

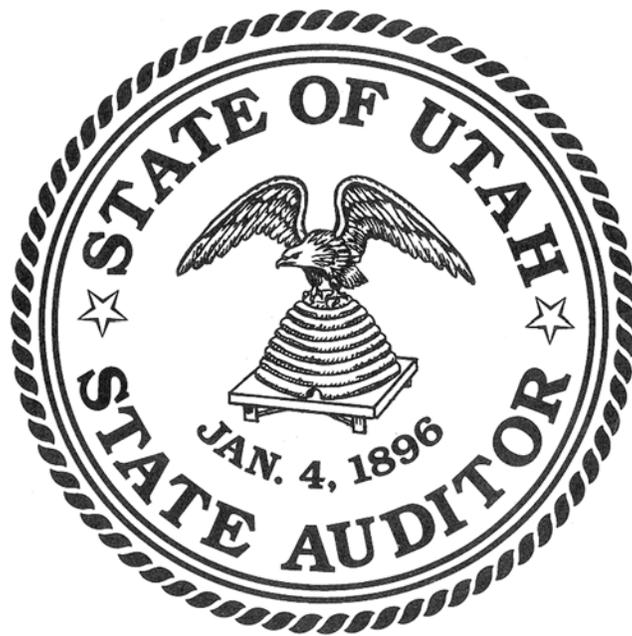
# UINTAH BASIN APPLIED TECHNOLOGY COLLEGE

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

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Report No. 17-37



## OFFICE OF THE STATE AUDITOR

### AUDIT LEADERSHIP:

John Dougall, State Auditor  
Jason Allen, CPA, CFE, Senior Audit Manager  
Nate Grondel, Audit Senior

**UINTAH BASIN APPLIED TECHNOLOGY 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 Directors, Audit Committee  
and  
Aaron K. Weight, Campus President  
Uintah Basin Applied Technology 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 the Uintah Basin Applied Technology 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 financial statements, and have issued our report thereon dated February 12, 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 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*

Office of the State Auditor  
February 12, 2018

## FINDING AND RECOMMENDATION

### **INADEQUATE SEPARATION OF DUTIES**

Uintah Basin Applied Technology College has inadequate separation of duties related to Custom Fit Match cash receipts. The Custom Fit Specialist commits the College to exchange, prepares invoices for Custom Fit clients, and receives payment from Custom Fit clients.

Inadequate separation of duties exists when the same individual has custody of assets, access to records, authorization of transactions, and/or responsibility for reviews and comparisons. These errors occurred due to inadequate employee understanding of internal controls. Inadequate separation of duties could allow errors and fraud to occur without detection. In situations where it is impractical to separate duties, additional internal control procedures should be implemented such as reviews performed by someone who does not handle cash and checks received.

### **Recommendation:**

**We recommend the College separate conflicting duties or implement compensating controls such as an independent review of receipts and billings performed by someone who does not have access to cash receipts.**

### **College's Response:**

*We appreciate the finding and recommendation. The College has implemented a change in procedure to include Custom Fit billings within the Institution's central billing process. It is now being done independent of the Custom Fit Specialist. Custom Fit companies are now directed to send payments directly to the fiscal office.*