MOUNTAINLAND TECHNICAL COLLEGE
A Component Unit of the State of Utah

Government Auditing Standards
For the Year Ended June 30, 2018

Report No. 18-44

OFFICE OF THE
STATE AUDITOR

AUDIT LEADERSHIP:

John Dougall, State Auditor
Jason Allen, CPA, CFE, Senior Audit Manager
Chantel Wixon, Audit Senior

MOUNTAINLAND TECHNICAL COLLEGE
FOR THE YEAR ENDED JUNE 30, 2018

TABLE OF CONTENTS

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*

Board of Directors, Audit Committee,
and
Clay E. Christensen, President
Mountainland Technical College

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 basic financial statements of Mountainland Technical College (the College) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the College's financial statements, and have issued our report thereon dated February 21, 2019.

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 opinion 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 accompanies the 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

Office of the State Auditor
February 21, 2019

MOUNTAINLAND TECHNICAL COLLEGE

FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2018

1. UNTIMELY BANK RECONCILIATIONS

Mountainland Technical College (College) does not have a formal policy on bank reconciliation procedures. As a result, six of its fiscal year 2018 monthly bank reconciliations were not completed timely, ranging from 80 to 202 days after month end. We also noted an unresolved difference of $23,105 in the College's bank reconciliation which has existed since implementation of the new accounting system in fiscal year 2017. Best practices direct that bank reconciliations, including resolution of any differences, should be performed within 30 days. Adequate internal controls over cash receipts, cash disbursements, payroll, and financial reporting rely upon the performance of a monthly bank reconciliation. Not fully reconciling balances can result in fraudulent transactions occurring without detection.

Recommendation:

We recommend the College:

- **Establish written policies and procedures that require the College to complete accurate and timely monthly bank reconciliations.**
- **Resolve the difference in the accounting system.**

College's Response:

The College agrees with the recommendation and will establish written policies and procedures regarding the completion of accurate and timely bank reconciliations.

The College will continue to work with outside consultants to resolve the difference in the accounting system.