



OFFICE OF THE
STATE AUDITOR



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Utah Tech University

Management Letter

For the year ended June 30, 2023

Report No. 23-21

February 26, 2024

Office of the State Auditor

Audit Leadership:

John Dougall, State Auditor

Bertha Lui, CPA, Audit Director

Jordan Kattelman, CPA, Audit Supervisor

Table of Contents

Management Letter No. 23-21	1
Findings & Recommendations	3
Finding 1. Higher Education Emergency Relief Fund Quarterly Reports Not Reviewed for Accuracy.....	3



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Management Letter No. 23-21

February 26, 2024

Courtney White, Interim President
Utah Tech University
225 South 700 East
St. George, UT 84770

Dear President White:

This management letter is issued as a result of our audit of the State of Utah's basic financial statements as of and for the year ended June 30, 2023. It is also issued as a result of the Utah Tech University's (University) portion of the statewide federal compliance audit (Single Audit) for the year ended June 30, 2023. Our audit was conducted in accordance with 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.

Our final reports on internal controls and on compliance required under *Government Auditing Standards* and federal *Uniform Guidance* will be issued under separate cover. These reports will also provide further detail as to considerations made during the course of the audit regarding internal controls and compliance, both at the financial statement and at the federal program level, and the limited purposes of those considerations. The purpose of this letter is to communicate with the University management concerns identified during the course of our audit.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees to prevent or to detect and correct on a timely basis misstatements, errors, or instances of noncompliance. A material weakness in internal control is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that material misstatements, errors, or noncompliance are not prevented or are not detected and corrected on a timely basis.

Based on the audit procedures performed, we identified deficiencies in internal control which, while not considered material, we consider to be significant enough to merit the further attention of management and those charged with governance (Finding 1).

The University's written response to and Corrective Action Plan for this finding will be included in the final reports identified in the second paragraph above.

The purpose of this communication is solely to describe the scope of our testing of internal control over compliance and the results of that testing and not to provide an opinion on the effectiveness of the

University's internal control over 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.

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

Sincerely,



Bertha Lui, CPA
Audit Director
801-808-0481
blui@utah.gov

cc: Scott Jensen, Executive Director of Business Services
Bryant Flake, Executive Director of Planning and Budget

Findings & Recommendations

Finding 1. Higher Education Emergency Relief Fund Quarterly Reports Not Reviewed for Accuracy

(Finding Type: Significant deficiency)

Federal Agency: Department of Education

Assistance Listing Number and Title: 84.425E Higher Education Emergency Relief Fund (HEERF)

Student Aid

84.425F HEERF Institutional Aid

Federal Award Number: P425E201701, P425F201626, and P425M200131

Questioned Costs: N/A

Pass-through Entity: N/A

Prior Year Single Audit Report Finding Number: N/A

The University did not have a control procedure in place to ensure that its Higher Education Emergency Relief Fund (HEERF) quarterly reports were reviewed for accuracy. Federal regulations (2 CFR 200.303) require that entities “establish and maintain effective internal control...that provides reasonable assurance that the ... entity is managing the Federal award in compliance with...terms and conditions of the Federal award.” However, University personnel did not subject the reports to a review and approval process because they did not realize the requirements applied to HEERF quarterly reports.

The University should be aware that effective control requirements apply to all federally required reports. Lack of proper controls may result in inaccurate information to be reported without detection that may lead users to reach inappropriate conclusions and make improper decisions.

Recommendation:

We recommend that the University ensure all required reports of federal financial assistance programs are reviewed to ensure accuracy.

University's Response:

We agree with the finding that there should have been secondary internal review of the quarterly HEERF reports. However, it should also be noted that the quarterly reports were carefully reconciled to ensure agreement with the University's financial ledgers, and the underlying ledger transactions were subject to all pertinent internal controls and approval processes.

Corrective Action Plan:

Although HEERF funds have been fully expended by the University as of 6/30/23, any future reporting of federal funds of a similar nature will include a secondary review process. The secondary review will

be jointly coordinated by Scott Jensen, Assistant Vice President of Business and Auxiliary Services (435-879-4603) and Bryant Flake, Executive Director of Planning and Budget (435-879-4602). This corrective action will be implemented immediately.