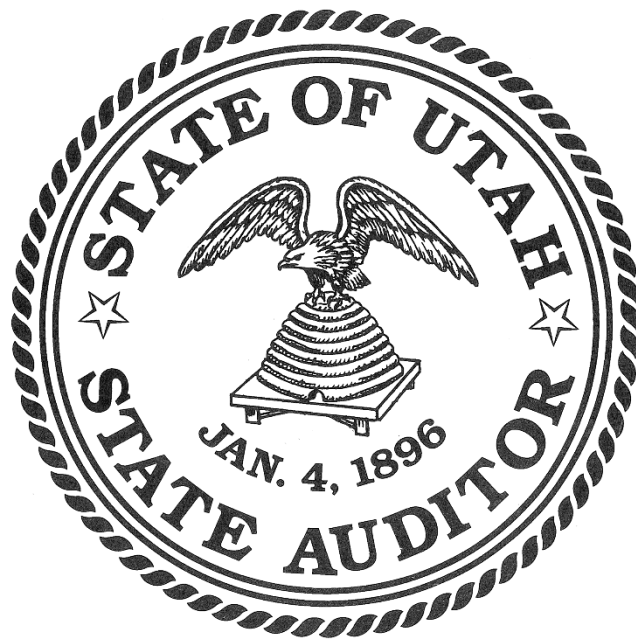


Snow College

Government Auditing Standards Report *For the Year Ended June 30, 2021*

Report No. 21-19



Office of the
State Auditor

AUDIT LEADERSHIP:

John Dougall, State Auditor
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Snow College

For the Year Ended June 30, 2021

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Finding Type:

MW Material Internal Control Weakness
SD Significant Deficiency of Internal Control
MN Material Noncompliance
RN Reportable Noncompliance or Illegal Acts

Applicable To:

s College Financial Statements
f Federal Program



Office of the
State Auditor

Independent 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 Trustees, Audit Committee
and
Brad Cook, President
Snow 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 financial statements of Snow College (College), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise basic financial statements and have issued our report thereon dated January 13, 2022.

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 have not been 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 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 Findings

The College's response to the finding is included 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. However, pursuant to *Utah Code* Title 63G Chapter 2, this report is a matter of public record, and as such, its distribution is not limited.



Office of the State Auditor
January 13, 2022

Findings and Recommendations

Finding 1. President Commits College to Contract Prior to Board Approval

The President signed a contract/memorandum of understanding (MOU) with the Athletic Advancement Association of America (AAAA) prior to the MOU being approved by the Board of Trustees. This MOU was to provide student-athletes in the Hohokam Junior College Athletic Conference (HJCAC) access to online courses. Maricopa County Community/Junior College District in Arizona discontinued its football programs approximately 3 years ago and HJCAC and the AAAA were established to provide junior college football experiences, including academic opportunities, to participating student-athletes. The MOU was signed by the President on June 17, 2021. The College's Board of Trustees approved the agreement on June 25, 2021 after the MOU committed the College to provide certain services, including:

- Sponsoring a 1 credit PE1005 "Football Life Skills" course. This course would have a mandatory course fee equal to the published AAAA league fee (not to exceed \$2,500/student) and would be conducted by AAAA. Snow College would then distribute to AAAA the collected fees.
- Providing online classes, enrollment advisors, free-of-charge student support services, financial aid counseling and support, and academic counseling.
- Charging online tuition at rates equal to in-state tuition rates.

Without appropriate operational controls, the College could be held liable for contract terms that were not properly approved, do not align with the College's goals, or are contrary to Utah Board of Higher Education objectives or policies. This circumvention of appropriate policies brings into question the appropriateness of the College's control environment and demonstrates the need to strengthen such controls.

Recommendation:

- We recommend all authorized individuals comply with College policies regarding contract approval and execution.
- We recommend the President actively strengthen the College's control environment.

College's Response:

Snow College recognizes the concern from the Utah State Auditor's Office. Before this agreement was signed by an authorized signatory from Snow College, the Trustees had been made aware of this agreement. The agreement was also discussed with the Assistant Attorney General assigned to Snow College at the time of signing. It was determined that

Snow College maintained the authority to sign the agreement. However, the authority to charge a fee, and the amount of that fee, lies with the Board of Trustees, per policy.

Before any fee was charged, the matter of the fee and the amount came before the Board of Trustees for approval. Although the agreement was already signed by Snow College on June 17, 2021, no action regarding fees took place prior to obtaining the requisite approval from the Board of Trustees. Once the Board of Trustees approved the fee on June 25, 2021, Snow College entered into negotiations with the Athletic Advancement Association of America to memorialize the fee amount and the process for charging and disbursing the fee in accordance with the agreement.

Snow College understands the concerns expressed by the Utah State Auditor's Office and recognizes that having the Board of Trustees approve both the fee and the contract at the same time, prior to signing the agreement, would have resulted in a cleaner process. Snow College administration agrees that adequate controls must be in place to protect Snow College and the State of Utah. Snow College is committed to ensuring these controls are in place, strengthening such controls, and will continue to work with legal counsel regarding institutional contracting policies, procedures, and training thereof.