

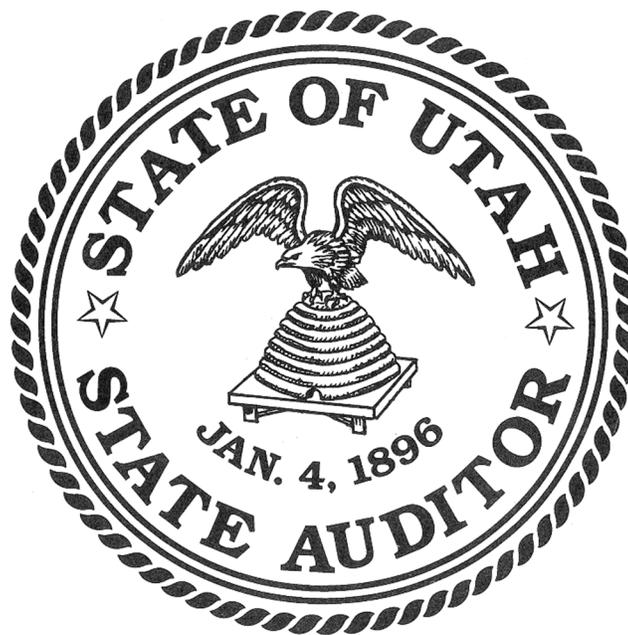
# UTAH DEPARTMENT OF TRANSPORTATION

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Financial Audit Management Letter  
For the Year Ended June 30, 2018

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Report No. 18-20



## OFFICE OF THE STATE AUDITOR

### AUDIT LEADERSHIP:

John Dougall, State Auditor  
Jon Johnson, CPA, Deputy State Auditor  
Andrew Driggs, Audit Senior

**UTAH DEPARTMENT OF TRANSPORTATION**  
**FOR THE YEAR ENDED JUNE 30, 2018**

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OFFICE OF THE  
**STATE AUDITOR**

**FINANCIAL AUDIT MANAGEMENT LETTER NO. 18-20**

February 5, 2019

To the Audit Committee  
and  
Carlos Braceras, Executive Director  
Utah Department of Transportation

This management letter is issued as a result of the Utah Department of Transportation's (UDOT's) portion of the statewide financial audit for the year ended June 30, 2018. Our final report on internal control over financial reporting and on compliance and other matters issued to meet the reporting requirements of *Government Auditing Standards* issued by the Comptroller General of the United States, dated December 5, 2018, is issued under separate cover.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements of the State of Utah, including UDOT's Transportation Fund and Transportation Investment Fund, as of and for the year ended June 30, 2018, in accordance with auditing standards generally accepted in the United States of America, we considered the State'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 State of Utah's or UDOT's internal control. Accordingly, we do not express an opinion on the effectiveness of the State of Utah's or UDOT'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.

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. Given these limitations during our audit, we did not identify any deficiencies in UDOT's internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the State of Utah's financial statements, including UDOT's Transportation Fund and Transportation Investment Fund, 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*.

However, the results of our tests disclosed an instance of noncompliance that is described in the accompanying finding and recommendation.

### **UDOT's Response to Finding**

UDOT's written response to the finding and recommendation 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. Accordingly, this communication is not suitable for any other purpose.

We appreciate the courtesy and assistance extended to us by the personnel of UDOT during the course of our audit, and we look forward to a continuing professional relationship. If you have any questions, please contact me.

Sincerely,



Jon Johnson, CPA  
Deputy State Auditor  
801-538-1359  
jonjohnson@utah.gov

cc: Teri Newell, Deputy Director  
Jason Davis, Deputy Director  
Becky Bradshaw, Finance Director

## FINDING AND RECOMMENDATION

### INACCURACIES IN CLASS B AND C ROAD APPORTIONMENT CALCULATIONS

The Utah Department of Transportation (Department) did not use the most recent federal census data available at the time of periodic B and C road apportionment as required by *Utah Code 72-2-108(2)(b)*. The Department used 2015 and 2016 census data instead of 2016 and 2017 census data available at the time of the calculations. The use of outdated census data could and did result in under and over allocations to counties and municipalities during the year.

#### Recommendation:

**We recommend the Department properly calculate the apportionment of funds available for class B and C roads in accordance with *Utah Code 72-2-108(2)(b)* by using the most recent census data available from the United States Bureau of Census at the time of apportionment. We also recommend the Department correct the calculations noted and make appropriate adjustments to the next distribution.**

#### Department's Response:

*We agree with your finding and appreciate the recommendations. Moving forward, the Utah Department of Transportation will apply the most recent census data as required by statute. We will also make the appropriate adjustments to the next distribution.*