

NAVAJO COUNTY COMMUNITY COLLEGE DISTRICT
SINGLE AUDIT REPORT
YEAR ENDED JUNE 30, 2025



CPAs | CONSULTANTS | WEALTH ADVISORS

[CLAconnect.com](https://www.CLAconnect.com)

**NAVAJO COUNTY COMMUNITY COLLEGE DISTRICT
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2025**

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND REPORT ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	1
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE, AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE	3
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	
SUMMARY OF AUDITORS' RESULTS	7
FINANCIAL STATEMENT FINDINGS	8
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS	13
DISTRICT SECTION	
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	16
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	17
DISTRICT RESPONSE	
CORRECTIVE ACTION PLAN	18
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS	25
REPORTS ISSUED SEPARATELY	
ANNUAL COMPREHENSIVE FINANCIAL REPORT	



INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND REPORT ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Arizona Auditor General
The Governing Board of
Navajo County Community College District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and discretely presented component units of the Navajo County Community College District (District), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 27, 2026. Our report includes a reference to other auditors who audited the financial statements of the aggregate discretely presented component units, as described in our report on the District's financial statements. The financial statements of the aggregate discretely presented component units 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 aggregate discretely presented component units.

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 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 entity's basic financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

The Arizona Auditor General
The Governing Board of
Navajo County Community College District

We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2025-001, 2025-002, 2025-003, 2025-004 and 2025-005 that we consider to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's 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*.

Navajo County Community College District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Navajo County Community College District's response 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 result 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.



CliftonLarsonAllen LLP

Phoenix, Arizona
March 27, 2026



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE,
AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY THE UNIFORM GUIDANCE**

The Arizona Auditor General
The Governing Board of
Navajo County Community College District

Report on Compliance for Each Major Federal Program

Opinion on the Major Federal Program

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

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 its major federal programs for the year ended June 30, 2025.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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). 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 the major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management 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 the 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 GAAS, *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 GAAS, *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, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit 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 instances of noncompliance, which are required to be reported in accordance with Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2025-101 and 2025-102. Our opinion on the major federal program is not modified with respect to these matters.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies over compliance and therefore, material weaknesses or significant deficiencies may exist

that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

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

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2025-101 to be a significant deficiency.

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

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

District response to findings

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the business-type activities and discretely presented component units of the District as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We have issued our report thereon, dated March 27, 2026, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the 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 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

The Arizona Auditor General
The Governing Board of
Navajo County Community College District

and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. 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.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Phoenix, Arizona
March 27, 2026

**NAVAJO COUNTY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2025**

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements

1. Type of auditors’ report on whether the financial statements audited were prepared in accordance with generally accepted accounting principles issued: Unmodified

2. Is a going concern emphasis-of-matter paragraph included in the auditors’ report? No

3. Internal control over financial reporting:
 - Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? x yes _____ none reported

4. Noncompliance material to financial statements noted? _____ yes x no

Federal Awards

1. Internal control over major federal programs:
 - Material weakness(es) identified? x yes _____ no
 - Significant deficiency(ies) identified? x yes _____ none reported

2. Type of auditors’ report issued on compliance for major federal programs: Unmodified

3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? x yes _____ no

Identification of Major Federal Programs

Assistance Listing Numbers

84.007, 84.033, 84.063

Name of Federal Program or Cluster

Student Financial Assistance Cluster

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

 x yes _____ no

**NAVAJO COUNTY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2025**

SECTION II – FINANCIAL STATEMENT FINDINGS

2025-001: IT Risk Assessment

Type of Finding:

- Significant Deficiency in Internal Control over Financial Reporting

Condition: The District has not conducted a documented IT risk assessment since 2015.

Criteria: Establishing a process for conducting regular IT risk assessments that follows a credible industry source, such as the National Institute of Standards and Technology, helps the District to proactively identify and address emerging threats and vulnerabilities, thereby effectively managing risk related to IT systems and data.

Effect: Without conducting regular IT risk assessments, the District may fail to identify emerging threats and vulnerabilities in a timely manner. This increases the risk of security incidents, unauthorized access to sensitive data, and non-compliance with industry standards and regulatory requirements. The lack of updated risk evaluations may also hinder the District's ability to implement effective mitigation strategies and allocate resources appropriately.

Cause: District administration and IT management reported that competing priorities and limited resources contributed to the delay in conducting regular IT risk assessments. Additionally, the absence of a formalized schedule or process for periodic evaluations has made it challenging to ensure consistent and timely reviews.

Repeat Finding: No.

Recommendation: The District should establish and implement a formal process for conducting IT risk assessments on a regular basis, at least annually. The assessments should follow a recognized framework, such as those provided by the National Institute of Standards and Technology (NIST), to ensure a comprehensive evaluation of risks across all systems and data environments. The results of each assessment should be documented, reviewed by IT leadership, and used to guide strategic decisions related to cybersecurity and risk mitigation.

**NAVAJO COUNTY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2025**

2025-002: Periodic Reviews of User Access

Type of Finding:

- Significant Deficiency in Internal Control over Financial Reporting

Condition: The District did not regularly review user accounts for appropriate access rights.

Criteria: Establishing a process for managing risk that follows a credible industry source, such as the National Institute of Standards and Technology, helps the District to effectively manage risk related to IT systems and data.

Effect: Not performing a regular, standardized user account audit increases the risk that the District may not identify all old and unused user accounts, users with improper access to the system, and/or unauthorized system users. Without regular reviews, there is a risk that users may have access rights that are not aligned with their job functions, potentially leading to unauthorized access to sensitive information and non-compliance with industry standards.

Cause: District administration and IT management reported that the volume of users and the numerous systems made the review of user accounts challenging.

Repeat Finding: Yes; 2024-005

Recommendation: The District should conduct an annual formal review of all user accounts and their access level. The review process should be documented, and sign-off should be obtained from IT personnel completing the review. The review should ensure that all user accounts are assigned to current employees by comparing a system account listing to a current employee list from Human Resources. In addition, a review of access levels should be performed by comparing the user's current access rights listed on the system to those listed on their access form, and by confirming the user's access rights with their departmental manager.

**NAVAJO COUNTY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2025**

2025-003: Offboarding Procedures for System Access

Type of Finding:

- Significant Deficiency in Internal Control over Financial Reporting

Condition: The District lacks a consistent offboarding process to ensure timely termination of user access. User accounts are not always disabled or made inaccessible immediately upon employee separation.

Criteria: Establishing a formal offboarding process that includes timely deactivation of user accounts, in alignment with industry best practices such as those recommended by the National Institute of Standards and Technology (NIST), helps the District manage IT security risks and maintain compliance with data protection standards.

Effect: Without a consistent and documented offboarding process, there is an increased risk that former employees may retain access to District systems and data. This could lead to unauthorized access, data breaches, and non-compliance with internal policies and external regulations.

Cause: District administration and IT management indicated that the absence of a standardized procedure and tracking mechanism for user terminations has contributed to inconsistent handling of access deactivation.

Repeat Finding: No

Recommendation: The District should implement a formal offboarding process that ensures user accounts are disabled or made inaccessible immediately upon termination. A ticket should be created for each termination to document and track the deactivation process. The procedure should be standardized, documented, and monitored to ensure consistent execution across all departments.

**NAVAJO COUNTY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2025**

2025 – 004: System Transition Impact on Change Records

Type of Finding:

- Significant Deficiency in Internal Control over Financial Reporting

Condition: Due to a change in ticketing systems, the District was unable to provide documentation for network changes made between July 1, 2024 and December 31, 2024.

Criteria: Maintaining complete and accessible documentation of network changes, in accordance with industry best practices such as those recommended by the National Institute of Standards and Technology (NIST), helps ensure that changes are properly reviewed, authorized, and traceable for compliance and operational integrity.

Effect: The lack of documentation for network changes during the specified period hinders the District's ability to verify the appropriateness of changes, assess compliance with internal controls, and respond effectively to potential security incidents or system issues.

Cause: District IT management indicated that the transition between ticketing systems did not include a comprehensive migration of historical change records, resulting in a gap in documentation.

Repeat Finding: No

Recommendation: The District should implement procedures to ensure that all network change documentation is preserved during system transitions. This includes establishing a formal data migration plan and validating that historical records are retained and accessible. Additionally, change management processes should be reviewed to ensure continuity and traceability regardless of system changes.

**NAVAJO COUNTY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2025**

2025 – 005: Disaster Recovery Plan Test

Type of Finding:

- Significant Deficiency in Internal Control over Financial Reporting

Condition: The District has a disaster recovery plan; however, it has not been regularly tested. We noted that the Disaster Recovery Plan (DRP) was not reviewed or revised during the audit period.

Criteria: Establishing a process for managing risk that follows a credible industry source, such as the National Institute of Standards and Technology, helps the District to effectively manage risk related to IT systems and data.

Effect: The District is at significant risk of losing valuable data and may experience substantial delays in its ability to recover technical infrastructure within an acceptable time period. An outdated and untested DRP may result in an inadequate response to disruptions, leading to prolonged downtime and potential data loss, which could impact the District's operations and compliance.

Cause: District administration and IT management reported that limited resources, including time, budget, and personnel, have prevented regular testing and review of the DRP.

Repeat Finding: Yes; 2024-002

Recommendation: The District should create a comprehensive test plan to evaluate the effectiveness of its disaster recovery plan through a combination of tabletop exercises and technical testing. This approach will ensure that the recovery plan is robust, practical, and capable of addressing various types of disruptions. The test results will also provide the District with additional knowledge to revise the recovery plan to have a more successful recovery in the event of a disaster.

**NAVAJO COUNTY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2025**

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2025-101: Gramm-Leach-Bliley Act – Vendor Management

Federal Agency: Department of Education

Federal Program: Student Financial Assistance Cluster

Assistance Listing Numbers:

- 84.007 – Federal Supplemental Educational Opportunity Grants
- 84.033 – Federal Work-Study Program
- 84.063 – Federal Pell Grant Program

Federal Award Identification Number

- P063P243482 – 2025
- P007A240127 – 2025
- P033A240127 – 2025

Award Period: July 1, 2024 – June 30, 2025

Type of Finding:

- Compliance, Other Matter
- Significant Deficiency in Internal Control over Compliance

Criteria: Establishing a process for managing risk that follows a credible industry source, such as the National Institute of Standards and Technology, helps the District to effectively manage risk related to IT systems and data. CFR Guidance (Based on GLBA 16 CFR – 314.4) – Addresses how the institution will oversee its information system service providers (16 CFR 314.4(f)).

Condition: The District’s written information security program does not include a vendor due diligence program as required by the Gramm-Leach-Bliley Act (GLBA) 16 CFR 314.4(f).

Questioned Costs: None

Cause: The District’s written information security program did not include established policies and standards specifically addressing vendor risk management.

Effect: The District is exposed to loss of revenue, reputation damage, disclosure of non-public data, loss of technology assets as a result of the following:

- Potential security breaches due to insufficient evaluation and monitoring of vendors who interact with sensitive data.
- Inadequate assessment of risks associated with outsourcing services or managing services through vendors.
- Establishing relationships with vendors that do not support the District’s strategic objectives, lack financial stability, or have inadequate controls.

**NAVAJO COUNTY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2025**

This absence makes it difficult to ensure that vendors who interact with sensitive data are properly evaluated, selected, and monitored, potentially leading to security breaches and noncompliance with regulatory requirements.

Repeat Finding: Yes; 2024-004

Recommendation: The District should ensure that the written information security program includes a vendor due diligence program. This program should include:

- Standards for evaluating and selecting vendors who interact with sensitive data.
- Contract provisions that require third-party vendors to maintain safeguards.
- Ongoing monitoring based on the risk the vendor presents.

Also, appropriate policy and standards documentation should be established to support the vendor management program.

View of responsible official: The District agrees with the finding, see the Corrective Action Plan.

**NAVAJO COUNTY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2025**

2025-102: NSLDS Reporting

Federal Agency: Department of Education

Federal Program Title: Student Financial Assistance Cluster

Assistance Listing Number:

- 84.063 – Federal Pell Grant Program

Federal Award Identification Number:

- P063P243482 – 2025

Award Period: July 1, 2024 – June 30, 2025

Type of Finding:

- Compliance, Other Matter
- Material Weakness in Internal Control over Compliance

Criteria: Per 34 CFR 690.83(b)(2), an institution must report any enrollment status changes, including the date of the change per the institution's reporting system, to the National Student Loan Data System (NSLDS) for participating students within 60 days of the change.

Condition: We found that the District did not report enrollment status changes to the NSLDS by the required federal deadlines for 40 of the 40 (100 percent) students we tested.

Questioned Costs: None

Cause: The District did not have adequate internal controls in place to ensure that it fully complied with federal student enrollment reporting requirements for the Title IV Student Financial Assistance program.

Effect: Enrollment reporting is a critical compliance requirement for institutions participating in the federal Student Financial Assistance program. For recipients of Pell Grants, timely enrollment reporting by institutions assists with their eligibility, future disbursement amounts, and continued access to Student Financial Assistance. Failure to meet the required enrollment status change reporting timeliness increases the District's risk of material noncompliance with federal Student Financial Assistance program requirements.

Repeat Finding: No

Recommendation: We recommend that the District strengthen its internal controls over reporting student enrollment changes to NSLDS to ensure that enrollment effective dates are reported to NSLDS within 60 days of an enrollment status change occurring.

Views of Responsible Officials: The District agrees with the finding, see the Corrective Action Plan.

**NAVAJO COUNTY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2025**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Commerce				
Economic Adjustment Assistance	11.307	Not Applicable	\$ -	\$ 155,099
Total U.S. Department of Commerce			<u>-</u>	<u>155,099</u>
U.S. Department of Labor				
Passed through Navajo County				
WORKFORCE INNOVATION AND OPPORTUNITY ACT CLUSTER				
Workforce Innovation and Opportunity Act (WIOA) Youth Activities	17.259	D121-0002285	-	21,240
Total U.S. Department of Labor			<u>-</u>	<u>21,240</u>
Small Business Administration				
Passed through Maricopa County Community College District				
Small Business Development Centers	59.037	SBAOEDSB-240114	-	165,242
Total Small Business Administration			<u>-</u>	<u>165,242</u>
U.S. Department of Education				
STUDENT FINANCIAL ASSISTANCE CLUSTER:				
Federal Supplemental Educational Opportunity Grants	84.007	Not Applicable	-	110,105
Federal Work-Study Program	84.033	Not Applicable	-	29,636
Federal Pell Grant Program	84.063	Not Applicable	-	2,080,278
Total Student Financial Assistance Cluster			<u>-</u>	<u>2,220,019</u>
Higher Education-Institutional Aid	84.031		-	369,958
Education Stabilization Fund – HEERF Institutional Resilience and Expanded Postsecondary Opportunity (IREPO) Program (COVID-19)	84.425P	Not Applicable	-	631
Total Department of Education Direct Programs			<u>-</u>	<u>2,590,608</u>
Passed through Arizona Department of Education				
Adult Education-Basic Grants to States	84.002	V002A240003	-	550,961
Career and Technical Education - Basic Grants to States	84.048	V048A210003	-	339,734
Passed through Yavapai County Community College District				
Fund for the Improvement of Postsecondary Education	84.116	P116T210013	-	94,238
Total U.S. Department of Education			<u>-</u>	<u>3,575,541</u>
Total Expenditures of Federal Awards			<u>\$ -</u>	<u>\$ 3,917,122</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**NAVAJO COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2025**

NOTE 1 BASIS OF PRESENTATION

The information in this schedule of expenditures of federal awards (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 FEDERAL ASSISTANCE LISTING NUMBERS

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

NOTE 4 INDIRECT COST RATE

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

03/20/2026

Jordan Boehm
Rio Salado Pkwy
Clifton Larson Allen LLP
80 E Rio Salado Pkwy
Tempe, AZ 85281

Dear Mr. Boehm

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,

Maderia J. Ellison
Vice President for Administrative Services/CFO

**NAVAJO COUNTY COMMUNITY COLLEGE DISTRICT
CORRECTIVE ACTION PLAN
YEAR ENDED JUNE 30, 2025**

Financial Statement Findings

2025-001

The District has not conducted a documented IT risk assessment since 2015.

Responsible Official: Michael Jacob, Associate Vice President Chief Information Officer
Anticipated Completion Date: June 30, 2026

The District will take the following actions to address the identified concerns:

- Although a formal IT Risk Assessment was not conducted during the audit period, the District has been actively identifying and mitigating risks through ongoing operational practices. Recognizing the need for a more structured and comprehensive approach, the District hired a new Information Security Analyst and is preparing to engage a consultant to conduct a formal IT Risk Assessment. While a Risk Manager position was created to support broader institutional risk efforts, their role in this process will be limited. In parallel, the Information Security Group (ISG) revised internal procedures to clarify its role in maintaining the IT Risk Assessment and to define its scope and frequency.

These actions reflect the District's commitment to strengthening risk management and aligning with audit recommendations.

**NAVAJO COUNTY COMMUNITY COLLEGE DISTRICT
CORRECTIVE ACTION PLAN
YEAR ENDED JUNE 30, 2025**

2025-002

The District did not regularly review user accounts for appropriate access rights.

Responsible Official: Michael Jacob, Associate Vice President Chief Information Officer
Anticipated Completion Date: June 30, 2026

The District will take the following actions to address the identified concerns:

- The District has proposed updates to internal procedures requiring supervisors to conduct annual reviews of employee access and permissions. As part of the implementation of Anthology, the new ERP system scheduled to go live during the current fiscal year, all user accounts will be created and documented with supervisor-approved access levels. The system will provide enhanced visibility into user roles and permissions, enabling annual access reviews after go-live to ensure access remains appropriate and aligned with institutional needs.

These efforts support the District's broader commitment to maintaining secure and well-governed system access.

**NAVAJO COUNTY COMMUNITY COLLEGE DISTRICT
CORRECTIVE ACTION PLAN
YEAR ENDED JUNE 30, 2025**

2025-003

The District lacks a consistent offboarding process to ensure timely termination of user access. User accounts are not always disabled or made inaccessible immediately upon employee separation.

Responsible Official: Michael Jacob, Associate Vice President Chief Information Officer

Anticipated Completion Date: June 30, 2026

The District will take the following actions to address the identified concerns:

- The District has taken steps to improve consistency, accountability, and cross-departmental coordination in managing user accounts. Updates have been proposed to formalize the steps and approval requirements for creating, modifying, and deactivating accounts, including the expectation that ticket requests and documentation are submitted prior to work beginning. TAS has collaborated with HR to enhance onboarding, position change, and offboarding processes and is preparing to lead supervisor training sessions to reinforce these expectations. In support of these improvements, the District is upgrading its IT ticketing system and implementing new HR software designed to improve documentation and enforce adherence to standardized processes.

These efforts reflect an ongoing cultural shift toward more transparent, reliable and well-documented control activities.

**NAVAJO COUNTY COMMUNITY COLLEGE DISTRICT
CORRECTIVE ACTION PLAN
YEAR ENDED JUNE 30, 2025**

2025 – 004

Due to a change in ticketing systems, the District was unable to provide documentation for network changes made between July 1, 2024 and December 31, 2024.

Responsible Official: Michael Jacob, Associate Vice President Chief Information Officer
Anticipated Completion Date: June 30, 2026

The District will take the following actions to address the identified concerns:

- The District has taken steps to strengthen internal processes and promote accountability across technical operations. TAS leadership emphasized the importance of documenting all account and system changes through formal ticket requests and proposed updates to procedures to reinforce this expectation. While neither the previous nor current ticketing systems have fully supported documentation of network and system changes, a more advanced version is being implemented to improve tracking and support redesigned workflows for onboarding, position changes, and offboarding.

These initiatives reflect the District's commitment to consistent documentation practices and improved operational transparency.

**NAVAJO COUNTY COMMUNITY COLLEGE DISTRICT
CORRECTIVE ACTION PLAN
YEAR ENDED JUNE 30, 2025**

2025 - 005

The District has a disaster recovery plan; however, it has not been regularly tested. We noted that the Disaster Recovery Plan (DRP) was not reviewed or revised during the audit period.

Responsible Official: Michael Jacob, Associate Vice President Chief Information Officer
Anticipated Completion Date: June 30, 2026

The District will take the following actions to address the identified concerns:

- The District began reviewing the Disaster Recovery Plan with the Senior Systems Administrator and confirmed that no changes had occurred since the previous formal review. However, the review and test were delayed due to staffing transitions and the need to prioritize operational continuity. A new administrator has since been hired, and a full review and test of the plan are anticipated by June 2026, with annual reviews and tests to occur each January thereafter.

While the Information Security Group (ISG) maintains a broader focus, its continued efforts contribute to the District's overall preparedness, including disaster recovery planning and resilience.

**NAVAJO COUNTY COMMUNITY COLLEGE DISTRICT
CORRECTIVE ACTION PLAN
YEAR ENDED JUNE 30, 2025**

Federal Award Programs Findings

2025-101

The District's written information security program does not include a vendor due diligence program as required by the Gramm-Leach Bliley Act (Pub. L. No. 106-102)(GLBA) 16 CFR 314.4(f).

Responsible Official: Michael Jacob, Associate Vice President Chief Information Officer

Anticipated Completion Date: June 30, 2026

The District will take the following actions to address the identified concerns:

- The Information Security Group (ISG) was reactivated to strengthen oversight and align practices with industry standards and audit recommendations. The group developed a standardized Vendor Evaluation Checklist, now used prior to signing contracts with any vendor that stores student, employee, or financial data. It also proposed updates to internal procedures to reflect current practices, including the addition of data protection provisions in new vendor contracts when appropriate. While not all proposed changes have been formally approved, they represent the direction the District is actively pursuing. The ISG meets every two months and convenes annually in December to review vendor contracts and assess their security posture.

These efforts demonstrate the District's ongoing commitment to improving vendor management and safeguarding sensitive data through sustained oversight.

**NAVAJO COUNTY COMMUNITY COLLEGE DISTRICT
CORRECTIVE ACTION PLAN
YEAR ENDED JUNE 30, 2025**

2025 - 102

We found that the District did not report enrollment status changes to the NSLDS by the required federal deadlines for 40 of the 40 (100 percent) students we tested.

Responsible Official: Paul Hempsey, Registrar

Anticipated Completion Date: September 30, 2026

The District will take the following actions to address the identified concerns:

- The Registrar will ensure the new Student Information System (SIS), currently being implemented, has the required workflows and reporting capabilities in place to accurately collect and report on changes to student enrollment statuses required to be reported to the National Student Loan Data System within the required federal deadlines.
- The Registrar will implement a tracking mechanism to document the receipt, review, and submission of each NSLDS enrollment reporting roster. This tracking log will be reviewed on a periodic basis to verify that all required submissions are completed within the 60-day reporting window.

These efforts demonstrate the District's ongoing commitment to improving reporting requirements through sustained oversight.



03/20/2026

Jordan Boehm
Rio Salado Pkwy
Clifton Larson Allen LLP
80 E Rio Salado Pkwy
Tempe, AZ 85281

Dear Mr. Boehm:

We have prepared the accompanying summary schedule of prior year audit findings, as required by Title 2 of the 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 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,

Maderia J. Ellison
Vice President for Administrative Services/CFO

**NAVAJO COUNTY COMMUNITY COLLEGE DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2025**

STATUS OF FINANCIAL STATEMENT FINDINGS

Finding No. 2024-001

Change Management

Status: *Fully Corrected*

Finding No. 2024-002

Disaster Recovery Plan Test

Status: *Partially Corrected*

Reason for recurrence: Although the College maintained a documented disaster recovery plan, staffing changes and competing operational priorities delayed formal review and testing of the plan during fiscal year 2025. Consequently, the disaster recovery plan was not tested or updated as of June 30, 2025.

Finding No. 2024-003

Authentication Enforcement Misalignment

Status: *Fully Corrected*

Finding No. 2024 – 004

Vendor Management

Status: *Partially Corrected*

Reason for recurrence: The vendor management finding originally reported in fiscal year 2024 remains unresolved and recurring for the District as of June 30, 2025. While corrective actions are underway and progress has been made, the vendor due diligence program required under GLBA has not yet been fully implemented and documented within the College's written information security program.

Finding No. 2024 – 005—This finding initially occurred in fiscal year 2017.

Periodic Reviews of User Access

Status: *Partially Corrected*

Reason for recurrence: The finding was made in fiscal year 2017 and it was not anticipated for it to be reoccurring in fiscal year 2025. The District is in the process of improving controls but have not fully implemented the changes.

As of June 30, 2025, the District has partially implemented the necessary changes to improve existing IT access and security over information technology resources. The District has developed policies and procedures documenting the control processes over IT access and the security protocols. These

**NAVAJO COUNTY COMMUNITY COLLEGE DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2025**

policies and procedures will be implemented and allow the District to better monitor, manage and control access to data and IT devices, as well as maintain IT security.

Finding No. **2023-01**—This finding initially occurred in fiscal year 2017.

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.

Status: *Partially Corrected*

Reason for recurrence: The finding was made in fiscal year 2017 and it was not anticipated for it to be reoccurring in fiscal year 2025. The District is in the process of improving controls but have not fully implemented the changes.

As of June 30, 2025, the District has partially implemented the necessary changes to improve existing IT access and security over information technology resources. The District has developed policies and procedures documenting the control processes over IT access and the security protocols. These policies and procedures will be implemented and allow the District to better monitor, manage and control access to data and IT devices, as well as maintain IT security.

FINDINGS— FEDERAL AWARD PROGRAMS AUDITS

There were no Federal Award Findings in the prior year.



CLA (CliftonLarsonAllen LLP) is a network member of CLA Global. See CLAGlobal.com/disclaimer. Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.