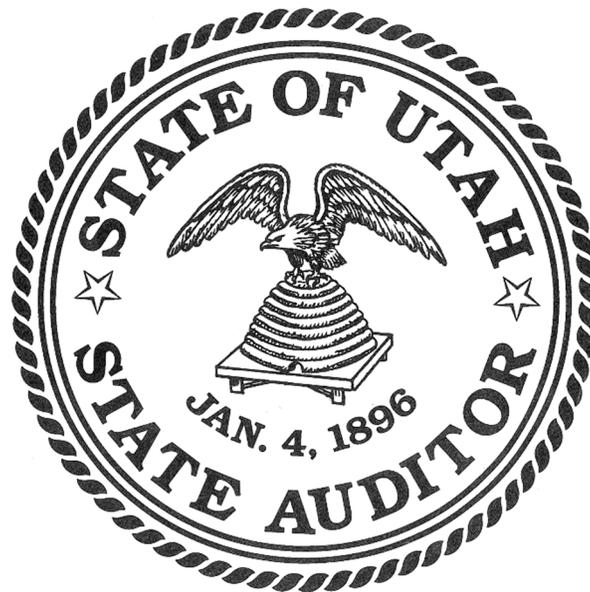


OGDEN-WEBER TECHNICAL COLLEGE

A Component Unit of the State of Utah

Government Auditing Standards
For the Year Ended June 30, 2019

Report No. 19-02



OFFICE OF THE
STATE AUDITOR

AUDIT LEADERSHIP:

John Dougall, State Auditor
Andrew Driggs, Audit Senior
Ken Young, CPA, Staff Auditor

OGDEN-WEBER TECHNICAL COLLEGE
FOR THE YEAR ENDED JUNE 30, 2019

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OFFICE OF THE
STATE AUDITOR

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

To the Board of Directors, Audit Committee
and
Jim Taggart, President
Ogden-Weber Technical College

We have audited the financial statements of the Ogden-Weber Technical College (College) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated August 22, 2019. We conducted our audit 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. Our report includes a reference to other auditors who audited the financial statements of the Ogden-Weber Technical College Foundation (Foundation), as described in our report on the College's financial statements. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards* and, accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Foundation.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the College's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we do not express an opinion on the effectiveness of the College'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 to 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 financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be

material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying finding and recommendation, that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the College'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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

College's Response to Finding

The College's response to the finding identified in our audit is described in the accompanying finding and recommendation. The College's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Office of the State Auditor
August 22, 2019

OGDEN-WEBER TECHNICAL COLLEGE

FINDING AND RECOMMENDATION FOR THE YEAR ENDED JUNE 30, 2019

INADEQUATE INTERNAL CONTROLS RELATED TO IMPLEMENTATION OF A NEW PAYROLL PROCESS AND CAPITAL ASSET REPORTING

Ogden-Weber Technical College (College) does not have adequate internal controls to ensure that transactions and accruals are appropriately recorded in its general ledger and subsequently reported in its financial statements. As a result, the following adjustments to the statements were required:

- a. \$324,263 of the June 2019 payroll was accrued as a liability to correct the initial processing of wages at year-end. The College implemented a new payroll process during fiscal year 2019 and did not ensure internal controls were in place to prevent or to detect and correct potential errors resulting from the implementation of the new process. When implementing new processes, the College should design and implement internal controls to identify and correct potential significant errors.
- b. \$712,767 in equipment was removed from “General Expense” to properly capitalize two chillers purchased and installed in fiscal year 2019. Management did not establish an asset capitalization policy that aligns with generally accepted accounting principles. The College should have policies to guide its financial recording and reporting to ensure the financial statements are prepared in accordance with generally accepted accounting principles.

Inadequately developed internal controls and policies may result in undetected errors in the financial statements.

Recommendations:

We recommend the College:

- a. Design and implement internal reporting controls sufficient to prevent or to detect and correct potential errors in newly-developed processes.**
- b. Establish and follow formal asset capitalization policies that align with generally accepted accounting principles.**

College's Response:

- a. The College agrees with the recommendation and will refine its existing year-end audit checklist and related process to ensure that newly-developed processes are included on the list and properly accounted for.*
- b. The College agrees with the recommendation and will establish and follow a formal asset capitalization policy that is in keeping with generally accepted accounting principles.*