

# Pima County Community College District

Report on Internal Control  
and on Compliance

Year Ended June 30, 2024



A Report to the Arizona Legislature

Lindsey A. Perry  
Auditor General





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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  
Pima 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 Pima County Community College District as of and for the year ended June 30, 2024, 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 17, 2024. Our report includes a reference to other auditors who audited the financial statements of the Pima Community College Foundation, Inc., 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. We identified a deficiency in internal control, described in the accompanying schedule of findings and recommendations as item 2024-01, that we consider to be a material weakness.

## **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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **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

December 17, 2024



# SCHEDULE OF FINDINGS AND RECOMMENDATIONS

## Financial statement findings

### 2024-01

The District did not restrict access to 4 investment accounts to only authorized employees, increasing the risk of fraud and misuse of public monies

**Condition**—The District did not restrict access to only authorized employees during the fiscal year for 4 investment accounts totaling over \$118.4 million in public monies, or 71.4 percent of the District’s total bank and investment account balances, as of June 30, 2024. Specifically, for 4 of 16 bank and investment accounts tested, the District did not immediately remove terminated employees’ access to perform confidential banking actions for investment accounts, as follows:

	Number of investment accounts	Investment account balance as of June 30, 2024	Access to perform confidential banking actions not immediately removed for terminated employees	Length of time inappropriate access was allowed
Former assistant vice chancellor of finance terminated in August 2022	4	\$118.4 million	Authorized to act on behalf of the District to perform actions such as withdrawing and transferring funds from the account.	Over 2 years after employment ended
Former director of finance terminated in September 2022	2	\$115.1 million <sup>1</sup>	Authorized to act on behalf of the District to perform actions such as withdrawing and transferring funds from the account.	Over 2 years after employment ended

After we brought this to the District’s attention, they removed the terminated employees’ access for 2 of the 4 investment accounts.

**Effect**—Although we reviewed these accounts and did not identify any inappropriate transactions during fiscal year 2024, the District’s allowing inappropriate access to its investment accounts, including terminated employees’ ability to perform confidential banking actions, increases the risk of fraud and misuse of public monies.

**Cause**—The District did not have a formal process to immediately remove terminated employees’ investment account access, including completing required forms to update authorized signers for investment accounts with financial institutions, and did not periodically review and recertify access. Consequently, District officials were unaware of these terminated employees’ inappropriate access until we notified them.

**Criteria**—The District’s policy requires the District to exercise prudent financial stewardship and support the District’s mission, which would include safeguarding public monies.<sup>2</sup> Restricting investment account access to only authorized employees by immediately requesting, through required forms, the investing financial institution to remove access upon employee termination and periodically reviewing and recertifying access to only authorized employees is an essential part of internal control standards, such as *Standards for Internal Control in the Federal Government*, issued by the Comptroller General of the United States, and integral to ensuring monies are not fraudulently or mistakenly misused.<sup>3</sup>

**Recommendations**—The District should:

1. Restrict investment account access to only authorized employees to safeguard public monies.
2. Develop and implement policies and procedures to:
  - a. Periodically review and recertify access to investment accounts, limiting the ability to perform confidential banking actions to only authorized employees.
  - b. Immediately complete required forms to request investing financial institutions to remove all access for terminated employees, including the ability to be an authorized signer.
  - c. Review financial institutions’ access listings immediately after requesting the bank to remove access to verify that only authorized users remain.

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.

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<sup>1</sup> The 2 investment accounts totaling \$115.1 million are 2 of the same accounts included in the 4 investment accounts totaling \$118.4 million at June 30, 2024.

<sup>2</sup> Pima County Community College District. (2023). Board Policy Number BP 4.01 - Financial Controls and Institutional Budget. Retrieved 1/16/2025 from <https://www.pima.edu/about-pima/leadership-policies/policies/board-policies/docs-bp-04/BP-4-01.pdf>

<sup>3</sup> U.S. Government Accountability Office (GAO). (2014). Standards for internal control in the federal government. Retrieved 1/16/2025 from <https://www.gao.gov/assets/670/665712.pdf>

# DISTRICT RESPONSE





**PimaCountyCommunityCollegeDistrict**

**District Office**

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for Finance and Administration  
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February 7, 2025

Lindsey Perry  
Auditor General  
2910 N. 44<sup>th</sup> 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,

A handwritten signature in black ink, appearing to read "D. Bea".

David Bea, Ph.D.  
Executive Vice Chancellor for Finance and Administration

**Pima County Community College District**  
**Corrective Action Plan**  
**Year Ended June 30, 2024**

**Financial Statement Findings**

**Finding Number: 2024-01**

The District did not restrict access to 4 investment accounts to only authorized employees, increasing the risk of fraud and misuse of public monies.

*Contact Person:* Cecily Westphal, Director, Financial Services

*Anticipated Completion Date:* March 31, 2025

*Corrective Action:*

The College, in adherence to Board Policy 4.01 – Financial Controls and Institutional Budget, will develop a procedure to regularly review account access, including authorized signers, for investment accounts to ensure access is restricted to only authorized employees. The College reviews balances regularly and would have discovered any unusual or unexpected account transactions. The College has initiated corrections and updated access and signatory authorization.

Action Steps and Timeframe:

- Remove former employees from investment accounts ensuring only authorized employees are listed. Anticipated completion date is February 28, 2025.
- Develop a documented procedure to periodically review and recertify employee access to the investment accounts. This procedure will require immediate action to remove access for terminated employees and verification that the removal of access and signatory authority was successful. Anticipated completion date is March 31, 2025.

