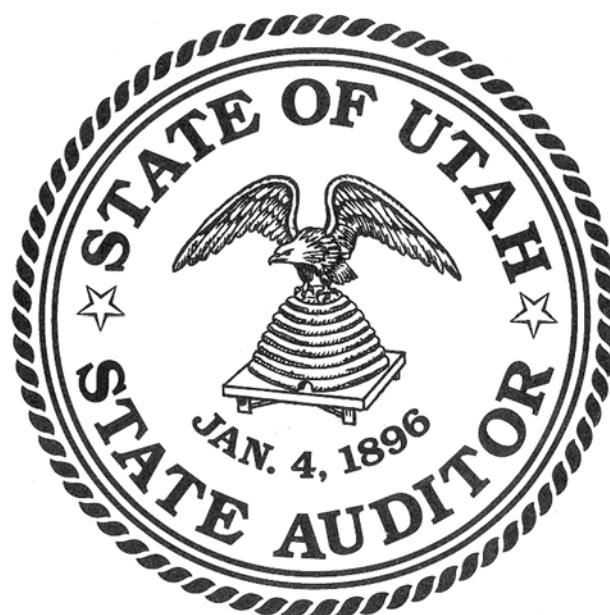


SNOW COLLEGE

Government Auditing Standards Report
For the Year Ended June 30, 2017

Report No. 17-34



OFFICE OF THE STATE AUDITOR

AUDIT LEADERSHIP:

John Dougall, State Auditor
Hollie Andrus, CPA, Audit Director
Ryan Roberts, CPA, Audit Supervisor

SNOW COLLEGE
FOR THE YEAR ENDED JUNE 30, 2017

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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 Trustees, Finance and Facilities Committee
and
Gary L. Carlston, 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, 2017, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated January 29, 2018.

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 is included with 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
January 29, 2018

FINDING AND RECOMMENDATION

PROCUREMENT INTERNAL CONTROL WEAKNESSES

Snow College (College) does not have policies and procedures requiring appropriate department-level review and approval of purchase requisitions as well as adequate documentation of these administrative procurement reviews and approvals. As a result, no such reviews and approvals are being performed at the department level. Adequately documented procurement approvals provide sufficient evidence of all administrative reviews and approvals. An appropriate control environment allows department heads to detect and/or prevent unauthorized purchases, disbursements of funds, and other misappropriation of assets. It also allows department heads to carry out their responsibility to prudently monitor and authorize the expenditure of appropriated budgets.

Recommendation:

We recommend the College establish written policies and procedures requiring appropriate department-level review and approval of purchase requisitions as well as documentation of these administrative procurement approvals. We also recommend the College perform and document these department-level reviews.

College's Response:

The Snow College Controller and Procurement offices are working with the Information Technology (IT) Office to set up an approval queue workflow in Banner. The implementation and use of approval queues would document appropriate departmental review and approval of purchase orders. The IT office has gathered information from the Banner user guides and other USHE institutions. Some approval queues have already been set up in a test database and are currently being tested. The College plans to have this implemented and in place by September 30, 2018.