



OFFICE OF THE
UTAH STATE AUDITOR



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Utah Inland Port Authority

Government Auditing Standards Report

Report No. 24-19

For the year ended June 30, 2024

Office of the Utah State Auditor

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OFFICE OF THE
UTAH 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 Directors
and
Ben Hart, Executive Director
Utah Inland Port Authority

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 governmental activities and each major fund of the Utah Inland Port Authority (Authority), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated December 23, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority'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 identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as Finding 1 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority'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*.

Authority's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Authority's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Authority'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 Utah State Auditor
Salt Lake City, Utah
December 23, 2024

Findings & Recommendations

Finding 1. Errors in Financial Reporting Preparation Process

(Finding Type: Significant Deficiency)

The Authority does not have adequate internal controls to ensure their financial statements are prepared in accordance with generally accepted accounting principles. As a result, adjustments were needed to fairly present the Authority's financial activity, including:

- a. A \$1,109,300 adjustment and a \$1,037,218 adjustment were made to lease liabilities and lease right-to-use assets (lease assets) respectively to reflect the proper removal of a lease agreement terminated during the year. The Authority's decision to move office spaces and thus sign a new lease immediately terminated the lease for the old office space. However, the Authority failed to remove the lease liability and lease assets related to the old lease.
- b. While recording a transfer between the General Fund and the Special Revenue Fund, a double counting error was made and thus resulted in a \$1,984,340 adjustment to Cash and Cash Equivalents and General & Administration Expenditures.

These adjustments occurred due to the timing of the turnover of key financial personnel, inadequate review and analyses, and miscommunication between the Authority and the accounting firm contracted to prepare the financial statements.

The Authority should perform sufficient reviews and analyses and obtain an adequate understanding of financial statement reporting to ensure the financial statements materially reflect the Authority's financial position and its changes. Without performing these control procedures over the preparation process, material misstatements in the financial statements may go undetected.

Recommendation:

We recommend that the Authority's financial personnel obtains adequate understanding of financial statement reporting, ensures adequate communication with the contracted accounting firm, and performs sufficient reviews and analyses to ensure information presented in the financial statements materially reflects the Authority's financial position and its changes.

Authority's Response:

UIPA acknowledges the audit finding and is committed to improving our financial reporting processes to ensure adherence to generally accepted accounting principles. During fiscal year 2025, we appointed a new Chief Financial Officer with extensive expertise in financial reporting and auditing to lead these efforts. UIPA will enhance communication, review, and analysis procedures to ensure the financial statements are free from material misstatement.