program</b> 84.268 <b>Federal Direct Student Loans</b>
<b>Award numbers and years:</b>	Various; July 1, 2016 through June 30, 2017
<b>Federal agency:</b>	<b>U.S. Department of Education</b>
<b>Compliance requirement:</b>	Special tests and provisions
<b>Questioned costs:</b>	N/A

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



**Condition and context**—The District did not have adequate policies and procedures to ensure that all student enrollment status changes were reported to NSLDS accurately or within the required time periods. As a result, for 7 of 40 students tested, the District did not report the change in the students' enrollment statuses within 60 days after an enrollment reporting roster was received from NSLDS. In addition, for 2 of 40 students tested, there were errors in the students' enrollment status changes.

**Effect**—The District did not comply with the enrollment-reporting requirements of 34 CFR §§690.83(b)(2) and 685.309(b). Consequently, student enrollment statuses in the NSLDS were not always accurate or reported in a timely manner.

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

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

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

This finding is similar to prior year finding 2016-101.



# DISTRICT SECTION

**Pinal County Community College District  
(Central Arizona College)  
Schedule of expenditures of federal awards  
Year ended June 30, 2017**

Federal agency/CFDA number	Federal program name	Cluster title	Pass-through grantor	Pass-through grantor's numbers	Program expenditures	Amount provided to subrecipients
<b>Department of Agriculture</b>						
10 223	Hispanic Serving Institutions Education Grants				\$ 79,554	
<b>Department of Labor</b>						
17 259	WIOA Youth Activities	WIOA Cluster	Pinal County	DI16-002115	703,590	
17 282	Trade Adjustment Assistance Community College and Career Training (TAACCCT) Grants				5,148,729	\$ 3,806,316
	<b>Total Department of Labor</b>				<u>5,852,319</u>	<u>3,806,316</u>
<b>National Aeronautics and Space Administration</b>						
43 008	Education		University of Arizona	264557, 342518	31,545	
<b>National Science Foundation</b>						
47 050	Geosciences		Arizona State University	1108044	8,162	
47 076	Education and Human Resources		Arizona State University	DUE-1564909	16,309	
47 076	Education and Human Resources		Science Foundation Arizona	DUE-1400687	7,871	
	<i>Total 47.076</i>				<u>24,180</u>	
	<b>Total National Science Foundation</b>				<u>32,342</u>	
<b>Small Business Administration</b>						
59 037	Small Business Development Centers		Maricopa County Community College District	5-603001-EZ-0004, 6-603001-EZ-0026	63,039	
<b>Department of Education</b>						
84 002	Adult Education—Basic Grants to States		Arizona Department of Education	17FAEABE-712601-16B, 17FAEIEL-712601-16B, 17FAEAPL-712601-16B, 17FEDWIO-712601-16B	202,351	
84 007	Federal Supplemental Educational Opportunity Grants	Student Financial Assistance Cluster			129,736	
84 033	Federal Work-Study Program	Student Financial Assistance Cluster			151,761	
84 063	Federal Pell Grant Program	Student Financial Assistance Cluster			10,029,205	
84 268	Federal Direct Student Loans	Student Financial Assistance Cluster			4,090,968	
	<i>Total Student Financial Assistance Cluster</i>				<u>14,401,670</u>	
84 031	Higher Education—Institutional Aid				361,486	
84 042	TRIO—Student Support Services	TRIO Cluster			235,243	
84 048	Career and Technical Education—Basic Grants to States		Arizona Department of Education	17FCTDBG-712601-20A	198,846	
	<b>Total Department of Education</b>				<u>15,399,596</u>	
	<b>Total expenditures of federal awards</b>				<u>\$ 21,458,395</u>	<u>\$ 3,806,316</u>

**Pinal County Community College District  
(Central Arizona College)  
Notes to schedule of expenditures of federal awards  
Year ended June 30, 2017**

**Note 1 - Basis of presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Pinal County Community College District for the year ended June 30, 2017. 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* (Uniform Guidance).

**Note 2 - Summary of significant accounting policies**

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

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

The program titles and CFDA numbers were obtained from the federal or pass-through grantor or the *2017 Catalog of Federal Domestic Assistance*.

**Note 4 - Indirect cost rate**

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

# DISTRICT RESPONSE



December 11, 2017

Debbie Davenport  
Auditor General  
2910 N. 44th St., Ste. 410  
Phoenix, AZ 85018

Dear Ms. Davenport:

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,

**Chris Wodka**  
Vice President Business Affairs

**Central Arizona College**  
District Offices

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**Superstition Mountain Campus**  
805 S. Idaho Road  
Apache Junction, AZ 85119

**Aravaipa Campus**  
80440 E. Aravaipa Road  
Winkelman, AZ 85192

**Signal Peak Campus**  
8470 North Overfield Road  
Coolidge, AZ 85128-9030

**Maricopa Campus**  
17945 North Regent Drive  
Maricopa, AZ 85138-7808

**San Tan Campus**  
3736 E. Bella Vista Rd  
San Tan Valley, AZ 85143

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1-800-237-9814  
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**Pinal County Community College District  
(Central Arizona College)  
Corrective action plan  
Year ended June 30, 2017**

## **Financial statement findings**

### **2017-01**

The District should conduct a district-wide risk assessment that includes information technology security

Chris Wodka

Anticipated completion date: June 30, 2018

The District agrees with the finding. The District will collaboratively work to design a district-wide risk assessment plan that includes information technology security.

### **2017-02**

The District should improve access controls over its information technology resources

Chris Wodka

Anticipated completion date: December 2017

The District agrees with the finding. The District implemented some changes during the fiscal year ending June 30, 2017 as well as the beginning of the fiscal year ending June 30, 2018. The District will continue to monitor its information technology resources on a daily, weekly, and monthly basis. The District will assess and enhance its policies and procedures with respect to information technology resources.

### **2017-03**

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

Chris Wodka

Anticipated completion date: December 2017

The District agrees with the finding. The District will continue to enhance its change management procedures and update written guidelines.



**Pinal County Community College District**  
**(Central Arizona College)**  
**Corrective action plan**  
**Year ended June 30, 2017**

**2017-04**

The District should improve security over its information technology resources

Chris Wodka

Anticipated completion date: June 30, 2018

The District agrees with the finding. The District implemented some changes during the fiscal year ending June 30, 2017 as well as the beginning of the fiscal year ending June 30, 2018. The District will continue to improve its security over information technology resources. The District will update its information services security written guidance to document procedures.

**Federal award findings and questioned costs**

**2017-101**

CFDA numbers and program 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

Chris Wodka

Anticipated completion date: January 2018

The District agrees with the finding. The District will further strengthen procedures related to reporting of student enrollment status changes to ensure that the District is in compliance with the requirements of 34 CFR §685.309(b) and §690.83(b)(2). The District will also further strengthen procedures related to verification of accuracy and monitoring of the information reported to the NSLDS.



December 11, 2017

Debbie Davenport  
Auditor General  
2910 N. 44th St., Ste. 410  
Phoenix, AZ 85018

Dear Ms. Davenport:

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,

**Chris Wodka**  
Vice President Business Affairs

**Central Arizona College**  
District Offices

**Superstition Mountain Campus**  
805 S. Idaho Road  
Apache Junction, AZ 85119

**Aravaipa Campus**  
80440 E. Aravaipa Road  
Winkelman, AZ 85192

**Signal Peak Campus**  
8470 North Overfield Road  
Coolidge, AZ 85128-9030

**Maricopa Campus**  
17945 North Regent Drive  
Maricopa, AZ 85138-7808

**San Tan Campus**  
3736 E. Bella Vista Rd  
San Tan Valley, AZ 85143

1-800-237-9814  
[www.centralaz.edu](http://www.centralaz.edu)

**Pinal County Community College District  
(Central Arizona College)  
Summary schedule of prior audit findings  
Year ended June 30, 2017**

**Status of federal award findings and questioned costs**

CFDA numbers and program names: 84.007 Federal Supplemental Educational Opportunity Grants  
(FSEOG)  
84.033 Federal Work Study Program  
84.063 Federal Pell Grant Program  
84.268 Federal Direct Student Loans

Finding number: **2016-101**  
Status: Partially corrected

The District is not consistently transmitting files pertaining to student enrollment within an adequate time period to ensure that the District is in compliance with the requirements of 34 CFR §685.309(b) and §690.83(b)(2). The District's procedures did not ensure that data transmitted was consistently accurate. In November of 2016 the District strengthened some of its internal control procedures pertaining to student enrollment reporting to help ensure that the District reports student enrollment status changes accurately and timely in accordance with the enrollment-reporting requirements of 34 CFR §685.309(b) and §690.83(b)(2). Certain District employees from registration, financial aid, finance, and institutional research and planning departments underwent a series of training webinars on enrollment reporting to ensure that applicable District employees were knowledgeable of the compliance requirements on enrollment reporting. The District also strengthened procedures to include monitoring the information reported to the NSLDS, by the third-party servicer, to ensure information was reported accurately and timely. As a result of the finding, the District will further strengthen procedures related to reporting of student enrollment status changes. The District will also further strengthen procedures related to verification of accuracy and monitoring of the information reported to the NSLDS.

