

STATE OF UTAH
OFFICE OF THE UTAH STATE AUDITOR



TINA M. CANNON
UTAH STATE AUDITOR

Snow College

Management Letter

For the year ended June 30, 2025

Report No. 25-34

Office of the Utah State Auditor

Audit Leadership:

Tina M. Cannon, State Auditor

Bertha Lui, CPA, Audit Director

Sam Steffensen, CPA, Audit Supervisor

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Management Letter No. 25-34

March 17, 2026

Stacey McCliff, President
Snow College
150 East College Ave.
Ephraim, UT 84627

Dear President McCliff:

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, 2025. It is also issued as a result of Snow College's (College) portion of the statewide federal compliance audit (Single Audit) for the year ended June 30, 2025. 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 College 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.

During our audit, we became aware of certain deficiencies in internal control (Findings 1 and 2) that are opportunities for strengthening internal controls and operating efficiencies.

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 College'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 College 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: Tim Tingey, Vice President of Finance and Administrative Services
Merrill Worthington, Director of Financial Aid and Scholarships
Jake Dettinger, Controller
Randy Cox, Chair, Snow College Audit Committee

Findings & Recommendations

Finding 1. Errors in the Calculation of Return of Title IV Funds

(Finding Type: Other)

Federal Agency: Department of Education

Assistance Listing Number and Title: Student Financial Assistance Cluster

Federal Award Number: Various

Questioned Costs: \$1,350

Pass-through Entity: N/A

Prior Year Single Audit Report Finding Number: N/A

Snow College (the College) did not properly calculate the Return of Title IV funds for one calculation selected for testing. The College included Federal Loan amounts declined by the student in their Return of Title IV calculation. Because of this error, the College calculated a Return of Title IV amount of \$207 when the returned amount should have been \$1,557. This resulted in the College returning \$1,350 less than required for this student.

Per the “2024-2025 Federal Student Aid Handbook,” “Chapter 2: The Steps in a Return of Title IV Aid Calculation – Part 1”, undisbursed loan amounts should only be included in the calculation under the following conditions: “In all Title IV loan programs, a promissory note must be signed for a loan to be included as aid that could have been disbursed in an R2T4 (Return of Title IV) calculation. The signature may be obtained after the student withdraws but must be signed before the school performs the R2T4 calculation.” Because the student had declined the loans, they did not have a signed promissory note, and the amounts would not have been disbursed to the student and should not be included in the calculation.

The College’s Financial Aid Director indicated that the institution is aware of the Return of Title IV calculation requirements. The error occurred due to a new employee’s oversight and was not identified during supervisory review. Undisbursed loans are uncommon, as most students receive loan disbursements at the beginning of the semester. In this instance, the loans appeared to be undisbursed even though they had actually been declined by the student. The employee did not recognize and adjust this in the calculation, and the error was not detected during review. Inadequate internal control over Return of Title IV funds calculation can lead to noncompliance with Federal Student Financial Assistance requirements.

Recommendation

We recommend the College strengthen their control over calculation of Return of Title IV funds to ensure that amounts of returned funds are accurately calculated and returned.

College's Response

After reviewing the Audit Snow College agrees with this recommendation.

Corrective Action Plan

The error occurred because the system automatically populated an amount in the "Not Disbursed" field of the calculation, even though the student did not have loans. This field was not cleared during the Return of Title IV (R2T4) calculation process, which resulted in an incorrect return amount.

This issue primarily occurred due to training and familiarity with the process. Dana, a staff member in our office, had recently begun processing R2T4 calculations. Because there are multiple elements that must be reviewed during the process, and because this field is not commonly populated, it was overlooked during the initial calculation. A secondary review was also conducted at the time of calculation; however, the field was missed during that review as well.

To address this issue, additional training has been completed for both staff members involved in the R2T4 review process. We have implemented a revised checklist that is used during each R2T4 calculation. The checklist now includes a specific step requiring verification of the "Not Disbursed" field at the beginning of the process to ensure it is accurate before completing the calculation. This plan has been implemented and is being followed.

Contact Person: Merrill Worthington, Director of Financial Aid, (435)283-7131,
Merrill.worthington@snow.edu

Anticipated Completion Date: March 31, 2026

Finding 2. Lack of Control over Direct Loan Reconciliation

(Finding Type: Other)

Federal Agency: Department of Education

Assistance Listing Number and Title: 84.268 Federal Direct Student Loans

Federal Award Number: Various

Questioned Costs: N/A

Pass-through Entity: N/A

Prior Year Single Audit Report Finding Number: N/A

Snow College (the College) does not have a sufficient review and approval over the Direct Loan reconciliation, and did not prepare it monthly as required. The Direct Loan reconciliation ensures that

entities have accurately reported information to the Department of Education, and that the school is accurately keeping records. Federal Regulations (2 CFR 200.303) require non-federal entities to establish, document, and maintain effective internal control to provide reasonable assurance that they manage the federal awards in compliance with federal requirements. The College was not aware of the requirement to have a review over the reconciliation, or that it was required to be completed on a monthly basis.

The lack of control resulted in the reconciliation not being completed monthly, as required by 34 CFR 685.300, for the months of July, August, and September of 2024. Instead, the reconciliation for these months was completed cumulatively in October 2024. As a result of the lack of control and the delayed preparation, the College may not properly identify and timely resolve the differences between the federal and school records.

Recommendation

We recommend that the College design, document, and maintain internal control over the reconciliation process and perform the reconciliation according to the federal requirements.

College's Response

After reviewing the Audit Snow College agrees with this recommendation.

Corrective Action Plan

The institution was not performing internal Direct Loan reconciliations with sufficient frequency or consistency. As a result, there was not an adequate control process in place to ensure that all Direct Loan disbursements were properly reconciled internally or with the Department of Education.

To correct this issue, the institution has implemented a monthly reconciliation process. Each month, the reconciliation process provided by the Department of Education will be run to confirm that all Direct Loan disbursements have been properly accounted for. This process becomes available through the Department of Education on the first Monday following the first Saturday of each month.

Beginning on the first business day of each new month, the Director of Financial Aid (or a designated staff member if the Director is unavailable) will obtain the relevant reports from the Department of Education showing the total number and amount of loans disbursed to Snow College Students during the prior month. These reports will be provided to the Business Office, where staff will perform a reconciliation to verify that institutional records match the Department of Education records.

Once the reconciliation is completed, the Business Office will submit the report to the Director of Financial Aid for review. The Director will review the reconciliation and provide written confirmation of approval if the information is accurate.

As an additional internal control, the Financial Aid Office and the Business Office will work collaboratively to ensure that this reconciliation from the Department of Education and internal reconciliation is completed each month. Both offices will verify that the process has been performed and documented, providing an additional layer of oversight to ensure compliance and accuracy. This plan has been implemented and is being followed.

Contact person: Yisel Jimenez, Plant Accountant, (435) 283-7255, Yisel.jimenez@snow.edu

Anticipated Completion Date: April 15, 2026