

Cochise County Community College District

Single Audit Report

Year Ended June 30, 2023



A Report to the Arizona Legislature

Lindsey A. Perry
Auditor General





The Arizona Auditor General's mission is to provide independent and impartial information and specific recommendations to improve the operations of State and local government entities. To this end, the Office provides financial audits and accounting services to the State and political subdivisions, investigates possible misuse of public monies, and conducts performance audits and special reviews of school districts, State agencies, and the programs they administer.

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Annual Comprehensive Financial Report



LINDSEY A. PERRY
AUDITOR GENERAL

ARIZONA
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
Cochise 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 Cochise County Community College District as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated June 25, 2024. Our report includes a reference to other auditors who audited the financial statements of the Cochise 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.

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 were not 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 a material weakness and a significant deficiency.

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 2023-01 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 deficiency described in the accompanying schedule of findings and questioned costs as item 2023-02 to be a significant deficiency.

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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards*, and that is described in the accompanying schedule of findings and questioned costs as item 2023-01.

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

June 25, 2024



LINDSEY A. PERRY
AUDITOR GENERAL

ARIZONA
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
Cochise County Community College District

Report on compliance for each major federal program

Opinion on each major federal program

We have audited Cochise 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 each of its major federal programs for the year ended June 30, 2023. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the 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, 2023.

Basis for opinion on each major federal program

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 requirement 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

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 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 2023-101. Our opinion on each major federal program is not modified with respect to this matter.

Report on 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 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. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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 finding that is presented in its corrective action plan at the end of this report. The District is responsible for preparing a corrective action plan to address the finding. The District's response 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, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated June 25, 2024, 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

July 11, 2024



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**

Is a going concern emphasis-of-matter paragraph included in the auditors' report? **No**

Internal control over financial reporting

Material weaknesses identified? **Yes**

Significant deficiencies identified? **Yes**

Noncompliance material to the financial statements noted? **No**

Federal awards

Internal control over major programs

Material weaknesses identified? **No**

Significant deficiencies identified? **None reported**

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

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

Identification of major programs

Assistance Listings number	Name of federal program or cluster
84.007, 84.033, 84.063, 84.268 84.425	Student Financial Assistance Cluster COVID-19 - Education Stabilization Fund

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

Auditee qualified as low-risk auditee? **No**

Financial statement findings

2023-01

The District failed to provide key financial information to auditors timely, and its initial financial statements contained misstatements and misclassifications, which delayed their issuance 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, 2023, nearly 1 year after fiscal year-end, 86 days later than required. Specifically, the District’s Finance Department failed to provide key financial information, such as complete and accurate 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 up to 2 months past agreed-upon deadlines.

Further, contrary to U.S. generally accepted accounting principles (GAAP), the District’s initial ACFR contained errors we identified and recommended the District correct so that the District’s financial statements and note disclosures would contain accurate information. The District provided multiple versions of financial statements and note disclosures that contained numerous errors, and amounts did not agree throughout the ACFR. The District’s Finance Department subsequently corrected these errors, which included the following more significant misstatements and misclassifications:

- \$2.9 million of operating expenses were understated as the District misclassified the amounts it reported as deferred outflows related to pensions and other postemployment benefits and compensated absences payable on the financial statements, and the related pension and long-term liability note disclosures had errors ranging from \$65,000 to \$25.5 million.
- \$3.5 million of net position invested in capital assets was understated as the District misclassified the amounts it reported as unrestricted and restricted net position.
- \$36,000 gain on the sale of capital assets was reported as a \$1 million loss on the sale of capital assets because the District misclassified \$1 million as other nonoperating revenues.

Effect—The District’s Finance Department did not provide timely financial information to its Governing Board 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 Budgeted 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. Further, while the District corrected the errors we identified before issuing its final financial statements, without implementing corrective action to improve its financial reporting process, there is an increased risk that the District’s financial statements could contain significant errors and misinform those who are relying on the information.

Cause—District management reported to us that it lacked sufficient resources as its Finance Department experienced turnover in key positions, specifically those charged with preparing and reviewing financial statements. Further, the Finance Department’s written policies and procedures for preparing GAAP-based financial statements lacked detailed procedures over reconciling its financial statement balances and activities to subsystems and other records and performing a supervisory review to ensure its financial statements were complete and accurate.

Criteria—State law requires the District to issue its audited financial statements and ABELR within 9 months after fiscal year-end, or by March 31, 2024 (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 GAAP. Accurate financial statements provide valuable information to those charged with the District's governance and management, and others who rely on the reported financial information to make important decisions about the District's financial operations. 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

Recommendations—The District should:

1. Provide key financial information to auditors by the agreed-upon deadlines established at the beginning of the audit to ensure timely issuance of its audited ACFR.
2. Prepare the financial statements, associated note disclosures, and supporting schedules accurately and in accordance with GAAP.
3. Allocate or acquire sufficient resources and assign employees specific responsibilities with required agree-upon deadlines to compile its ACFR in a timely manner.
4. Update existing policies and procedures for preparing its financial statements in accordance with GAAP to include step-by-step procedures, and train employees, to:
 - a. 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.
 - b. Perform a detailed supervisory review of the draft financial statements, supporting schedules, and note disclosures 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 before providing them for audit. This review should be performed by an individual who is independent of the financial statements' preparation and knowledgeable of GAAP reporting requirements.

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

This finding is similar to prior-year finding 2022-01 and was initially reported in fiscal year 2022.

¹ U.S. Government Accountability Office (GAO). (2014). *Standards for Internal Control in the Federal Government*. Washington, DC. Retrieved 5/15/2024 from <https://www.gao.gov/assets/670/665712.pdf>.

2023-02

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 respond to risks associated with its IT systems and data. The District lacked sufficient procedures over the following:

- **Restricting access**—Procedures did not consistently help prevent or detect unauthorized or inappropriate access to its IT systems and data.

- **Securing systems and data**—IT security policies and procedures lacked controls to prevent unauthorized or inappropriate access or use, manipulation, damage, or loss.

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 it did not prioritize developing and implementing a process for assigning and reviewing account access and monitoring compliance with its policy requiring annual security awareness training for all employees because of limited staffing resources, such as the District’s ability to hire and retain qualified IT personnel.

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 the following:

- **Restrict access through logical controls**—Help to ensure systems and data are accessed by users who have a need, systems and data access granted is appropriate, and key systems and data access is monitored and reviewed.
- **Secure systems and data through IT security internal control policies and procedures**—Help prevent, detect, and respond to instances of unauthorized or inappropriate access or use, manipulation, damage, or loss to its IT systems and data.

Recommendations—The District should:

1. Make it a priority to develop and document IT access policies and procedures and develop a process to ensure these procedures and existing IT security training policies are being consistently followed.
2. Restrict access to its IT systems and data, develop, document, and implement processes to assign and periodically review employee user access ensuring appropriateness and compatibility with job responsibilities.
3. Secure IT systems and data, implement processes to provide all employees ongoing training on IT security risks and their responsibilities to ensure systems and data are protected.

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

This finding is similar to prior-year finding 2022-02 and was initially reported in fiscal year 2017.

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.

Federal award findings and questioned costs

2023-101

Assistance Listings numbers and names: Not applicable
Questioned costs: Not applicable

Condition—Contrary to federal regulation, the District did not submit its June 30, 2023, Single Audit Report to the federal audit clearinghouse until July 11, 2024, 102 days later than required.

Effect—The District 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 need to be taken by the District. Further, federal grantors may deny the District future federal awards or subject it to additional 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, 2023, Annual Comprehensive Financial Report in a timely manner for the reasons we reported in finding 2023-01, which delayed the completion of the Single Audit.

Criteria—Federal regulation requires the District to submit its Single Audit Report to the federal audit clearinghouse no later than 9 months after the fiscal year-end, or by March 31, 2024, for the District's June 30, 2023, Single Audit Report (2 Code of Federal Regulations §200.512).

Recommendations—The District should improve its financial reporting process, as noted in finding 2023-01, 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.

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

This finding is similar to prior-year finding 2022-101 and was initially reported in fiscal year 2022.

DISTRICT SECTION

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Fiscal Period 7/1/2022 - 6/30/2023**

Federal Awarding Agency/Program Title	Assistance Listings Number	Additional Award Identification (Optional)	Name of Funder Pass-Through Entity	Identifying Number Assigned By Funder Pass-Through Entity	Federal Expenditures	Federal Program Total	Cluster Name	Cluster Total
DEPARTMENT OF AGRICULTURE								
RURAL BUSINESS DEVELOPMENT GRANT	10.351				\$38,563	\$38,563	N/A	\$0
TOTAL DEPARTMENT OF AGRICULTURE					<u>\$38,563</u>			
DEPARTMENT OF DEFENSE								
GENCYBER GRANTS PROGRAM	12.903				\$79,987	\$79,987	N/A	\$0
TOTAL DEPARTMENT OF DEFENSE					<u>\$79,987</u>			
DEPARTMENT OF JUSTICE								
CORONAVIRUS EMERGENCY SUPPLEMENTAL FUNDING PROGRAM	16.034	COVID-19	ARIZONA CRIMINAL JUSTICE COMMISSION	ACESF-22-016	\$30,818	\$30,818	N/A	\$0
TOTAL DEPARTMENT OF JUSTICE					<u>\$30,818</u>			
SMALL BUSINESS ADMINISTRATION								
SMALL BUSINESS DEVELOPMENT CENTERS	59.037		MARICOPA COUNTY COMMUNITY COLLEGE DISTRICT	SBAHQ22B0041, SBAOEDS8230060-01-00	\$127,942	\$150,323	N/A	\$0
COVID-19 SMALL BUSINESS DEVELOPMENT CENTERS	59.037	COVID-19	MARICOPA COUNTY COMMUNITY COLLEGE DISTRICT	SBAHQ20C0012	\$22,381	\$150,323	N/A	\$0
TOTAL SMALL BUSINESS ADMINISTRATION					<u>\$150,323</u>			
DEPARTMENT OF EDUCATION								
ADULT EDUCATION - BASIC GRANTS TO STATES	84.002		ARIZONA DEPARTMENT OF EDUCATION	23FABASC-312181-01A, 23FPRLEC-312181-01A, 23FIETCO-312181-01A, 23FVILEC-312181-01A, 23FIELCC-312181-01A, 23FIECTC-312181-01A, 23FEAEWF-312181-01, 23AEWIOA-312181	\$551,899	\$551,899	N/A	\$0
FEDERAL SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANTS	84.007				\$103,107	\$103,107	STUDENT FINANCIAL ASSISTANCE	\$8,476,300
FEDERAL WORK-STUDY PROGRAM	84.033				\$93,413	\$93,413	STUDENT FINANCIAL ASSISTANCE	\$8,476,300
TRIO_STUDENT SUPPORT SERVICES	84.042				\$272,948	\$272,948	TRIO CLUSTER	\$272,948
CAREER AND TECHNICAL EDUCATION -- BASIC GRANTS TO STATES	84.048		ARIZONA DEPARTMENT OF EDUCATION	22FCTDBG-212181-20A, 23FCTDBG-312181-20A	\$300,281	\$300,281	N/A	\$0
FEDERAL PELL GRANT PROGRAM	84.063				\$6,679,457	\$6,679,457	STUDENT FINANCIAL ASSISTANCE	\$8,476,300
FUND FOR THE IMPROVEMENT OF POSTSECONDARY EDUCATION	84.116		YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT	P116T210013	\$4,019	\$4,019	N/A	\$0
FEDERAL DIRECT STUDENT LOANS	84.268				\$1,600,323	\$1,600,323	STUDENT FINANCIAL ASSISTANCE	\$8,476,300
EDUCATION STABILIZATION FUND	84.425	COVID-19, 84.425F			\$2,324,825	\$2,543,363	N/A	\$0
EDUCATION STABILIZATION FUND	84.425	COVID-19, 84.425L			\$218,538	\$2,543,363	N/A	\$0
TOTAL DEPARTMENT OF EDUCATION					<u>\$12,148,810</u>			
DEPARTMENT OF HEALTH AND HUMAN SERVICES								
ACTIVITIES TO SUPPORT STATE, TRIBAL, LOCAL AND TERRITORIAL (STLT) HEALTH DEPARTMENT RESPONSE TO PUBLIC HEALTH OR HEALTHCARE CRISES	93.391		EL RIO SANTA CRUZ NEIGHBORHOOD HEALTH CENTER	G377-655130	\$106,078	\$106,078	N/A	\$0
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES					<u>\$106,078</u>			
TOTAL EXPENDITURES OF FEDERAL AWARDS					<u>\$12,554,579</u>			

Please Note:
Italicized award lines indicate pass-through funding

The accompanying Notes to the Schedule of Expenditures of Federal Awards are an integral part of the schedule.

COCHISE COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Fiscal Period 7/1/2022 - 6/30/2023

Significant Accounting Policies Used in Preparing the SEFA

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.

10% De Minimis Cost Rate

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

Basis of presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Cochise County Community College District for the year ended June 30, 2023. 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* .

Federal Assistance Listings numbers

The program titles and Federal Assistance Listings numbers were obtained from the federal or pass-through grantor or the 2023 *Federal Assistance Listings* .

DISTRICT RESPONSE



July 10, 2024

Lindsey Perry
Auditor General
2910 N 44th St, Suite 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 these findings, we are providing you with our responsible officials' views, the names of the contact people responsible for corrective action, the corrective action that has been taken or is planned, and the anticipated completion date.

Sincerely,

A handwritten signature in blue ink that reads 'Wendy Davis'.

Wendy Davis, Ph.D.
Vice President for Administration

Financial statement findings

2023-01

The District failed to provide key financial information to auditors timely and the initial financial statements contained misstatements and misclassification resulting in a delay of the issuance and increased the risk that those relying on the financial information could be misinformed.

Name of contact person and title: Wendy Davis (VPA/CFO)

Anticipated completion date: July 1, 2024

Agency's response: Concur

Cochise College experienced unfortunate staffing issues resulting in delayed financial information being submitted to auditors. Cochise College has developed a revised organizational structure in the finance department, including additional staffing to ensure timely submission of financial reports. The District has also experienced challenges with our financial management system technical support and has hired additional staffing to address this issue. Competent staffing is a priority for the District and strategies have been developed to ensure timely delivery of financial information and issuance of audited financial statements.

2023-02

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

Name of contact person and title: David Luna (CISO)

Anticipated completion date: August 30, 2024

Agency's response: Concur

Cochise College has implemented authentication enhancements to include Multi-factor Authentication, improvement of password policies, and implementation of network access controls restricting how and from which networks certain user accesses may be initiated.

Cochise College has developed and is implementing an access management process that ensures access is granted based on job role/job description. This access management process includes regular, formal reviews to ensure the process is continually improved and is meeting its intended goals for appropriate access. Appropriate management will be responsible for ensuring the continual and timely execution of the process and its required annual cadence of reviews. Cochise College was partially through the access management implementation by June 30, 2023 and expected to complete the full implementation on August 30, 2024.

Federal award findings and questioned costs

2023-101

Assistance Listing number and program name: N/A

Name of contact person and title: Wendy Davis (VPA/CFO)

Anticipated completion date: July 1, 2024

Agency's response: Concur

As noted in finding 2023-01, Cochise College has developed a revised organizational structure in the finance department, including additional staffing to ensure timely submission of financial reports.



July 10, 2024

Lindsey A. Perry
Arizona 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 included in the prior audit's summary schedule of prior audit findings and questioned costs. The 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,

A handwritten signature in blue ink that reads 'Wendy Davis'.

Wendy Davis, Ph.D.
Vice President for Administration

Summary schedule of prior year findings status

2022-01

The District failed to provide key financial information to auditors timely and the initial financial statements contained misstatements and misclassification resulting in a delay of the issuance and increased the risk that those relying on the financial information could be misinformed.

This finding initially occurred in fiscal Year 2022.

Status: Partially corrected

The District has experienced staffing changes that impacted the efficient preparation and processing of financial statements. A new director/ controller was hired in September 2023 and additional staffing changes have been made to place additional focus on the district's financial operations and management. The District has also experienced challenges with our financial management system technical support and has hired a new enterprise resource planning (ERP) system database administrator/programmer to assist the district with the system administration and programming.

2022-02

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

This finding initially occurred in fiscal Year 2017.

Current status: Partially corrected

Cochise College has implemented authentication enhancements to include Multi-factor Authentication, improvement of password policies, and implementation of network access controls restricting how and from which networks certain user accesses may be initiated.

Cochise College has developed and is implementing an access management process that ensures access is granted based on job role/job description. This access management process includes regular, formal reviews to ensure the process is continually improved and is meeting its intended goals for appropriate access. Appropriate management will be responsible for ensuring the continual and timely execution of the process and its required annual cadence of reviews. Cochise College was partially through the access management implementation by June 30, 2023 and expected to complete the full implementation on August 30, 2024.

Federal award findings

2022-101

Assistance Listing number and program name: N/A

This finding initially occurred in fiscal Year 2022

Status: Partially corrected

The District has experienced staffing changes that impacted the efficient preparation and processing of financial statements. A new director/ controller was hired in September 2023 and additional staffing changes have been made to place additional focus on the district's financial operations and management. The District has also experienced challenges with our financial management system technical support and has hired a new enterprise resource planning (ERP) system database administrator/programmer to assist the district with the system administration and programming and is focused on providing financial statements and information to ensure the Single Audit is completed in a timelier manner.

