

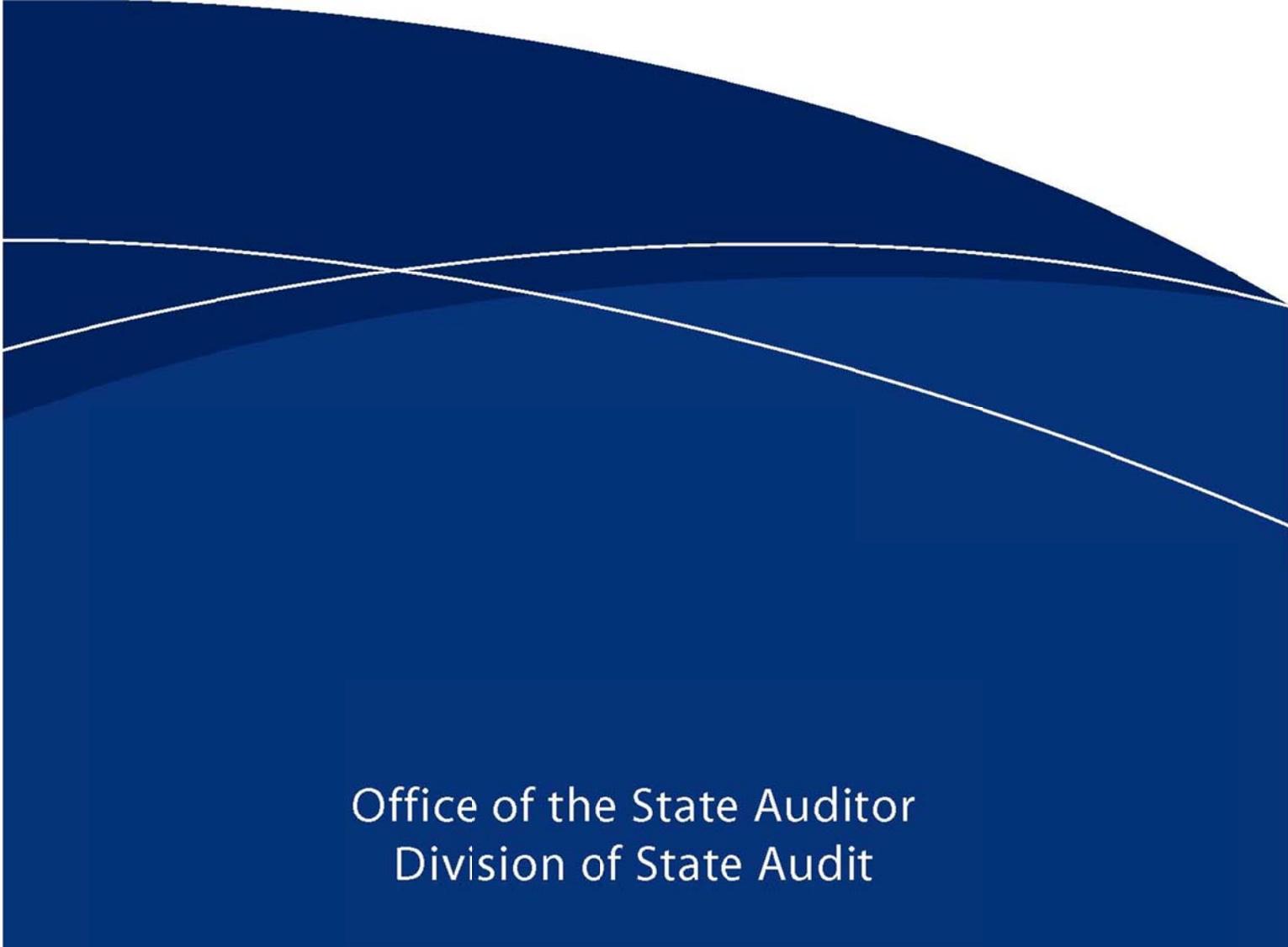


PUBLIC SERVICE  
COMMISSION  
BISMARCK, NORTH DAKOTA

**Audit Report**

For the Biennium Ended  
June 30, 2009

ROBERT R. PETERSON  
STATE AUDITOR



Office of the State Auditor  
Division of State Audit

**LEGISLATIVE AUDIT AND FISCAL REVIEW  
COMMITTEE MEMBERS**

***Senator Randel Christmann – Chairman***  
***Representative RaeAnn G. Kelsch – Vice Chairman***

Representatives

*Rick Berg*  
*Merle Boucher*  
*Jeff Delzer*  
*Patrick R. Hatlestad*  
*Jerry Kelsh*  
*Keith Kempenich*  
*Gary Kreidt*  
*Louis Pinkerton*  
*Chet Pollert*  
*Bob Skarphol*  
*Blair Thoreson*  
*Benjamin A. Vig*  
*Lonny Winrich*

Senators

*Joan Heckaman*  
*Jerry Klein*  
*Judy Lee*

# Contents

---

<i>Transmittal Letter</i>	<i>1</i>
<i>Executive Summary</i>	<i>2</i>
<i>Introduction</i>	<i>2</i>
<i>Responses to LAFRC Audit Questions</i>	<i>2</i>
<i>LAFRC Audit Communications</i>	<i>3</i>
<i>Audit Objectives, Scope, and Methodology</i>	<i>5</i>
<i>Discussion and Analysis</i>	<i>7</i>
<i>Financial Summary</i>	<i>7</i>
<i>Analysis of Significant Variances Between Final Budgeted and Actual Expenditures</i>	<i>8</i>
<i>Financial Statements</i>	<i>9</i>
<i>Statement of Revenues and Expenditures</i>	<i>9</i>
<i>Statement of Appropriations</i>	<i>10</i>
<i>Internal Control</i>	<i>11</i>
<i>Fraud Risk Assessment/Control Activities (Finding 09-1)</i>	<i>11</i>
<i>Compliance With Legislative Intent</i>	<i>13</i>
<i>Noncompliance with OMB Policy for the Payment of Moving Expenses (Finding 09-2)</i>	<i>13</i>
<i>Prior Recommendations Not Implemented</i>	<i>16</i>
<i>Management Letter (Informal Recommendations)</i>	<i>17</i>



STATE OF NORTH DAKOTA  
**OFFICE OF THE STATE AUDITOR**  
STATE CAPITOL  
600 E. BOULEVARD AVENUE - DEPT. 117  
BISMARCK, NORTH DAKOTA 58505

## *Transmittal Letter*

---

March 25, 2010

The Honorable John Hoeven, Governor  
Members of the North Dakota Legislative Assembly  
The Honorable Kevin Cramer, Chairman of the Public Service Commission

We are pleased to submit this audit of the Public Service Commission for the biennium ended June 30, 2009. This audit resulted from the statutory responsibility of the State Auditor to audit or review each state agency once every two years. The same statute gives the State Auditor the responsibility to determine the contents of these audits.

In determining the contents of the audits of state agencies, the primary consideration was to determine how we could best serve the citizens of the state of North Dakota. Naturally we determined financial accountability should play an important part of these audits. Additionally, operational accountability is addressed whenever possible to increase efficiency and effectiveness of state government.

The in-charge auditor for this audit was Andrea Wike. Kristi Morlock was the staff auditor. Fred Ehrhardt, CPA, was the audit supervisor and Paul Welk, CPA, was the audit manager. Inquiries or comments relating to this audit may be directed to the audit supervisor by calling (701) 328-2241. We wish to express our appreciation to Commissioner Kevin Cramer, Commissioner Tony Clark, and Commissioner Brian Kalk and their staff for the courtesy, cooperation, and assistance they provided to us during this audit.

Respectfully submitted,

A handwritten signature in cursive script that reads "Bob Peterson".

Robert R. Peterson  
State Auditor

# *Executive Summary*

---

## *Introduction*

The Public Service Commission is comprised of three Commissioners who are elected on a statewide basis to staggered six-year terms.

The Commission was established before North Dakota became a state. Dakota Territory established a Board of Railroad Commissioners in 1885 to oversee railroads, sleeping car companies, express companies, and telephone companies. The state's constitution retained this board and entrusted it with powers and duties to be prescribed by law. In 1940 the Board's name was changed to Public Service Commission (PSC). The Legislature has significantly broadened the duties of the PSC. Today, the Commission has varying degrees of jurisdiction over electric and gas utilities, telecommunications companies, energy plant and transmission sitings, railroads, grain elevators, auctioneers and auction clerks, weighing and measuring devices, pipeline safety, coal mine reclamation, and abandoned mine lands.

## *Responses to LAFRC Audit Questions*

### *1. What type of opinion was issued on the financial statements?*

Financial statements were not prepared by the Public Service Commission in accordance with generally accepted accounting principles so an opinion is not applicable. The agency's transactions were tested and included in the state's basic financial statements on which an unqualified opinion was issued.

### *2. Was there compliance with statutes, laws, rules, and regulations under which the agency was created and is functioning?*

Other than our finding addressing the "Noncompliance with OMB Policy for the Payment of Moving Expenses" (page 13), the Public Service Commission was in compliance with significant statutes, laws, rules, and regulations under which it was created and is functioning.

### *3. Was internal control adequate and functioning effectively?*

Other than our finding addressing the "Fraud Risk Assessment/Control Activities" (page 11), we determined internal control was adequate.

### *4. Were there any indications of lack of efficiency in financial operations and management of the agency?*

No.

### *5. Has action been taken on findings and recommendations included in prior audit reports?*

The Public Service Commission has not implemented the recommendation included in the prior audit report. Our finding addressing the "fraud risk assessment/control activities" (page 11) is reissued.

6. *Was a management letter issued? If so, provide a summary below, including any recommendations and the management responses.*

Yes, a management letter was issued and is included on page 17 of this report, along with management's response.

### **LAFRC Audit Communications**

7. *Identify any significant changes in accounting policies, any management conflicts of interest, any contingent liabilities, or any significant unusual transactions.*

There were no significant changes in accounting policies, no management conflicts of interest were noted, no contingent liabilities were identified or significant unusual transactions.

8. *Identify any significant accounting estimates, the process used by management to formulate the accounting estimates, and the basis for the auditor's conclusions regarding the reasonableness of those estimates.*

The Public Service Commission's financial statements do not include any significant accounting estimates.

9. *Identify any significant audit adjustments.*

Significant audit adjustments were not necessary.

10. *Identify any disagreements with management, whether or not resolved to the auditor's satisfaction relating to a financial accounting, reporting, or auditing matter that could be significant to the financial statements.*

None.

11. *Identify any serious difficulties encountered in performing the audit.*

None.

12. *Identify any major issues discussed with management prior to retention.*

This is not applicable for audits conducted by the Office of the State Auditor.

13. *Identify any management consultations with other accountants about auditing and accounting matters.*

None.

*14. Identify any high-risk information technology systems critical to operations based on the auditor's overall assessment of the importance of the system to the agency and its mission, or whether any exceptions identified in the six audit report questions to be addressed by the auditors are directly related to the operations of an information technology system.*

ConnectND Finance, Human Resource Management System (HRMS), the Weights and Measures application, and the Grain application are high-risk information technology systems critical to the Public Service Commission.

# ***Audit Objectives, Scope, and Methodology***

---

## ***Audit Objectives***

The objectives of this audit of the Public Service Commission for the biennium period ended June 30, 2009 were to provide reliable, audited financial statements and to answer the following questions:

1. What are the highest risk areas of the Public Service Commission's operations and is internal control adequate in these areas?
2. What are the significant and high-risk areas of legislative intent applicable to the Public Service Commission and are they in compliance with these laws?
3. Are there areas of the Public Service Commission's operations where we can help to improve efficiency or effectiveness?

## ***Audit Scope***

This audit of the Public Service Commission is for the biennium ended June 30, 2009. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The Public Service Commission's sole location is its central office which was included in the audit scope.

## ***Audit Methodology***

To meet the objectives outlined above, we:

- Prepared financial statements from the legal balances on the state's accounting system tested as part of this audit and the audit of the state's Comprehensive Annual Financial Report and developed a discussion and analysis of the financial statements.
- Performed detailed analytical procedures including computer assisted auditing techniques. These procedures were used to identify high risk transactions and potential problem areas for additional testing.
- Tested internal control and compliance with laws and regulations which included selecting representative samples to determine if controls were operating effectively and to determine if laws were being followed consistently. Non-statistical sampling was used and the results were projected to the population. Where applicable, populations were stratified to ensure that particular groups within a population were adequately represented in the sample, and to improve efficiency by gaining greater control on the composition of the sample.
- Interviewed appropriate agency personnel.

- Queried the ConnectND (PeopleSoft) system. Significant evidence was obtained from ConnectND.
- Observed Public Service Commission's processes and procedures.

In aggregate there were no significant limitations or uncertainties related to our overall assessment of the sufficiency and appropriateness of audit evidence.

## ***Discussion and Analysis***

---

The accompanying financial statements have been prepared to present the Public Service Commission's revenues and expenditures on the legal (budget) basis. The accompanying financial statements are not intended to be presented in accordance with generally accepted accounting principles (GAAP).

For the biennium ended June 30, 2009, operations of the Public Service Commission were primarily supported by appropriations from the state's general fund and federal funding. This is supplemented by collections in the Public Service Commission's special funds.

### ***Financial Summary***

The Public Service Commission has significant amounts in investments held at the Bank of North Dakota in the Public Service Commission Trustee Account. This account is established in accordance with North Dakota Century Code 34-14.1-16. These investments increased from \$12,828,408 for the year ended June 30, 2008 to \$18,663,828 for the year ended June 30, 2009.

The Commission also has money market accounts and investments not held at the Bank of North Dakota in the Credit-Sale Contract Indemnity Fund. These amounts were \$6,311,870 for the year ended June 30, 2008 and \$6,727,037 for the year ended June 30, 2009. These investments are authorized in accordance with North Dakota Century Code 60-10-02.

Revenues consisted primarily of federal funds, as well as inspection and other regulatory fees, licenses, and permits. There was an increase in the revenue from the Federal Government from \$2,299,859 for the year ended June 30, 2008 to \$3,437,707 for the year ended June 30, 2009. This increase was due to an increase in funding for the abandoned mine land reclamation program. There was a significant decrease in License, Permits, Fees, and Fines from \$3,380,432 for the year ended June 30, 2008 to \$1,138,544 for the year ended June 30, 2009. This decrease was a result of the collections in the Credit-Sale Contract Indemnity fund. According to North Dakota Century Code section 60-10-03, if the amount in the fund reaches a level of six million dollars, the Public Service Commission shall suspend the collection of the assessments required by this chapter. The Public Service Commission met the six million dollars in April 2008. Other revenues during the audited period included interest income, and miscellaneous income and remained fairly consistent. Total revenues for the Public Service Commission were \$5,960,243 for the year ended June 30, 2008 as compared to \$4,820,226 for the year ended June 30, 2009.

Total expenditures and other uses for the Public Service Commission were \$6,470,368 for the year ended June 30, 2009 as compared to \$4,915,731 for the prior year. The increase in total expenditures and other uses for the audited period reflects primarily construction in progress on contract payments that eliminated hazards associated with abandoned surface and underground coal mines. These payments increased as a result of the increase in funding from the Federal Government. All other expenditures remained fairly constant.

### ***Analysis of Significant Variances Between Final Budgeted and Actual Expenditures***

The Public Service Commission expended for the biennium \$10,396,698 of their appropriated funds leaving a \$2,607,006 unexpended appropriation. The largest unexpended portion of the PSC appropriation was for Abandoned Mine Lands (AML) contractual services in the amount of \$1,184,109. The unexpended appropriation for AML contractual services was for abandoned coal mine projects that were not completed or were not started by the time the biennium ended at June 30, 2009. These projects are continued until completed but may be budgeted for in more than one biennium.

The other material unexpended portion of the PSC appropriation was for the Rail Rate Complaint Case in the amount of \$900,000. The unexpended appropriation for the Rail Rate Complaint Case was from the beginning farmer revolving loan fund for expenditures relating to the rail rate complaint case. These moneys are exempt from NDCC 54-44.1-11 and may be carried over to the next biennium.

# Financial Statements

---

## Statement of Revenues and Expenditures

	June 30, 2009	June 30, 2008
<b><u>Revenues:</u></b>		
Federal Revenue	\$ 3,437,707	\$ 2,299,859
Licenses, Permits, Fees, and Fines	1,138,544	3,380,432
Interest and Investment Earnings	233,288	271,941
Miscellaneous Revenue	10,688	8,010
<b>Total Revenues</b>	<b>\$4,820,227</b>	<b>\$ 5,960,242</b>
<b><u>Expenditures and Other Uses:</u></b>		
Salaries and Benefits	\$ 2,887,596	\$ 2,616,694
Capital Payments	2,190,965	1,123,429
Refunds	443,133	275,281
Operating Fees, Repairs, and Services	360,664	312,306
Travel	301,866	268,493
Equipment	124,109	69,025
Supplies	55,003	46,005
Professional Development	42,390	33,953
Rentals/Leases - Buildings/Land	38,082	38,307
Miscellaneous Office Expenses	22,040	18,443
Grants, Benefits and Claims		110,315
Transfers Out	4,520	3,480
<b>Total Expenditures and Other Uses</b>	<b>\$ 6,470,368</b>	<b>\$ 4,915,731</b>

## Statement of Appropriations

For The Biennium Ended June 30, 2009

<b>Expenditures by Line Item:</b>	<u>Original Appropriation</u>	<u>Adjustments</u>	<u>Final Appropriation</u>	<u>Expenditures</u>	<u>Unexpended Appropriation</u>
Salaries and Wages	\$ 5,674,928	\$ 26,936	\$ 5,701,864	\$ 5,504,289	\$ 197,575
Operating Expenses	1,635,856	100,000	1,735,856	1,500,344	235,512
Capital Assets	157,984		157,984	68,174	89,810
Grants	8,000		8,000	8,000	
AML Contractual Services	4,500,000		4,500,000	3,315,891	1,184,109
Rail Rate Complaint Case	900,000		900,000		900,000
<b>Totals</b>	<u>\$ 12,876,768</u>	<u>\$ 126,936</u>	<u>\$ 13,003,704</u>	<u>\$ 10,396,698</u>	<u>\$ 2,607,006</u>
<b>Expenditures by Source:</b>					
General Fund	\$ 4,873,459	\$ 17,428	\$ 4,890,887	\$ 4,467,920	\$ 422,967
Other Funds	8,003,309	109,508	8,112,817	5,928,778	2,184,039
<b>Totals</b>	<u>\$ 12,876,768</u>	<u>\$ 126,936</u>	<u>\$ 13,003,704</u>	<u>\$ 10,396,698</u>	<u>\$ 2,607,006</u>

### Appropriation Adjustments:

The \$26,936 increase in the Salaries and Benefits line item was for market equity increases for classified state employees. The appropriated funds were approved by the 60<sup>th</sup> legislative assembly within Senate Bill 2189.

The increase in Operating Expenses of \$100,000 was approved by the Emergency Commission. The request was made for the Public Service Commission's Valuation Fund to allow recovery of expenditures invoiced to regulated utilities for securing expert assistance and for other related expenses associated with analyzing and deciding the public utility's rate increase application.

### Expenditures Without Appropriations Of Specific Amounts:

Performance Assurance Fund has a continuing appropriation authorized by NDCC 49-21-31 (\$15,193 of expenditures for this biennium).

Siting Process Expense Recovery Fund has a continuing appropriation authorized by NDCC section 49-22-22 (3) (\$863,894 of expenditures for this biennium).

Credit-Sale Contract Indemnity Fund has a continuing appropriation authorized by NDCC section 60-10-02 (\$110,315 of expenditures for this biennium).

## ***Internal Control***

---

In our audit for the biennium ended June 30, 2009, we identified the following areas of the Public Service Commission's internal control as being the highest risk:

### ***Internal Controls Subjected to Testing:***

- Controls surrounding the processing of revenues.
- Controls surrounding the processing of expenditures.
- Controls relating to compliance with legislative intent.
- Controls surrounding the ConnectND (PeopleSoft) system.
- Controls surrounding the Weights and Measures information system.
- Controls surrounding the Grain information system.

The criteria used to evaluate internal control is published in the publication *Internal Control – Integrated Framework* from the Committee of Sponsoring Organizations (COSO) of the Treadway Commission.

We gained an understanding of internal control surrounding these areas and concluded as to the adequacy of their design. We also tested the operating effectiveness of those controls we considered necessary based on our assessment of audit risk. We concluded that internal control was not adequate noting a certain matter involving internal control and its operation that we consider to be a significant deficiency.

Auditors are required to report deficiencies in internal control that are significant within the context of the objectives of the audit. 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 detect (1) misstatements in financial or performance information, (2) violations of laws and regulations, or (3) impairments of effectiveness or efficiency of operations, on a timely basis. Considering both qualitative and quantitative factors, we identified the following significant deficiency in internal control.

### ***Fraud Risk Assessment/Control Activities (Finding 09-1)***

#### **Condition:**

No fraud risk assessment system exists or is being implemented to identify possible instances of fraud or fraudulent activities at the Public Service Commission. No control activities are in place/documented to ensure significant fraud exposures are identified and mitigated. In addition the system of control activities would need to be adequately tested.

#### **Effect:**

Fraud and fraudulent activities could occur at the Public Service Commission and not be detected.

#### **Cause:**

The Public Service Commission has not implemented the prior audit recommendation and has not developed a comprehensive and recurring Fraud Risk Assessment program. Nor has the Public Service Commission designed, documented, or tested control activities ensuring identified significant fraud exposures are properly mitigated.

**Criteria:**

Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control – Integrated Framework dictates that a Fraud Risk Assessment program be established and practiced to identify, and eliminate instances of fraud, and fraudulent type activities, including when special circumstances arise, when changing operating environments, and for restructuring. The Fraud Risk Assessment should be: 1) conducted using a systematic process; 2) done with consideration given to potential fraud schemes; 3) done at an agency-wide, significant account level; 4) evaluated including the likelihood and significance of each risk to the organization; and 5) done for exposure arising from each of the categories of fraud risk, including: fraudulent financial reporting, misappropriation of assets, unauthorized or improper receipts, and expenditures. The fraud risk assessment should be completed at an appropriate level, which is consistent with individual agency size and capabilities. The Integrated Framework dictates that management design the necessary Internal Controls to ensure each of the significant fraud exposures identified during the risk assessment process are adequately mitigated, and the system of control activities addressing each of the identified fraud risks has been adequately tested by management.

**Recommendation:**

We recommend the Public Service Commission establish a fraud risk assessment on a comprehensive and recurring basis. We recommend control activities be designed and documented to ensure that each significant fraud exposure identified during the risk assessment process has been adequately mitigated, and the control activities addressing each of the identified fraud risks has been adequately tested by management.

***Public Service Commission Response:***

*The PSC will continue to address the recommendation that was initially recommended during the last audit report to establish a fraud risk assessment on a comprehensive and recurring basis. The PSC will address this as a priority recommendation. The Executive Secretary will assume full responsibility to coordinate completing the fraud risk assessment. Due to unforeseen issues and priorities, the task did not get completed as requested. Several meetings were held, training was conducted by the Office of the State Auditor on fraud risk management, and divisions of the Public Service Commission submitted lists of areas needing to be addressed in the fraud risk assessment.*

## ***Compliance With Legislative Intent***

---

In our audit for the biennium ended June 30, 2009, we identified and tested Public Service Commission's compliance with legislative intent for the following areas that we determined to be significant and of higher risk of noncompliance:

- Special item appropriation authorized for the Rail Rate Complaint Case from the beginning farmer revolving loan fund for the 2007-2009 biennium was not exceeded. (2007 Session Laws Chapter 35, Section 4)
- Proper use of the State Treasurer (State Constitution, article X, section 12).
- Compliance with appropriations (2007 North Dakota Session Laws chapter 35).
- Compliance with OMB's Purchasing Procedures Manual.
- Proper use of outside bank accounts and proper authority for investments outside the Bank of North Dakota.
- Adequate blanket bond coverage of employees (NDCC section 26.1-21-08).

The criteria used to evaluate legislative intent are the laws as published in the *North Dakota Century Code* and the *North Dakota Session Laws*.

*Government Auditing Standards* requires auditors to report all instances of fraud and illegal acts unless they are inconsequential within the context of the audit objectives. Further, auditors are required to report significant violations of provisions of contracts or grant agreements, and significant abuse that has occurred or is likely to have occurred.

The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards*. The finding is described below. Other than this finding, we concluded there was compliance with the legislative intent identified above.

### ***Noncompliance with OMB Policy for the Payment of Moving Expenses (Finding 09-2)***

**Condition:**

Moving expenses in the amount of \$1,481 were improperly paid to an employee located within the immediate geographical area of Bismarck and Mandan.

**Effect:**

Improper use of state funds.

**Cause:**

The agency did not follow the intent of OMB Policy 521 – Moving Expenses.

**Criteria:**

OMB policy 521 states that moving expenses of new employees may be paid if it can be demonstrated that local employment market conditions and job requirements are such that recruitment outside of the immediate geographical area was necessary.

**Recommendation:**

We recommend the Public Service Commission comply with the intent of OMB Policy 521 in regards to the payment of moving expenses to ensure that employees within the immediate geographical area of Bismarck and Mandan are not reimbursed moving expenses.

**Public Service Commission Response:**

*The Public Service Commission did authorize moving expenses for the Executive Secretary in the amount of \$1,500. In order for the Executive Secretary to accept the position with the Commission, he was required to move out of his residence which was associated with his previous employment with the North Dakota Department of Corrections. The Department of Corrections required him to live in housing provided by the state. The Executive Secretary could not accept a position with the Commission without incurring moving expenses. In the future, the Commission will take the recommendation into consideration when addressing whether moving expenses are part of an offer of employment.*

## *Operations*

---

This audit did not identify areas of Public Service Commission's operations where we determined it was practical at this time to help to improve efficiency or effectiveness.

## ***Prior Recommendations Not Implemented***

---

Prior recommendations have not been implemented:

### **Fraud Risk Assessment/Control Activities (Finding 07-1)**

**Recommendation:**

We recommend the Public Service Commission establish a fraud risk assessment on a comprehensive and recurring basis. We recommend that control activities be designed and documented to ensure that each significant fraud exposure identified during the risk assessment process has been adequately mitigated, and that the control activities addressing each of the identified fraud risks has been adequately tested by management.

**Status:**

Not Implemented. Recommendation was reissued on page 11.



STATE OF NORTH DAKOTA  
**OFFICE OF THE STATE AUDITOR**  
STATE CAPITOL  
600 E. BOULEVARD AVENUE - DEPT. 117  
BISMARCK, NORTH DAKOTA 58505

## ***Management Letter (Informal Recommendations)***

---

March 25, 2010

The Honorable Kevin Cramer, President  
Public Service Commission  
600 E. Boulevard Avenue, Dept 408  
Bismarck, ND 58505

Dear Mr. Cramer:

We have performed an audit of the Public Service Commission for the biennium ended June 30, 2009, and have issued a report thereon. As part of our audit, we gained an understanding of the Public Service Commission's internal control structure to the extent we considered necessary to achieve our audit objectives. We also performed tests of compliance as described in the same report.

Our audit procedures are designed primarily to enable us to report on our objectives including those related to internal control and compliance with laws and regulations and may not bring to light all weaknesses in systems and procedures or noncompliance with laws and regulations which may exist. We aim, however, to use our knowledge of your organization gained during our work to make comments and suggestions which we hope will be useful to you.

In connection with the audit, gaining an understanding of the internal control structure, and tests of compliance with laws and regulations referred to above, we noted a certain condition we did not consider reportable within the context of your audit report. This condition relates to areas of general business practice or control issues that have no significant bearing on the administration of federal funds. We do, however, want to present our recommendation to you for your consideration and whatever follow-up action you consider appropriate. During the next audit we will determine if this recommendation has been implemented, and if not, we will reconsider its status.

The following presents our informal recommendation.

## ACCOUNTS PAYABLE/EXPENDITURES

Informal Recommendation 09-1: We recommend the state agency look for ways to increase their usage of the P-card as a form of payment. We further recommend, if necessary, they meet with officials from OMB to facilitate this process by raising P-card limits, determining which of their vendors they could be making P-card payments to, or changing the accounting on their P-cards so as to limit or eliminate the need to re-allocate P-card expenditures.

Public Service Commission response: The Public Service Commission concurs with the informal recommendation to look for ways to increase usage of the P-card as a form of payment. The Executive Director is checking into raising the P-card limits and also working with vendors to accept P-cards as a form of payment.

I encourage you to call myself or an audit manager at 328-2241 if you have any questions about the implementation of recommendations included in your audit report or this letter.

Sincerely,

A handwritten signature in cursive script that reads "Andrea Wike".

Andrea Wike  
Auditor in-charge

You may obtain audit reports on the internet at:

[www.nd.gov/auditor/](http://www.nd.gov/auditor/)

or by contacting the  
Division of State Audit

Office of the State Auditor  
600 East Boulevard Avenue – Department 117  
Bismarck, ND 58505-0060

(701) 328-2241