

**NORTH DAKOTA STATE BOARD
OF DENTAL EXAMINERS**

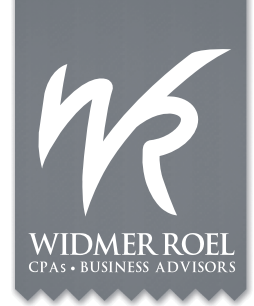
**FINANCIAL STATEMENTS
JUNE 30, 2023, AND 2022**

WITH INDEPENDENT AUDITOR'S REPORT

NORTH DAKOTA STATE BOARD OF DENTAL EXAMINERS

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FOR THE YEAR ENDED JUNE 30, 2023, AND 2022**

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4220 31st Avenue S.
Fargo, ND 58104-8725

Phone: 701.237.6022
Toll Free: 888.237.6022
Fax: 701.280.1495

INDEPENDENT AUDITOR'S REPORT

Board of Directors and Administration
North Dakota State Board of Dental Examiners
Bismarck, North Dakota

Report on the Financial Statements

Disclaimer of Opinion

We were engaged to audit the financial statements of the business-type activities of **North Dakota State Board of Dental Examiners**, as of and for the years ended June 30, 2023 and 2022 and the related notes to the financial statements, which collectively comprise **North Dakota State Board of Dental Examiners'** basic financial statements as listed in the table of contents.

We do not express an opinion on the accompanying financial statements of **North Dakota State Board of Dental Examiners**. Because of the significance of the matter described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements.

Basis for Disclaimer of Opinion

Management was unable to provide documentation supporting revenues totaling \$200,611 in 2023 and \$348,525 in 2022, and we were unable to satisfy ourselves by other auditing procedures concerning revenues reported for the years ended June 30, 2023 and 2022.

Management was unable to provide support for reported payroll liabilities totaling \$46,913 and \$14,753 as of June 30, 2023 and 2022, respectively, and we were unable to satisfy ourselves by other audit procedures concerning the balance reported at June 30, 2023 and 2022.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about **North Dakota State Board of Dental Examiners'** ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibility is to conduct an audit of **North Dakota State Board of Dental Examiners'** financial statements 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 and to issue an auditor's report. However, because of the matter described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are required to be independent of **North Dakota State Board of Dental Examiners** and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit.

Emphasis of Matter

For the year ended June 30, 2022, the Board restated net position on the statement of revenues, expenses, and changes in net position to correct an error in the previously issued financial statements (See Note 6). Our opinion is not modified with respect to this matter.

Required Supplementary Information

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America 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 who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 2025, on our consideration of the **North Dakota State Board of Dental Examiners'** internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the **North Dakota State Board of Dental Examiners'** internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering **North Dakota State Board of Dental Examiners'** internal control over financial reporting and compliance.



Fargo, North Dakota
June 18, 2025

NORTH DAKOTA STATE BOARD OF DENTAL EXAMINERS

**STATEMENTS OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2023, AND 2022**

	<u>2023</u>	<u>2022</u>
CURRENT ASSETS		
Cash and equivalents	\$ 80,320	\$ 163,029
Investments	429,496	484,697
Interest receivable	<u>13,528</u>	<u>3,260</u>
Total current assets	\$ <u>523,344</u>	\$ <u>650,986</u>
CURRENT LIABILITIES		
Payroll taxes payable	\$ 46,913	\$ 14,753
DEFERRED INFLOWS OF RESOURCES		
Unearned revenue	38,990	166,322
NET POSITION		
Unrestricted	<u>437,441</u>	<u>469,911</u>
Total liabilities, deferred inflows of resources and net position	\$ <u>523,344</u>	\$ <u>650,986</u>

NORTH DAKOTA STATE BOARD OF DENTAL EXAMINERS
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION -
PROPRIETARY FUND
FOR THE YEARS ENDED JUNE 30, 2023, AND 2022

	<u>2023</u>	<u>2022</u>
OPERATING REVENUES		
Fees for services	\$ 200,611	\$ 348,525
OPERATING EXPENSES		
Salaries and wages	107,119	133,187
Board expenses	67,585	27,327
Office expense	25,689	24,199
Professional services	24,354	21,849
Payroll taxes	9,644	10,274
Miscellaneous expense	6,848	9,265
Printing and postage	2,470	3,043
Travel expenses	<u>2,625</u>	<u>768</u>
Total operating expenses	<u>246,334</u>	<u>229,912</u>
Operating income (loss)	(45,723)	118,613
NONOPERATING REVENUE AND EXPENSES		
Interest income	<u>13,253</u>	<u>7,825</u>
CHANGE IN NET POSITION	<u>(32,470)</u>	<u>126,438</u>
NET POSITION - July 1, as previously reported	469,911	344,475
Prior period adjustment (Note 6)	-	(1,002)
NET POSITION - July 1, as restated	<u>469,911</u>	<u>343,473</u>
NET POSITION - June 30	\$ <u><u>437,441</u></u>	\$ <u><u>469,911</u></u>

NORTH DAKOTA STATE BOARD OF DENTAL EXAMINERS

STATEMENTS OF CASH FLOWS PROPRIETARY FUND FOR THE YEARS ENDED JUNE 30, 2023, AND 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from licenses	\$ 73,279	\$ 383,067
Cash payments to employees for services	(74,959)	(123,386)
Cash payments to vendors for goods and services	<u>(139,215)</u>	<u>(104,948)</u>
Net cash provided by (used in) operating activities	<u>(140,895)</u>	<u>154,733</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale/redemption of investments	55,201	-
Purchase of investments	-	(134,464)
Cash received for interest	<u>2,985</u>	<u>6,231</u>
Net cash provided by (used in) investing activities	<u>58,186</u>	<u>(128,233)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(82,709)	26,500
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>163,029</u>	<u>136,529</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ <u><u>80,320</u></u>	\$ <u><u>163,029</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Operating income (loss)	\$ (45,723)	\$ 118,613
Adjustments to reconcile operating income to net cash provided by operating activities	-	-
Amortization	-	-
Changes in assets and liabilities		
Change in prepaid expenses	-	3,932
Change in accounts payable	-	(12,155)
Change in accrued expenses	32,160	9,801
Change in deferred revenue	<u>(127,332)</u>	<u>34,542</u>
Net cash provided by (used in) operating activities	\$ <u><u>(140,895)</u></u>	\$ <u><u>154,733</u></u>

NORTH DAKOTA STATE BOARD OF DENTAL EXAMINERS

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2023, AND 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the North Dakota State Board of Dental Examiners have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below:

Nature of Operations

The North Dakota State Board of Dental Examiners ("Board") consists of nine members appointed by the governor (six dentists, one dental hygienist and one public member).

The function and purpose of the North Dakota State Board of Dental Examiners is to protect the citizens of North Dakota from illegal dentistry through licensing, education and examination of those persons practicing dentistry or dental hygiene in this state, and to carry out the provisions of Chapter 43-28 of the North Dakota Century Code.

Reporting Entity

The reporting entity of the North Dakota State Board of Dental Examiners is determined in accordance with the criteria defined in GASB Statement No. 14, the Financial Reporting Entity.

As required by generally accepted accounting principles, these financial statements present the Board (the primary government). There were no component units.

Basis of Presentation

Proprietary Fund Statements. The statement of net position – proprietary fund and the statement of revenues, expenses, and changes in fund position – proprietary fund display information about the primary government, the North Dakota State Board of Dental Examiners. These statements include the financial activities of the overall government. Business-type activities are financed mostly by fees charged to external parties. Business-type activities are reported in one fund.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

The Board reports the following proprietary (business-type enterprise) fund:

General fund: This is the Board's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

NORTH DAKOTA STATE BOARD OF DENTAL EXAMINERS

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2023, AND 2022

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The proprietary fund financial statements are reported using the economic resources measurement focus. The proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Board gives (or receives) value without directly receiving (or giving) equal value in exchange, include special assessments, grants, entitlements, and donations.

Enterprise funds are used to account for operations operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

When both restricted and unrestricted resources are available for use, it is the Board's policy to use restricted resources first, then unrestricted resources, as they are needed.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain amounts reported in the financial statements and the accompanying notes. Accordingly, actual results could differ from those estimates.

Cash and Investments

The cash and cash equivalents include demand deposits with an original maturity of three months or less. Investments consists of cash equivalent funds and certificates of deposit with original maturities ranging from twelve months to twenty-four months. Certificates of deposit are stated at amortized cost which approximates fair value.

The Board follows state statutes with regard to its investing decisions.

Capital Assets

Capital assets include furniture and equipment. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Currently there are no capital assets exceeding the capital threshold.

When applicable, capital assets are depreciated using the straight-line method over their estimated useful life of five years.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense) until then.

NORTH DAKOTA STATE BOARD OF DENTAL EXAMINERS

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2023, AND 2022

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Net Position

Net position represents the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources in the Board's financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation. Net position is reported as restricted when there are limitations imposed on its use either through enabling legislation adopted by the Board or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net positions are reported as unrestricted. The Board generally does not have restricted resources.

Subsequent Events

Management has evaluated subsequent events through the date of the auditor's report which is the date the financial statements were available to be issued.

NOTE 2 – DEPOSITS

Custodial Credit Risk

Custodial credit risk is the risk associated with the failure of a depository institution, such that in the event of a depository financial institution's failure, the Board would not be able to recover the deposits or collateralized securities that in the possession of the outside parties. The Board follows North Dakota state statutes which authorize the Board to make deposits in the Bank of North Dakota or in other financial institutions.

In accordance with North Dakota Statutes, deposits must either be deposited with the Bank of North Dakota or in other financial institution situated and doing business within the state. Deposits, other than with the Bank of North Dakota, must be fully insured or bonded. In lieu of a bond, a financial institution may provide a pledge of securities equal to 110% of the deposits not covered by insurance or bonds.

Authorized collateral includes bills, notes, or bonds issued by the United States government, its agencies or instrumentalities, all bonds and notes guaranteed by the United States government, federal land bank bonds, bonds, notes, warrants, certificates of indebtedness, insured certificates of deposit, shares of investment companies registered under the Investment Companies Act of 1940, and all other forms of securities issued by the State of North Dakota, its boards, agencies, or instrumentalities or by any county, city, township, school district, park district, or other political subdivision of the State of North Dakota. Whether payable from special revenues or supported by the full faith and credit of the issuing body and bonds issued by another state of the United States or such other securities approved by the banking board.

At year ended June 30, 2023, the Boards' carrying amount of deposits was \$509,815 and the bank balances were \$521,964. The entire bank balance was covered by Federal Depository Insurance.

At year ended June 30, 2022, the Boards' carrying amount of deposits was \$647,726 and the bank balances were \$651,537. The entire bank balance was covered by Federal Depository Insurance.

NORTH DAKOTA STATE BOARD OF DENTAL EXAMINERS

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2023, AND 2022

Credit Risk

The Board may invest idle funds as authorized in North Dakota Statutes, as follows:

- a) Bonds, treasury bills and notes, or other securities that are a direct obligation insured or guaranteed by, the treasury of the United States, or its agencies, instrumentalities, or organizations created by an act of congress.
- b) Securities sold under agreements to repurchase written by a financial institution in which the underlying securities for the agreement to repurchase are the type listed above.
- c) Certificates of deposit fully insured by the Federal Deposit Insurance Corporation.
- d) Obligations of the state.

At June 30, 2023 and 2022 the Board held certificates of deposit with various banks of \$429,496 and \$484,697, respectively, which are all considered deposits. The certificates of deposit are insured through FDIC.

Concentration of Credit Risk

The Board does not have a limit on the amount it may invest in any one issuer.

NOTE 3 – COMPENSATED ABSENCES

The Board recognizes that employees may need to be absent for reasonable periods due to various circumstances. Therefore, it is mutually agreed that specific provisions for bereavement leave, sick leave, personal leave, and paid holidays will not be made. Instead, the Board will provide compensation equivalent to one percent of the base salary to cover vacation time. Employees are expected to minimize the impact of their absences and ensure continuity of their responsibilities to avoid disrupting the Board's daily operations. However, the Board acknowledges that absences due to illness may occur and will be tolerant of such absences, provided they do not repeatedly or significantly affect the Board's activities.

NOTE 4 – DEFERRED INFLOWS OF RESOURCES

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Board has one type of item to report in this category. The item is unearned revenue and represents unearned license revenue as of June 30, 2023 and 2022, respectively.

NOTE 5 – RISK MANAGEMENT

The Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

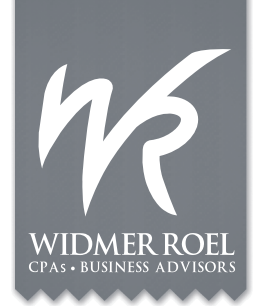
The Board has insurance through a third-party insurance carrier with for general liability, property and liability, and medical expenses. Additionally, the Board carries insurance with CNA for fidelity insurance with a limit of \$200,000.

NORTH DAKOTA STATE BOARD OF DENTAL EXAMINERS

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2023, AND 2022**

NOTE 6 – PRIOR PERIOD ADJUSTMENT

	<u>Business Type Activities</u>
THE BOARD RESTATED ITS BEGINNING NET POSITION	
NET POSITION - July 1, 2021, as previously reported	\$ 344,475
Adjustment to beginning assets	(3,867)
Adjustment to beginning accumulated depreciation	<u>2,865</u>
NET POSITION - July 1, 2021, as restated	\$ <u><u>343,473</u></u>



4220 31st Avenue S.
Fargo, ND 58104-8725

Phone: 701.237.6022
Toll Free: 888.237.6022
Fax: 701.280.1495

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

INDEPENDENT AUDITOR'S REPORT

Board of Directors
North Dakota State Board of Dental Examiners
Bismarck, North Dakota

We were engaged to audit, 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, the financial statements of the business-type activities of **North Dakota State Board of Dental Examiners** as of and for the year ended June 30, 2023 and 2022 and the related notes to the financial statements, which collectively comprise **North Dakota State Board of Dental Examiners'** basic financial statements, and have issued our report thereon dated June 18, 2025. Our report disclaims an opinion on such financial statements due to the absence of supporting documentation for revenues and payroll liabilities.

Report on Internal Control over Financial Reporting

In connection with our engagement to audit the financial statements of **North Dakota State Board of Dental Examiners**, we considered **North Dakota State Board of Dental Examiners'** internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of **North Dakota State Board of Dental Examiners'** internal control. Accordingly, we do not express an opinion on the effectiveness of **North Dakota State Board of Dental Examiners'** internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2023-001, 2023-003, 2023-004, and 2023-005 to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and responses as item 2023-002 to be a significant deficiency.

Report on Compliance and Other Matters

In connection with our engagement to audit the financial statements of **North Dakota State Board of Dental Examiners**, we performed tests of its 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. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

North Dakota State Board of Dental Examiners' Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the **North Dakota State Board of Dental Examiners'** response to the findings identified in our engagement and described in the accompanying schedule of findings and responses. **North Dakota State Board of Dental Examiners'** response was not subjected to the other auditing procedures applied in the engagement to audit the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink, appearing to read "Widmer Poel" followed by a stylized flourish.

Fargo, North Dakota
June 18, 2025

NORTH DAKOTA STATE BOARD OF DENTAL EXAMINERS

SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED JUNE 30, 2023

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued:

Disclaimer

Internal control over financial reporting:

Material weakness(es) identified?

 X Yes

 No

Significant deficiency(ies) identified that are not considered to be material weakness(es)?

 X Yes

 None reported

Noncompliance material to financial statements noted?

 Yes

 X No

SECTION II – FINANCIAL STATEMENT FINDINGS

2023-001 (MATERIAL WEAKNESS) – SEGREGATION OF DUTIES

Condition

The **North Dakota State Board of Dental Examiners** has only one employee. The single employee, along with a contracted accountant and a Board Member elected as Board Secretary/Treasurer, is responsible for the primary accounting functions of the board.

Criteria

Proper internal control according to the COSO framework include controls surrounding the custody of assets, the recording of transactions, reconciling bank accounts and preparation of financial statements. The framework dictates there should be sufficient accounting personnel so that duties of employees are properly segregated. Proper segregation of duties would provide better control over the assets of the **North Dakota State Board of Dental Examiners**.

Cause

Management has chosen to allocate its economic resources to other functions of the **North Dakota State Board of Dental Examiners**.

Effect

Inadequate segregation of duties could adversely affect the **North Dakota State Board of Dental Examiners’** ability to detect misstatements in amounts that would be material in relation to the financial statements in a timely period by employees or management in the normal course of performing their assigned functions.

Recommendation

We recommend that management be aware of the lack of segregation of duties and implement controls wherever possible to mitigate this risk. We recommend that the **North Dakota State Board of Dental Examiners** implement and/or continue the following:

- All invoices should be or continue to be reviewed and approved by the executive director and the governing board.

NORTH DAKOTA STATE BOARD OF DENTAL EXAMINERS

SCHEDULE OF FINDINGS AND RESPONSES

FOR THE YEAR ENDED JUNE 30, 2023

- Ideally, all checks should be or continue to be signed by the executive director and/or a board member.
- Monthly income statements and balance sheets should be reviewed and approved by the official responsible and the governing board.
- Bank reconciliations should be or continue to be reviewed and approved by someone separate from bank reconciliation responsibilities.

Views of Responsible Officials

We agree. Due to the size of the Board, it is not feasible to obtain proper segregation of duties through the hiring of additional employees. The cost of adding personnel would exceed the benefit. We will continue to segregate duties to the extent possible with our single employee, our contracted accountant, and making use of Board members to increase segregation of duties.

We have also implemented processes by which the following reports are generated every month: Balance Sheet; Standard Income Statement; Cash Receipts Journal; Cash Disbursements; Check Register; and General Ledger.

The Board member serving as Secretary/Treasurer undertakes a monthly review of these reports to ensure that accurate and thorough bookkeeping is occurring. The results of those reviews and updated reports are then shared with the Board at its Quarterly Meetings, with any resulting guidance provided to the Executive Director.

2023-002 (SIGNIFICANT DEFICIENCY) – FINANCIAL STATEMENT PREPARATION

Condition

The Board does not have an internal control system designed to provide for the preparation of the financial statements being audited or for the preparation of adjusting entries.

Criteria

Proper controls over financial reporting include the ability to prepare financial statements and accompanying notes to the financial statements.

Cause

Due to the size of **North Dakota State Board of Dental Examiners**, the board does not have sufficient staff to ensure adequate preparation of the financial statements.

Effect

The control deficiency could result in a misstatement to the presentation of the financial statements.

Recommendation

Management and the Board should continually be aware of the financial reporting of the Board and changes in reporting requirements.

NORTH DAKOTA STATE BOARD OF DENTAL EXAMINERS

SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED JUNE 30, 2023

Views of Responsible Officials

We agree. A second employee could assist in tasks such as preparing audit-ready financial statements. In 2023-2024, the Board explored that possibility, but it was not cost-effective for an organization our size to do so. As an alternative the Board has chosen to hire Widmer Roel PC, a public accounting firm, to prepare the audit financial statements as part of their annual audit.

2023-003 (MATERIAL WEAKNESS) – MATERIAL AUDIT ADJUSTMENTS

Condition

During the audit of **North Dakota State Board of Dental Examiners**, we proposed material adjusting entries to the financial statements in accordance with generally accepted accounting principles (GAAP). The adjustments were approved by management and are reflected in the financial statements.

Criteria

North Dakota State Board of Dental Examiners is responsible for the presentation of its financial statements and related note disclosures to ensure it is reliable, accurate, free of material misstatement, and in accordance with GAAP.

Cause

North Dakota State Board of Dental Examiners did not have procedures in place to reconcile financial statement and account balances to ensure the financial statements are complete and accurate.

Effect

There is an increased risk of material misstatement to the **North Dakota State Board of Dental Examiners** financial statements whether due to error or fraud.

Recommendation

We recommend the **North Dakota State Board of Dental Examiners** review its procedures for reconciling the financial statement and account balances to ensure the financial statements are complete and accurate in accordance with GAAP.

Views of Responsible Officials

We agree. We will continue to provide all information for the preparation of the financial statements and notes and review and approve adjustments involved in the process. We anticipate that the procedures we have implemented as set forth in the response in finding 2023-002 above.

North Dakota State Board of Dental Examiners does not have adequate resources to obtain proper internal controls and training to make and identify all necessary adjustments. We will continue to try to identify all items in need of adjustment at year end to comply with GAAP.

NORTH DAKOTA STATE BOARD OF DENTAL EXAMINERS

SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED JUNE 30, 2023

2023-004 (MATERIAL WEAKNESS) – REVENUE COLLECTIONS

Condition

Management was unable to provide documentation supporting revenues totaling \$200,611 in 2023 and \$348,525 in 2022, and we were unable to satisfy ourselves by other auditing procedures concerning revenues reported for the years ended June 30, 2023 and 2022.

Criteria

According to the COSO framework, entities must ensure accurate and complete recording of all financial transactions. GASB Statement No. 34 emphasizes the importance of internal controls and reconciliation processes to maintain the integrity of financial reporting.

Cause

The **North Dakota State Board of Dental Examiners** did not have procedures in place to ensure that revenues were supported, and such support was retained.

Effect

There is an increased risk of material misstatement to the North Dakota State Board of Dental Examiners financial statements. This issue was also one of the reasons listed in the audit opinion for the disclaimer of opinion that was given.

Recommendation

We recommend that the **North Dakota State Board of Dental Examiners** accurately report and assign coding of the various types of revenues collected and retain adequate supporting documentation thereof.

Views of Responsible Officials

We agree. We will ensure that procedures are in place so that all revenue is reported and coded accurately for the various types of revenue that are collected. Beginning on July 1, 2023, and continuing through the current biennium, we have contracted with a CPA firm for bookkeeping services to ensure revenues are accurately recorded. For the 2023-2025 biennium, our bookkeeping personnel have made use of Sage 50 accounting software. We have now subscribed to QuickBooks and will transition to that program for our accounting needs beginning with the biennium that commences on July 1, 2025.

2023-005 (MATERIAL WEAKNESS) – PAYROLL LIABILITIES

Condition

During testing of payroll liabilities in the financial statements in the amount of \$46,913 and \$14,753 for 2023 and 2022 respectively, management could not provide documentation to support the balances and, therefore, we could not conclude if the amounts should be included in the financial statements.

NORTH DAKOTA STATE BOARD OF DENTAL EXAMINERS

**SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2023**

Criteria

According to the COSO framework, entities must ensure accurate and complete recording of all financial transactions. GASB Statement No. 34 emphasizes the importance of internal controls and reconciliation processes to maintain the integrity of financial reporting.

Cause

The **North Dakota State Board of Dental Examiners** did not have procedures in place to ensure that payroll liabilities were reconciled and supported.

Effect

There is an increased risk of material misstatement to the **North Dakota State Board of Dental Examiners** financial statements. This issue was also one of the reasons listed in the audit opinion for the disclaimer of opinion that was given.

Recommendation

We recommend that the **North Dakota State Board of Dental Examiners** review the procedures for recording and reconciling payroll to ensure that every transaction is accurate for all payments made to its employees.

Views of Responsible Officials

We agree. We will ensure that all payroll entries are entered into the general ledger correctly so that the financial statements are accurate regarding all payroll transactions. Beginning July 1, 2023, and continuing through the 2021-2023 biennium, we have contracted with a CPA firm to ensure payroll liabilities are reconciled in a timely manner. Beginning on July 1, 2025, we will be transitioning to QuickBooks for the new biennium and forward. When we do so, we are subscribing to QuickBooks Payroll module to further ensure the proper accounting of payroll liabilities.