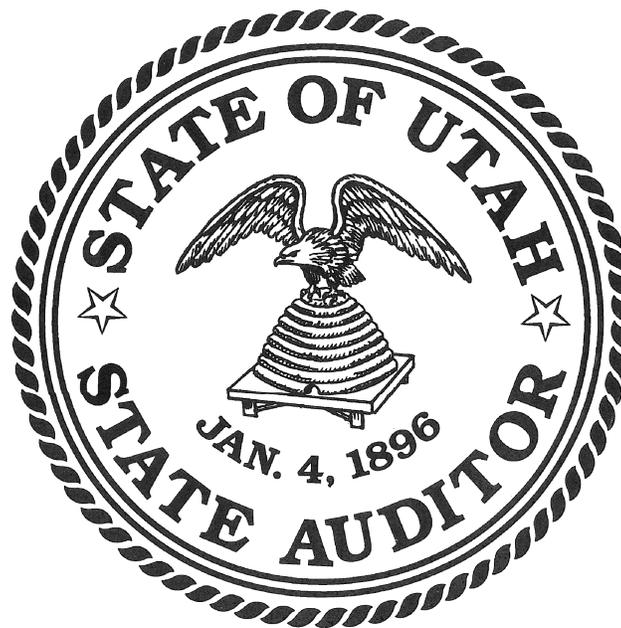


MOUNTAINLAND APPLIED TECHNOLOGY COLLEGE

Single Audit Management Letter
For the Year Ended June 30, 2017

Report No. 17-02



OFFICE OF THE STATE AUDITOR

AUDIT LEADERSHIP:

John Dougall, State Auditor
Hollie Andrus, CPA, Audit Director
Bertha Lui, CPA, Senior Audit Manager

MOUNTAINLAND APPLIED TECHNOLOGY COLLEGE

**Single Audit Management Letter
FOR THE YEAR ENDED JUNE 30, 2017**

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Finding Type:

RN Reportable Noncompliance or Illegal Acts

Applicable To:

f Federal Program



OFFICE OF THE
STATE AUDITOR

SINGLE AUDIT MANAGEMENT LETTER NO. 17-02

September 12, 2017

To the Board of Directors, Audit Committee
and
Clay E. Christensen, President
Mountainland Applied Technology College

This management letter is issued as a result of noncompliance identified during the audit of Mountainland Applied Technology College's (College's) financial statements for the year ended June 30, 2016. The audit concluded after the Office of the State Auditor issued its report on compliance and internal control over compliance for federal awards for the year ended June 30, 2016. Therefore, the issue identified in this letter will be included in the report on the statewide federal compliance for the year ended June 30, 2017. Our final report on compliance and internal control over compliance issued to meet the reporting requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) is expected to be issued in December 2017.

The noncompliance identified is required to be reported under Uniform Guidance. This matter is described in the accompanying finding and recommendation.

The College's written response to and Corrective Action Plan for the finding identified in our audit was not subjected to the audit procedures applied in our audit and, accordingly, we express no opinion on it.

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

Sincerely,

Hollie Andrus, CPA
Audit Director
handrus@utah.gov
801-808-0467

cc: Kirt J. Michaelis, Vice President of Finance

FINDING AND RECOMMENDATION

NONCOMPLIANCE RELATED TO RETURN OF TITLE IV FUNDS

Federal Agency: **Department of Education**
CFDA Number and Title: **84.063 Federal Pell Grant Program**
Federal Award Number: **Various**
Questioned Costs: **\$2,986**
Pass-through Entity: N/A
Prior Year Single Audit Report Finding Number: N/A

During the fiscal year 2016 audit of Mountainland Applied Technology College's (College's) financial statements, we identified two students for whom the College did not return unearned Title IV funds. The final Title IV funds for both students were sent to the College after the students dropped their programs. However, the College erroneously classified the funds as unearned revenue instead of following federal regulations which state that if the amount awarded exceeds the amount the student earned, the College must return the difference to the U.S. Department of Education (34 CFR 668.22(a)(4)). These errors occurred because the College does not have adequate internal controls to monitor Title IV funds and to ensure they are properly returned if students drop their programs. We have questioned \$2,986 for these errors, which represents the amount of Title IV funds the College should have returned to the U.S. Department of Education. The College's noncompliance with regulations related to the return of Title IV funds may affect the availability of future funding.

Recommendation:

We recommend the College implement internal controls over monitoring Title IV funds to ensure that any unearned Title IV funds are returned to the U.S. Department of Education.

View of Responsible Officials:

The College agrees with the recommendation to implement additional internal controls over monitoring Title IV funds.

Corrective Action Plan:

Additional controls are being implemented to enhance monitoring of Title IV funds to ensure the proper return of funds when appropriate.

All Title IV funds received will be immediately posted to student accounts and evaluated to ensure that students are continuing enrollment at the time the funds are received.

If a student is no longer enrolled at the time funds are received, the student's enrollment is evaluated to verify what portion of the funds are earned. If any funds are unearned, they will be returned to the U.S. Department of Education. This process will be done as funds are received and a secondary review will be done monthly.

*Contact Person: Kirt Michaelis, Vice President, Administrative Services/CFO, 801-753-4128
Anticipated Correction Date: September 6, 2017.*