



# North Dakota Legislative Council

Prepared for the Legislative Audit and  
Fiscal Review Committee  
LC# 25.9223.01000  
March 2024

## SUMMARY OF MAJOR ITEMS IN AUDIT REPORTS FOR THE MARCH 21, 2024, MEETING

This memorandum summarizes major items in audit reports included on the agenda for the March 21, 2024, meeting of the Legislative Audit and Fiscal Review Committee.

### RETIREMENT AND INVESTMENT OFFICE (JUNE 30, 2023 AND 2022)

**Audit purpose:** The purpose of this audit was to determine that financial statements are free from material misstatement.

#### Findings:

- No findings were discovered, and an unmodified opinion was issued on the agency's financial statements.

#### Other information:

- **Fund growth** - The net position of the funds administered by the Retirement and Investment Office was \$19.6 billion on June 30, 2023, and \$18.1 billion on June 30, 2022. The value of the funds increased by \$1.5 billion, or 8.3 percent, from June 30, 2022, to June 30, 2023, of which 78 percent of the increase was related to the legacy fund including deposits of \$860 million and net investment income of \$680 million during fiscal year 2023.
- **Net pension liability** - The net pension liability of the Teachers' Fund for Retirement was \$1.40 billion on June 30, 2023, and \$1.46 billion on June 30, 2022. As noted on page 12, net investment losses in fiscal years 2019, 2020, and 2022 are being phased into the actuarial value of the assets, and these losses will put adverse pressure on the actuarial results in future years based on the July 2023 actuarial analysis.

#### Audit cost as reported by the State Auditor's office:

The State Auditor's office contracted with CliftonLarsonAllen, LLP for the audit of the Retirement and Investment Office. The cost of the contracted audit was \$118,636 for the June 30, 2023, and the June 30, 2022, audit, compared to a cost of \$115,178 for the June 30, 2022, and the June 30, 2021, audit.

#### Observations/potential questions relating to the audit report:

- None.

**TEACHERS' FUND FOR RETIREMENT - EMPLOYER  
ALLOCATIONS AND PENSION AMOUNTS  
(JUNE 30, 2023)**

**Audit purpose:** The purpose of this audit was to determine that schedules of employer allocations and pension amounts are free from material misstatement.

**Findings:**

- No findings were discovered, and an unmodified opinion was issued on the agency's schedules.

**Other information:**

- None.

**Audit cost as reported by the State Auditor's office:**

The State Auditor's office contracted with CliftonLarsonAllen, LLP for the audit of the Retirement and Investment Office, including the Teachers' Fund for Retirement Schedules. The cost of the contracted audit, including the Teachers' Fund for Retirement Schedules, was \$118,636 for the June 30, 2023, audit.

**Observations/potential questions relating to the audit report:**

- None.

## **NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM (JUNE 30, 2023 AND 2022)**

**Audit purpose:** The purpose of this audit was to determine that financial transactions including expenditures on the Public Employees Retirement System (PERS) financial statements were made in accordance with law and appropriation requirements. An unmodified opinion was issued.

### **Findings:**

- No audit findings were identified. No audit findings were identified in the prior audit report.

### **Audit cost as reported by the State Auditor's office:**

The Public Employees Retirement System contracted with CliftonLarsonAllen, LLP at a cost of \$118,848 to complete the June 2023 audit, a \$3,457, (3 percent), increase from the price of \$115,391 contracted to complete the June 2022 audit. These amounts include costs to audit PERS and schedules of employer allocations, other postemployment benefits, and pension schedules.

### **Observations/potential questions relating to the audit report:**

- On the bottom of page 4, net position for all trust funds administered by PERS increased \$254,018 from fiscal year 2022 to fiscal year 2023, primarily due to increases in the discount rate and investment returns. Additional detail is provided on page 6.
- On page 10, an underwriting loss of \$734,296 was realized for the uniform group insurance program during fiscal year 2023 compared to a gain of \$26,111,259 during fiscal year 2022. On page 53, note 14 provides additional information on gains and losses from the uniform group insurance program.
- On pages 39 through 43, note 8 provides a description of each retirement plan administered by PERS.
- On page 42, a table of the statutory contribution rates as of June 30, 2023, is provided for each retirement plan administered by PERS.
- On page 48, note 9 states the expected investment rate of return for the PERS defined benefit plan for fiscal year 2023 was 6.5 percent, the same as fiscal year 2022. The investment return assumptions for other plans administered by PERS are also listed. A schedule of actual investment returns from 2014 through 2023 for each PERS retirement plan is provided on page 65.
- On page 70, a schedule of PERS consulting expenses is provided for fiscal year 2023. A schedule for fiscal year 2022 is provided on page 71. Total consulting expenses increased \$244,775, (28.9 percent), from \$846,041 during fiscal year 2022 to \$1,090,816 during fiscal year 2023.

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM - EMPLOYER  
ALLOCATIONS AND OPEB AMOUNTS  
(JUNE 30, 2023)**

**Audit purpose:** The purpose of this audit was to determine that financial transactions including expenditures on the Public Employees Retirement System (PERS) schedule of employer allocations and other postemployment benefit liability schedules were made in accordance with law and appropriation requirements. An unmodified opinion was issued.

**Findings:**

- No audit findings were identified. No audit findings were identified in the prior audit report.

**Audit cost as reported by the State Auditor's office:**

The Public Employees Retirement System contracted with CliftonLarsonAllen, LLP at a cost of \$118,848 to complete the June 2023 audit, a \$3,457, (3 percent), increase from the price of \$115,391 contracted to complete the June 2022 audit. These amounts include costs to audit PERS and schedules of employer allocations, other postemployment benefits, and pension schedules.

**Observations/potential questions relating to the audit report:**

- As noted on page 56, as of June 30, 2023, the total number of retiree health insurance credit plan participants was 32,279, of which 14,996 were receiving benefits and 17,283 were active participants not receiving benefits. As of June 30, 2022, the total number of retiree health insurance credit plan participants was 33,308, of which 14,290 participants were receiving benefits and 19,018 were active participants not receiving benefits.
- On page 58, note 4 provides the investment return assumption for the retiree health insurance credit was decreased from 6.5 to 5.75 percent from fiscal year 2022 to fiscal year 2023.

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM - EMPLOYER  
ALLOCATIONS AND PENSION AMOUNTS  
(JUNE 30, 2023)**

**Audit purpose:** The purpose of this audit was to determine that financial transactions including expenditures on the Public Employees Retirement System (PERS) schedule of employer allocations and pension amounts by employer were made in accordance with law and appropriation requirements. An unmodified opinion was issued.

**Findings:**

- No audit findings were identified. No audit findings were identified in the prior audit report.

**Audit cost as reported by the State Auditor's office:**

The Public Employees Retirement System contracted with CliftonLarsonAllen, LLP at a cost of \$118,848 to complete the June 2023 audit, a \$3,457, (3 percent), increase from the price of \$115,391 contracted to complete the June 2022 audit. These amounts include costs to audit PERS and schedules of employer allocations, other postemployment benefits, and pension schedules.

**Observations/potential questions relating to the audit report:**

- The schedule of pension amounts by employer on pages 17 through 46 provides the approximate net pension liability assigned to each political subdivision and state agency for the main system retirement plan. Additional schedules are provided on the subsequent pages for other retirement plans administered by PERS.
- On page 61, a table of the statutory contribution rates as of June 30, 2023, is provided for each retirement plan administered by PERS.

## NORTH DAKOTA DEVELOPMENT FUND (JUNE 30, 2023 AND 2022)

**Audit purpose:** The purpose of this audit was to determine that financial statements are free from material misstatement.

### Findings:

- An unmodified opinion was issued on the agency's financial statements.
- **Preparation of financial statements** (prior period finding) - The North Dakota Development Fund does not have adequate staff to provide for the preparation of the organization's financial statements. While this is not uncommon for similar-sized organizations, it is recommended that management and the North Dakota Development Fund Board of Directors be aware of the financial reporting of the organization.
- **Material audit adjustments** (prior period finding) - The audit procedures identified misstatements in the North Dakota Development Fund's accounting records, resulting in the auditor proposing material audit adjustments to correct the misstatements. In addition, journal entries proposed by the auditors in previous years were not posted by the North Dakota Development Fund, resulting in issues with the corporation's beginning balance.

The auditor recommends the North Dakota Development Fund develop a document that details various transactions made by the corporation and include supporting documentation to enable staff the ability to easily understand how to properly account for those transactions. The North Dakota Development Fund agreed with the recommendation, will review internal processes, and will record the audit adjustments proposed by the auditor.

- **Segregation of duties (prior period finding)** - Due to limited staff, the North Dakota Development Fund has a lack of segregation of duties in certain areas, including not having a formal approval process for writing off loans, as there is no review or approval process over manual journal entries. The auditor recommends all accounting functions be reviewed to determine if additional segregation is feasible to improve efficiency and effectiveness of the corporation and that management implement a level of oversight and approval over all accounting functions. The North Dakota Development Fund management response is that duties of the corporation are segregated as efficiently as possible with the current staff and involves the North Dakota Development Fund board in the financial management of the corporation.
- **Loan interest income accounting and reconciliation** - Loans greater than 90 days past due should not have interest income calculated on the past due balance. Loan interest receivable and interest income should be reconciled monthly from the loan system to the accounting system and reviewed and approved. The North Dakota Development Fund is not utilizing their accounting system or performing a reconciliation of interest income and interest receivable, which resulted in a material audit adjustment.

The auditor recommends the North Dakota Development Fund obtain training and develop a document that details the accounting for nonaccrual loans within the accounting system and reconcile loan interest income and interest receivable to enable staff the ability to easily understand how to properly account for those transactions. The North Dakota Development Fund agreed with the finding and plans to obtain training for accounting staff.

### Audit cost as reported by the State Auditor's office:

The audit was performed by the Eide Bailly, LLP. The cost of the audit was not disclosed by the State Auditor's office.

### Observations/potential questions relating to the audit report:

- This report is through June 30, 2023. During the 2023 regular legislative session, the Legislative Assembly authorized the transfer of \$95 million from the strategic investment and improvements fund to the North Dakota Development Fund, effective July 1, 2023, through June 30, 2025.

**OFFICE OF THE STATE AUDITOR  
(JUNE 30, 2023 AND 2022)**

**Audit purpose:** The purpose of the audit was to obtain reasonable assurance about whether the financial statements of the State Auditor's office are free from material misstatement.

As part of obtaining reasonable assurance about whether the State Auditor's financial statements are free from material misstatement, the transactions of the State Auditor's office were tested for compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements.

**Findings:**

- An unmodified opinion was issued on the State Auditor's office financial statements.
- There were no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.
- There were no deficiencies in internal control considered to be material weaknesses identified by the auditor.

**Prior audit findings:**

- Prior audit recommendations related to payroll payments and accounts receivable have been implemented.

**Other information:**

- **Management's discussion and analysis section omitted** - The State Auditor has omitted the management's discussion and analysis that accounting principles generally accepted in the United States require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB), and is considered to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

**Audit cost:**

The Legislative Council contracted with Eide Bailly, LLP for \$23,000 to perform the audit.

**Observations/potential questions relating to the audit report:**

- Other governmental funds are not addressed in the footnotes. Why does the State Auditor have \$1,600 of cash in other governmental funds as of June 30, 2023? What type of funds are these and where did the cash originate?
- The management's discussion and analysis section is required by GASB. Why did the State Auditor's office choose not to prepare the management's discussion and analysis section?

**LEGISLATIVE ASSEMBLY  
(JUNE 30, 2023 AND 2022)**

**Audit purpose:** The purpose of the audit was to obtain reasonable assurance about whether the financial statements of the Legislative Assembly are free from material misstatement.

As part of obtaining reasonable assurance about whether the Legislative Assembly's financial statements are free from material misstatement, the transactions of the Legislative Assembly were tested for compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements.

**Findings:**

- An unmodified opinion was issued on the Legislative Assembly's financial statements.
- There were no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.
- There were no deficiencies in internal control considered to be material weaknesses identified by the auditor.

**Prior audit findings:**

- There were no prior audit findings related to the financial statements of the Legislative Assembly.

**Audit cost:**

The Legislative Assembly contracted with Eide Bailly, LLP for \$3,000 to perform the audit.

**Observations/potential questions relating to the audit report:**

- None.



**LEGISLATIVE COUNCIL  
(JUNE 30, 2023 AND 2022)**

**Audit purpose:** The purpose of the audit was to obtain reasonable assurance about whether the financial statements of the Legislative Council are free from material misstatement.

As part of obtaining reasonable assurance about whether the Legislative Council's financial statements are free from material misstatement, the transactions of the Legislative Council were tested for compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements.

**Findings:**

- An unmodified opinion was issued on the Legislative Council's financial statements.
- There were no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.
- Reconciliation audit adjustment to the general fund - Material weakness 2022-001

Condition: The auditor proposed an adjustment to the Legislative Council's recorded account balances in the areas of accounts payable and expenditures. Because a vendor invoice, received after the deadline to charge expenditures back to fiscal year 2022, included work done prior to June 30, 2022, the auditor proposed an adjustment to include the invoice in accounts payable and expenditures as of June 30, 2022. The amount of the adjustment was not material and shifted the expenditure from fiscal year 2023 to fiscal year 2022 for financial statement purposes.

Cause: Management's reconciliation controls failed to ensure that accounts payable were appropriately reconciled on June 30, 2022.

Recommendation: Eide Bailly LLP recommends the Legislative Council review reconciliation controls to ensure the controls in place will prevent, or detect and correct, misstatements on a timely basis.

Agency response: Management agrees with the finding. Management will review its internal processes to ensure transactions are properly accounted for and reflected on its balance sheet.

**Prior audit findings:**

- There were no prior audit findings related to the financial statements of the Legislative Council.

**Audit cost:**

The Legislative Council contracted with Eide Bailly, LLP for \$8,000 to perform the audit.

**Observations/potential questions relating to the audit report:**

- None.

## ANNUAL COMPREHENSIVE FINANCIAL REPORT (JUNE 30, 2023)

**Audit purpose:** The purpose of this audit was to test internal controls and compliance in order to express an opinion on the financial statements of North Dakota, but not to express an opinion on internal controls.

**Findings:**

- No audit findings were identified and an unmodified (clean) opinion was given.

**Prior Audit Findings:**

- Department of Water Resources - The Department of Water Resources recorded two loan payments as transfers to the Bank of North Dakota and general fund instead of operating expenses, including \$31,873,288 related to natural resources expenses and \$31,873,288 related to other operating fees.

**Audit cost as reported by the State Auditor's office:**

Annual Comprehensive Financial Report				
	2021 Audit		2023 Audit	
State Auditor's office <sup>1</sup>		N/A		N/A
State Auditor's office hours <sup>2</sup>		N/A		N/A
Hourly rate		N/A		N/A
Agency costs <sup>3</sup>		N/A		\$0

<sup>1</sup>This cost is determined by staff hours and costs. This is the cost to the State Auditor's office for completion of the audit.

<sup>2</sup>Staff hours incurred to complete the audit.

<sup>3</sup>This is the billable amount, based on the agency's special funds, which the State Auditor's office is required to bill, pursuant to North Dakota Century Code Section 54-10-01(2), directly to the agency for completion of the audit and are deposited in the general fund. The State Auditor's office does not benefit from the money collected from billing for audit services from state agencies.

**Potential questions relating to the audit report:**

- The posted audit adjustments on pages 11 through 13 include eight errors that required adjustments.

**NORTH DAKOTA UNIVERSITY SYSTEM  
(JUNE 30, 2023)**

**Audit purpose:** The purpose of this audit was to test internal control over financial reporting and on compliance and other matters based on an audit of the financial statements.

**Findings:**

- **Lack of internal controls** - The State Auditor reported Dickinson State University did not properly approve journal entries or prepare bank reconciliations. Dickinson State University has reportedly corrected the issues going forward.

**Audit cost as reported by the State Auditor's office:**

North Dakota University System		
	2021 Audit	2023 Audit
State Auditor's office <sup>1</sup>	Not available	Not available
State Auditor's office hours <sup>2</sup>	Not available	Not available
Hourly rate	Not available	Not available
Agency costs <sup>3</sup>	Not available	\$0

<sup>1</sup>This cost is determined by staff hours and costs. This is the cost to the State Auditor's office for completion of the audit.

<sup>2</sup>Staff hours incurred to complete the audit.

<sup>3</sup>This is the billable amount, based on the agency's special funds, which the State Auditor's office is required to bill, pursuant to Section 54-10-01(2), directly to the agency for completion of the audit and are deposited in the general fund. The State Auditor's office does not benefit from the money collected from billing for audit services from state agencies.

**Observations/potential questions relating to the audit report:**

- On page 12 of the audit report, regarding passed audit adjustments, numbers 1 and 6 detail adjustments to project likely errors at the University of North Dakota and Dickinson State University. Can you provide additional information regarding these errors?
- As an entity that receives special funds, was the University System charged for a portion of the audit costs?

**NORTH DAKOTA BARLEY COUNCIL  
(JUNE 30, 2021 AND 2022)**

**Audit purpose:** The purpose of this audit was to determine that financial transactions including expenditures were made in accordance with law and appropriation requirements. An unmodified opinion was issued.

**Findings:**

- **Segregation of duties** (prior audit finding) - Due to limited staff, the Barley Council has one employee responsible for accounting functions, resulting in inadequate segregation of accounting duties. It is recommended the duties be segregated if it becomes feasible for the Barley Council to hire additional staff, that alternative control activities are implemented when possible, and the Barley Council Board of Directors remain involved in the financial affairs.

**Audit cost as reported by the State Auditor's office:**

North Dakota Barley Council		
	2020 Audit	2022 Audit
State Auditor's office <sup>1</sup>	\$8,560.00	N/A
State Auditor's office hours <sup>2</sup>	127.50	N/A
Hourly rate	\$67.14	N/A
Agency costs <sup>3</sup>	\$5,600.00	N/A

<sup>1</sup>This cost is determined by staff hours and costs. This is the cost to the State Auditor's office for completion of the audit.

<sup>2</sup>Staff hours incurred to complete the audit.

<sup>3</sup>This is the billable amount, based on the agency's special funds, which the State Auditor's office is required to bill, pursuant to Section 54-10-01(2), directly to the agency for completion of the audit and are deposited in the general fund. The State Auditor's office does not benefit from the money collected from billing for audit services from state agencies.

**Observations/potential questions relating to the audit report:**

- Why did barley assessment revenue decrease \$164,019 (28.5 percent) from \$574,549 during fiscal year 2021 to \$410,530 during fiscal year 2022?

**NORTH DAKOTA SOYBEAN COUNCIL  
(JUNE 30 2023)**

**Audit purpose:** The purpose of this audit was to determine that financial transactions including expenditures were made in accordance with law and appropriation requirements. An unmodified opinion was issued.

**Findings:**

- **Unallowable grant agreement expenditures for lobbying** - The North Dakota Soybean Council reimbursed the North Dakota Soybean Growers Association for expenses related to legislative education and a soybean producer education program, but the reimbursed funding included expenses related to lobbying, which is in violation of federal regulations and the grant agreement between the Soybean Council and Soybean Growers Association. The State Auditor's office recommends the Soybean Council properly monitor contract expenditures to ensure compliance with federal regulations and other agreements. The Soybean Council agrees with the recommendation and will start requesting additional documentation to ensure proper compliance and reimbursement of expenditures.

**Prior Audit Findings:**

- **Not following the promotional expense request** - The Soybean Council did not utilize a sign-in sheet for multiple meetings where a luncheon meal was provided to employees, resulting in the State Auditor's office being unable to determine if the cost of the meals were under the North Dakota per diem rate for each person. The State Auditor's office recommended the Soybean Council follow the Office of Management and Budget promotional expense request guidelines for in-meeting luncheons. The Soybean Council agreed with the finding.

This finding was not identified for the June 30, 2023, audit.

**Audit cost as reported by the State Auditor's office:**

North Dakota Soybean Council			
	2022 Audit		2023 Audit
State Auditor's office <sup>1</sup>		N/A	N/A
State Auditor's office hours <sup>2</sup>		N/A	N/A
Hourly rate		N/A	N/A
Agency costs <sup>3</sup>		\$16,800	\$6,000

<sup>1</sup>This cost is determined by staff hours and costs. This is the cost to the State Auditor's office for completion of the audit.

<sup>2</sup>Staff hours incurred to complete the audit.

<sup>3</sup>This is the billable amount, based on the agency's special funds, which the State Auditor's office is required to bill, pursuant to Section 54-10-01(2), directly to the agency for completion of the audit and are deposited in the general fund. The State Auditor's office does not benefit from the money collected from billing for audit services from state agencies.

**Observations/potential questions relating to the audit report:**

- None.

**NORTH DAKOTA BEEF COMMISSION  
(JUNE 30, 2022 AND 2023)**

**Audit purpose:** The purpose of this audit was to determine that financial transactions including expenditures were made in accordance with law and appropriation requirements. An unmodified opinion was issued.

**Findings:**

- There were no audit findings for the current reporting period.

**Prior Audit Findings:**

- **Preparation of financial statements** - The Beef Commission does not have adequate segregation of duties regarding revenue collections. During the months of July through September 2021, there was no independent reconciliation of receipts to deposits to ensure all collections were deposited as one individual was responsible for opening the mail, creating the remittance list, making the deposit, and updating the accounts receivable information.

The Beef Commission hired an additional staff person in October 2021 to address segregation of duties concerns.

**Audit cost as reported by the State Auditor's office:**

North Dakota Beef Commission		
	2022 Audit	2023 Audit
State Auditor's office <sup>1</sup>	N/A	N/A
State Auditor's office hours <sup>2</sup>	N/A	N/A
Hourly rate	N/A	N/A
Agency costs <sup>3</sup>	\$16,800	\$6,000

<sup>1</sup>This cost is determined by staff hours and costs. This is the cost to the State Auditor's office for completion of the audit.

<sup>2</sup>Staff hours incurred to complete the audit.

<sup>3</sup>This is the billable amount, based on the agency's special funds, which the State Auditor's office is required to bill, pursuant to Section 54-10-01(2), directly to the agency for completion of the audit and are deposited in the general fund. The State Auditor's office does not benefit from the money collected from billing for audit services from state agencies.

**Observations/potential questions relating to the audit report:**

- What types of expenditures are included in the \$112,100 of international promotion in fiscal year 2023 and why did it decrease \$134,865 (54.6 percent) from fiscal year 2022? Where are the dollars targeted?

**STATE LIBRARY  
(BIENNIUM ENDED JUNE 30, 2023)**

**Audit purpose:** The primary objective of this audit was to determine if there are any errors, internal control weaknesses, or potential violations of law for significant or high-risk functions of the agency.

**Findings:**

- No errors, internal control weaknesses, or potential violations of law were identified.

**Prior audit findings:**

- There were no prior audit findings related to the financial statements of the State Library.

**Audit cost as reported by the State Auditor's office:**

- The State Auditor did not charge the State Library for audit costs.

**Observations/potential questions relating to the audit report:**

- Revenue from the federal government for fiscal year 2023 is more than three times the prior year federal funding. Why did federal revenue vary from year to year during the 2021-23 biennium?
- Equipment expenditures reported on the statement of revenues and expenditures on page 7 totaled \$781,905 for fiscal year 2023, an increase of \$770,310 from fiscal year 2022. Why did equipment expenditures increase in fiscal year 2023?
- The statement of appropriations on page 8 indicates there were no expenditures related to a \$500,000 appropriation for COVID-19 grants during the 2021-23 biennium. What was the nature of the funding and why were there no expenditures related to this appropriation?

**ATTORNEY GENERAL  
(JUNE 30, 2022)**

**Audit purpose:** The purpose of this audit was to identify any errors, internal control weaknesses, or potential violations of law in high-risk or significant functions of the agency. An opinion was not issued on this audit report. No errors, internal control weakness, or potential violations of law for significant and high-risk functions of the Attorney General were identified.

**Findings:**

- **Breath alcohol toxicology results** (prior period finding) - The State Auditor reviewed if toxicology results were accurate and utilized proper equipment. The audit revealed 25 of the 726 breath alcohol tests conducted by local law enforcement and tested by the State Crime Laboratory from July 1, 2021, to June 30, 2022, used expired gas canisters, resulting in potentially invalid tests. The State Auditor recommends the State Crime Laboratory ensure expired gas canisters are not used for breath alcohol tests. The Attorney General agreed with the recommendation and stated the State Crime Laboratory has seen a decline in the number of tests run on expired gas canisters since a recent change in leadership of the breath alcohol program.

During the 2020 operational audit of the Attorney General, the State Auditor concluded 34 of 8,925 breath alcohol tests utilized expired or unapproved gas canisters. As a result, in Section 4 of House Bill No. 1003 (2021), the Legislative Assembly appropriated \$100,000 from federal funds to the Attorney General for the replacement of 61 of 119 drug analyzers. The funding was to replace Intoxilyzer 8000 models with Intoxilyzer 9000 models that will prevent unapproved or expired gas canisters from being used.

In the 2022 operational audit report, the State Auditor states the State Crime Laboratory intends to purchase additional Intoxilyzer 9000s to replace the Intoxilyzer 8000s. The software of the Intoxilyzer 9000 will prevent running a test on an expired gas cylinder.

**Audit cost as reported by the State Auditor's office:**

Attorney General				
	2020 Audit		2022 Audit	
State Auditor's office <sup>1</sup>		N/A		N/A
State Auditor's office hours <sup>2</sup>		N/A		N/A
Hourly rate		N/A		N/A
Agency costs <sup>3</sup>		\$27,708		\$7,089

<sup>1</sup>This cost is determined by staff hours and costs. This is the cost to the State Auditor's office for completion of the audit.

<sup>2</sup>Staff hours incurred to complete the audit.

<sup>3</sup>This is the billable amount, based on the agency's special funds, which the State Auditor's office is required to bill, pursuant to Section 54-10-01(2), directly to the agency for completion of the audit and are deposited in the general fund. The State Auditor's office does not benefit from the money collected from billing for audit services from state agencies.

**Observations/potential questions relating to the audit report:**

- None.



**NORTH DAKOTA VISION SERVICES - SCHOOL FOR THE BLIND  
(BIENNIUM ENDED JUNE 30, 2023)**

**Audit purpose:** The primary objective of this audit was to determine if there are any errors, internal control weaknesses, or potential violations of law for significant or high-risk functions of the agency.

**Findings:**

- No errors, internal control weaknesses, or potential violations of law were identified.

**Prior audit findings:**

- There were no prior audit findings related to the financial statements of the School for the Blind.

**Audit cost as reported by the State Auditor's office:**

- The State Auditor charged the North Dakota Vision Services - School for the Blind \$1,794 for audit costs.

**Observations/potential questions relating to the audit report:**

- On the Statement of Revenues and Expenditures, page 8 of the report, the School for the Blind reported expenditures totaling \$6,023,817 during the 2021-23 biennium. On the Statement of Appropriations, page 9 of the report, the School for the Blind reported total expenditures of \$6,002,967, which is \$20,850 less than reported on the Statement of Revenues and Expenditures. The difference relates to expenditures pursuant to a continuing appropriation from the vision aids and appliances fund.

**DEPARTMENT OF PUBLIC INSTRUCTION  
(BIENNIUM ENDED JUNE 30, 2023)**

**Audit purpose:** The primary objective of this audit was to determine if there are any errors, internal control weaknesses, or potential violations of law for significant or high-risk functions of the agency.

**Findings:**

- No errors, internal control weaknesses, or potential violations of law were identified.

**Prior audit findings:**

- A prior audit recommendation related to tracking expenditures related to Emergency Commission requests has been implemented.

**Audit cost as reported by the State Auditor's office:**

- The State Auditor did not charge the Department of Public Instruction for audit costs.

**Observations/potential questions relating to the audit report:**

- Why are total expenditures of \$2,907,314,971 on the Statement of Revenues and Expenditures on page 8 \$153,810 more than expenditures totaling \$2,907,161,161 on the Statement of Appropriations on page 9?

**INDUSTRIAL COMMISSION  
(JUNE 30, 2023, 2022, AND 2021)**

**Audit purpose:** The purpose of this audit was to identify any errors, internal control weaknesses, or potential violation of law in significant or high-risk functions of the agency.

**Findings:**

- The State Auditor's office did not find any areas of concern.

**Other information:**

- The State Auditor's office interviewed agency personnel, analyzed and tested expenditures, and reviewed compliance with appropriation laws.

**Audit cost as reported by the State Auditor's office:**

Industrial Commission		
	2020 Audit	2023 Audit
State Auditor's office <sup>1</sup>	\$44,462.50	N/A
State Auditor's office hours <sup>2</sup>	540.75	N/A
Hourly rate	\$82.22	N/A
Agency costs <sup>3</sup>	N/A	\$8,877.00

<sup>1</sup>This cost is determined by staff hours and costs. This is the cost to the State Auditor's office for completion of the audit.

<sup>2</sup>Staff hours incurred to complete the audit.

<sup>3</sup>This is the billable amount, based on the agency's special funds, which the State Auditor's office is required to bill, pursuant to Section 54-10-01(2), directly to the agency for completion of the audit and are deposited in the general fund. The State Auditor's office does not benefit from the money collected from billing for audit services from state agencies.

**Observations/potential questions relating to the audit report:**

- None.

**DEPARTMENT OF ENVIRONMENTAL QUALITY  
(BIENNIUM ENDED JUNE 30, 2023)**

**Audit purpose:** To determine if there are any errors, internal control weaknesses, or potential violations of law for significant or high-risk functions of the agency.

**Findings:**

- No errors, internal control weaknesses, or potential violations of law were identified.

**Prior Audit Findings:**

- Prior audit recommendations related to inspection control and policy improvements, permit approvals, and the length of solid waste permits have been implemented.

**Audit cost as reported by the State Auditor's office:**

- The State Auditor charged the Department of Environmental Quality \$10,310 for audit costs.

**Observations/potential questions relating to the audit report:**

- Total expenditures of \$55,575,687, on the Statement of Revenues and Expenditures on page 9, are \$1,155,647 more than expenditures totaling \$54,420,040 on the Statement of Appropriations on page 10. The difference relates to expenditures from the environmental quality restoration fund and the petroleum release compensation fund during the 2021-23 biennium.