



**Auston G. Johnson, CPA**  
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**Office of the State Auditor**

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April 7, 2004

Tracy Taylor  
Prudential Utah Real Estate  
2 South Main Street, Suite 1-C  
Heber, Utah 84032

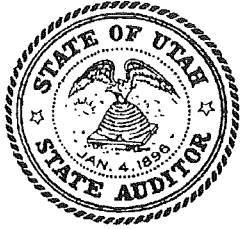
Dear Ms. Taylor and Mr. Stephens:

Enclosed is a copy of our letter to the Wasatch County School District regarding the payments made to Architectural Design West for the Old North School Project. As explained in the letter, our office will not perform further investigation into this matter.

If you have any questions, please contact me at 538-1342 or Julie Wrigley, Audit Supervisor, at 538-1340.

Sincerely,

Deborah A. Empey, CPA  
Audit Director



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UTAH STATE AUDITOR

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April 6, 2004

Superintendent Terry Shoemaker  
Wasatch County School District  
173 East 200 North  
Heber City, Utah 84032

Dear Superintendent Shoemaker:

We have completed our limited review of payments made to Architectural Design West (ADW) for the North School Remodeling Project during 2000 and 2001. This review was initiated at the suggestion of an Assistant Attorney General who has performed separate analyses regarding compliance with procurement laws for the project. Our work was strictly limited to reviewing the payments to ADW in an attempt to determine whether the payments were properly supported. We obtained the billings and supporting documentation from Wasatch County School District (the School District). Our review of the supporting documentation was limited to reviewing the photocopies provided, and we assumed that the invoices were authentic reproductions of original invoices pertaining to the project.

Based on our review of the documentation provided, the review and approval process at the time of payment was likely insufficient because the supporting documentation was inadequate. For 6 of the 11 billings, much of the supporting documentation clearly did not directly relate to the line items on the billings. It appears that additional supporting documents were added at a later time when ADW claimed that they had actually under-billed the School District and were owed additional funds. Further, we noted there was no documentation at all for certain line items for which we would expect to see support. We also noted the lack of a detailed progress report, usually referred to as a schedule of values, for all but two of the invoices.

Despite these weaknesses, we conclude that the School District has since taken adequate steps to ensure that ADW was not overpaid on the North School Project. We verified that the project was reviewed at the request of the School District by an independent consultant in late 2001 or early 2002 to determine whether ADW had over-billed the School District. The consultant concluded that although there were some questionable items, the School District received fair value within 10% for the funds spent on the project at that time. Further, the School District engaged in mediation with ADW and the outcome of that mediation also indicated that there was not a substantial overpayment to ADW. We have also received verbal assurances that the School District will ensure that future construction projects are subject to adequate oversight and review.

Since the School District has already been notified of the procurement violations by the Attorney General's office and since adequate steps were taken by the School District to mediate the

situation with ADW, we believe that further action or investigation into this matter by our office is not necessary.

We appreciate the courtesy and assistance extended to us by the personnel of the Wasatch County School District, and we look forward to a continuing professional relationship. If you have any questions, please call Julie Wrigley, Audit Supervisor, at 538-1340.

Sincerely,

A handwritten signature in cursive script, appearing to read "D. Empey", with a long horizontal flourish extending to the right.

Deborah A. Empey, CPA  
Audit Director

cc: Philip C. Pugsley, Assistant Attorney General  
Connie Steffen, Legislative Research