



OFFICE OF THE
UTAH STATE AUDITOR



◦ STATE OF UTAH ◦

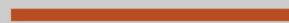
Snow College

Government Auditing Standards Report

For the year ended June 30, 2024



Report No. 24-29



Office of the State Auditor

Audit Leadership:

Tina Cannon, State Auditor

Abby Potter, CPA, Audit Supervisor

Caleb Tindall, CPA, Audit Supervisor

Table of Contents

Independent Auditor’s Report1

Findings & Recommendations3

Finding 1. Errors in Financial Reporting Preparation Process3



TINA M. CANNON
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 Trustees, Audit Committee
and
Stacey McIlff, 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, 2024, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated February 20, 2025.

Report on 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 identified a 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 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*.

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
February 20, 2025

Findings & Recommendations

Finding 1. Errors in Financial Reporting Preparation Process

(Finding Type: Significant Deficiency)

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

- a. A \$1,538,511 adjustment and a \$1,919,975 adjustment were made to decrease the Beginning Net Position and Cash & Cash Equivalents lines respectively to reflect the proper measurement of the Public Treasurer Investment Fund (PTIF) fair value for FY24. The College used the incorrect rate to calculate the fair value of their PTIF account for FY23 and FY24. This artificially inflated their Net Position for FY23 requiring an error correction in FY24.
- b. The College miscalculated their GASB 96 *Subscription-based Information Technology Arrangement* (SBITA) Liability and Asset for FY24, resulting in \$958,096, \$339,424 and \$618,672, adjustments to decrease their SBITA Liability, SBITA Asset, and corresponding Expenses.

These adjustments occurred due to misunderstanding of GASB implementation and inadequate review and analyses of the financial statements.

The College should perform sufficient reviews and analyses and obtain an adequate understanding of GASB implementations to ensure the financial statements materially reflect the College'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 College's financial personnel obtain adequate understanding of financial statement reporting and perform sufficient reviews and analyses to ensure information presented in the financial statements materially reflects the College's financial position and its changes.

College's Response:

We acknowledge the finding regarding weaknesses in our internal controls over financial statement preparation and are committed to improving accuracy and efficiency. To address this, we are hiring a Senior Accountant to support the Assistant Controller and Director of Finance in preparing financial statements. Additionally, we are implementing Workiva, a financial reporting software that will streamline processes, reduce errors, and enhance the accuracy of our financial reporting. We anticipate implementing both actions by the end of Summer 2025.