

STATE AUDITOR
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OFFICE OF THE STATE AUDITOR
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Overview of Auditing for the State of North Dakota
Including the Office of the State Auditor's
External Quality Control Report

2019-21 Biennium

July 17, 2019

TABLE OF CONTENTS

	<u>Page</u>
Introduction	1
Auditing Standards.....	4
Required Financial Statement Communications	4
Audit Scope.....	5
Audit Objectives.....	6
Management Responsibilities	8
Audit Procedures – General	10
Audit Procedures – Internal Controls	11
Audit Procedures – Compliance	11
Component Audits.....	12
Audit Timing	12
Audits Performed By Independent CPA Firms	14
Presentation of Audit Reports	14
Audit Recommendations and Implementation	16
Audits of the Office of the State Auditor	16
Appendix A External Quality Control Report	17
Appendix B State Audits Performed by CPA Firms	19
Appendix C Occupational and Professional Boards	21

Introduction

The powers and duties of the State Auditor are set out in North Dakota Century Code (NDCC) Chapter 54-10. The Office of the State Auditor fulfills these responsibilities by performing annual financial statement audits; biennial performance audits; a biennial audit of the State's federal financial assistance; information system audits; and performance audits. NDCC section 54-35-02.2 states that it is the duty of the Legislative Audit and Fiscal Review Committee (LAFRC) to:

“...study and review audit reports as selected by the committee from those submitted by the state auditor, confer with the auditor and deputy auditors in regard to such reports, and when necessary, confer with representatives of the department, agency, or institution audited in order to obtain full and complete information in regard to any and all fiscal transactions and governmental operations of any department, agency, or institution of the state.”

The Office of the State Auditor believes the LAFRC plays an important accountability role in the governance of the State of North Dakota. The Office of the State Auditor appreciates the active interest the LAFRC has taken in the fiscal affairs and operations of the state and the relationship that has developed with the LAFRC and Legislative Council staff.

This report provides a summary of the types of audits conducted by the Division of State Audit of the Office of the State Auditor, and the Division's relationship with the LAFRC. This report also makes important communications with the LAFRC that are required by auditing standards.

In addition to audits of individual state agencies, the Division of State Audit performs three state-wide audits. The state-wide audits include: the audit of the State of North Dakota's basic financial statements, which are included in the State's Comprehensive Annual Financial Report (CAFR); the University System financial statement audit; and the biennial audit of the State's Federal financial assistance (often referred to as the “Single Audit”). Information system audits are also performed on the state's information systems.

The audit of the State's basic financial statements has been done by the Office of the State Auditor since the CAFR was first published in 1991. The first University System audit was for the fiscal year ended June 30, 1996. The office has been performing single audit work since 1984 as a

condition of the State receiving Federal funds. The first state-wide single audit was for the two fiscal years ended June 30, 1992. Examples of information systems audits include the service organization audit of the Information Technology Department (ITD), ConnectND Finance audit and the NDUS ConnectND Student Administration system.

For biennial agency audits, the NDCC gives the State Auditor the responsibility to determine the contents of audit reports. In the year 2000, with the needs of our stakeholders in mind, the Office of the State Auditor changed from following financial statement audit standards to following the performance audit standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The main disadvantage of following financial statement audit standards is that those standards limit an audit's objective to giving an opinion on the financial statements. Following the performance audit standards gives us the flexibility to set our audit objectives to best meet the needs of our stakeholders.

The primary consideration in determining the contents of these audits is to produce informative audits to improve government. Statutory audit requirements are an important part of these audits and are addressed by our standard audit objective. Additionally, whenever possible additional audit objectives are included to increase responsiveness and effectiveness of state government.

There are approximately 90 regularly scheduled audits of state entities. The Office of the State Auditor does not have the statutory authority to conduct financial statement audits for certain agencies, such as the Bank of North Dakota, State Fair Association and the North Dakota Development Fund. A complete list of state agencies not audited by the Office of the State Auditor is provided in Appendix B of this report. Each of these entities (components) receives an annual financial statement audit by a CPA firm. For CAFR audits we rely on these audits and make reference to the other auditors in our opinions. Audit reports can be found at:

<https://tinyurl.com/stateaudits>

The University System financial statements also include components (specifically foundations) which are audited by CPA firms. We will rely on these audits and thus we will make reference to other auditors in our report.

Authority for performance audits is contained in subsection 4 of NDCC 54-10-01, which grants the State Auditor the power to: "Perform or provide for performance audits of state agencies as determined necessary by the legislative assembly; the legislative audit and fiscal review committee; or the state auditor, subject to approval by the legislative audit and fiscal review committee." The State Auditor has requested an Attorney General's opinion relating to this section. Performance audits are statutorily required to be performed in accordance with *Government Auditing Standards*. The Office of the State Auditor has been conducting performance audits since 1991. Audit reports can be found at the internet link noted above.

According to NDCC ¶ 54-10-27, the Office of the State Auditor is responsible for receiving audit reports of occupational and professional boards, which are audited by CPA firms or our Division of Local Government Audits. There are over 40 occupational and professional boards, most of which receive audits once every two years. Appendix C contains a listing of these boards which are described in Title 43 of the North Dakota Century Code.

Auditing Standards

The Office of the State Auditor takes pride in following the industry's highest auditing standards. These standards include U.S. generally accepted auditing standards, as prescribed by the American Institute of Certified Public Accountants (AICPA), and *Government Auditing Standards*, issued by the Comptroller General of the United States. The type and scope of an audit determines which auditing standards must be followed. Financial statement audits are done in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards*. As discussed previously, performance audits, including biennial agency audits follow the performance audit standards included in *Government Auditing Standards*.

Relating to financial statement audits, *Government Auditing Standards* and U.S. generally accepted auditing standards require us to communicate the following information to those charged with governance, we make these communications to the Legislature through the Legislative Audit and Fiscal Review Committee.

Required Financial Statement Communications

Financial auditing standards require certain communications with those charged with governance. Those charged with governance means the person(s) with responsibility for overseeing the strategic direction of the entity and obligations related to the accountability of the entity. The Legislative Assembly meets this definition for the State of North Dakota. Given the Legislative Audit and Fiscal Review Committee's responsibilities, we make these required communications to this committee.

Auditing standards point out the importance of proper governance to an entity's control environment. This includes oversight of the financial reporting process by those charged with governance. These auditing standards also emphasize the importance of auditor two-way communication with those charged with governance. To facilitate the required communications we will primarily contact the Chairman of the Legislative Audit and Fiscal Review Committee unless notified of a different preference. We will also communicate with the full committee if circumstances warrant such communications.

Specifically, we would like input from the Legislative Audit and Fiscal Review Committee relating to:

- The committee's views about the risks of fraud and whether the committee has knowledge of any fraud or suspected fraud affecting the state.
- Concerns about the integrity or competence of senior management.
- Any areas in which the committee wishes to request the State Auditor to undertake additional procedures.
- Other matters the Committee believes are relevant to the audit of the financial statements.

Two-way communications with those charged with governance is important to the audit process. We welcome input from any legislator. Legislators are encouraged to contact the office of the State Auditor with any audit related concerns. For financial, information system, performance or biennial audits you are welcome to contact the State Auditor, Ron Tolstad Jr., M. Acc., CPA at (701) 328-2243 or any audit manager at (701) 328-2241.

Audit Scope

We will audit the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information, which collectively comprise the basic financial statements, of the State of North Dakota, the North Dakota University System and various other state agencies.

Accounting standards generally accepted in the United States provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to accompany basic financial statements. As part of our engagements, we will apply certain limited procedures to the RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist principally of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's response to our inquiries, the basic financial statements, and other knowledge we obtain during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

- Management's Discussion and Analysis;

- Budgetary schedules
- Schedule of Employer Contributions;
- Schedules of State's Share of Net Pension Liability;
- Schedules of State's Contributions;
- Schedules of Changes in Net Pension Liability and Related Ratios
- Schedule of Changes to the Net Other Post Employment Benefit Liability and Related Ratios Retire Health Insurance Credit Fund .
- Schedule of Changes to the Net Other Post Employment Benefit Liability and Related Ratios Met Life Insurance Plan
- Schedules of Employer Contributions Last 10 Fiscal Years, and;
- Information About the State's Pension Benefit Plans (note disclosures).

Our engagements also include reporting on supplementary information other than RSI that accompanies financial statements. We will subject such supplementary information to the auditing procedures applied in our audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and will provide an opinion on it in relation to the financial statements as a whole.

Additional information accompanying the basic financial statements may not be subjected to the auditing procedures applied in our audit of the financial statements, and for which our audit reports will disclaim an opinion. Typically, this is limited to transmittal letters and the statistical section of the comprehensive annual financial report.

Audit Objectives

The objective of our financial statement audits is the expression of opinions as to whether basic financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the supplementary information

when considered in relation to the financial statements taken as a whole. Our financial statement audits will be conducted in accordance with generally auditing standards generally accepted in the United States of America and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and when applicable the provisions of the *Uniform Guidance* (as discussed below) and will include tests of accounting records, a determination of major program(s) in accordance with the *Uniform Guidance*, and other procedures we consider necessary to enable us to express such opinions. We will issue written reports upon completion of our Single Audit. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or issue reports

We will also provide reports (that do not include an opinion) on internal control related to the financial statements and compliance with laws, regulations, and the provisions of contracts or grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*.

For the Federal Single Audit, objectives include reports on Internal control over compliance related to major programs and an opinion (or disclaimer of opinion) on compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*.

The reports on internal control and compliance will each include a statement that the report is intended solely for the information and use of the Governor, Legislative Audit and Fiscal Review Committee, and management and are not intended to be and should not be used by anyone other than these specified parties.

The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

Management Responsibilities

Management is responsible for designing, implementing, establishing, and maintaining effective internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, and for evaluating and monitoring ongoing activities to help ensure that appropriate goals and objectives are met; following laws and regulations; and ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. Management is also responsible for the selection and application of accounting principles, for the preparation and fair presentation of the financial statements and all accompanying information in conformity with U.S. generally accepted accounting principles, and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. Management is also responsible for providing us with (1) access to all information of which they are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Management responsibilities include adjusting the financial statements to correct material misstatements and for confirming to us in the written representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Management is responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Management responsibilities include informing us of their knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, management is responsible for identifying and ensuring that the government complies with applicable laws, regulations, contracts, agreements, and grants and for taking timely and appropriate steps to remedy fraud and

noncompliance with provisions of laws, regulations, contracts or grant agreements, or abuse that we report.

Management is responsible for the preparation of the supplementary information, which we have been engaged to report on, in conformity with U.S. generally accepted accounting principles. Management agrees to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. Management also agrees to include the audited financial statements with any presentation of the supplementary information that includes our report thereon. Management's responsibilities include acknowledging to us in the written representation letter that (1) they are responsible for presentation of the supplementary information in accordance with GAAP; (2) they believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) management has disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other studies. Management is also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as management's planned corrective actions, for the report, and for the timing and format for providing that information.

Management agrees to assume all management responsibilities relating to the financial statements and related notes and any other nonaudit services we provide. Management will be required to acknowledge in the management representation letter any assistance we provided with preparation of the financial statements and related notes and that Management have reviewed and approved the financial statements and related notes prior to their issuance and have accepted responsibility for them. Further, management must agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

Audit Procedures – General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and of any material abuse that comes to our attention. Our responsibility as auditors is limited to the period covered by our audit and does not extend to later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, creditors, and financial institutions. We will request written representations from the Attorney General as part of audit engagements. At the conclusion of our audit, we will also require certain written representations from management about the financial statements and related matters.

Audit Procedures – Internal Controls

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risk of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

For the Federal Single Audit, as required by the *Uniform Guidance*, we will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal award program. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to the *Uniform Guidance*.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards and *Government Auditing Standards* and the *Uniform Guidance*.

Audit Procedures – Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

For the Federal Single Audit, the *Uniform Guidance* requires that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with federal statutes, regulations, and the terms and conditions of federal awards applicable to major programs. Our procedures will consist of tests of transactions and other applicable procedures described in the OMB Compliance Supplement for the types of compliance requirements that could have a direct and material effect on each of the state's major programs. The purpose of these procedures will be to express an opinion on the state's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to the *Uniform Guidance*.

Component Audits

As noted earlier certain state agencies and college and university foundations (components) are audited by CPA firms. For state audits the State Auditor contracts for most state entities and performs report reviews on all agency audits. Foundation audits are arranged for by the foundations and the state auditor has no involvement with the audits.

After gaining an understanding of component auditors and determining that the components financial statements are prepared using the same financial reporting model as used by the group, and that the audits are conducted in accordance with generally accepted auditing standards and the component audit reports are not restricted as to use, we intend to make reference to component auditors in our audit reports.

Audit Timing

The State of North Dakota (CAFR) and University System (NDUS) financial statement audits are for fiscal years ending June 30. Interim work for the NDUS audit starts annually approximately in April. The majority of field work is completed for both audits in late summer through November. Both audits are normally completed in early December. Other state agency financial audits are typically started in late summer and are completed in October.

The Federal Single Audit is a two year audit for periods ending in even years. Planning and interim work typically begins early in even numbered years. Currently Single Audits are due nine months after the audit period.

Agency biennial performance audits are typically ongoing with an effort to balance the number of audits completed each year. Audit schedules can be found on our website at:

<https://tinyurl.com/ND-Aud-Sched>.

Audits Performed By Independent CPA Firms

As discussed earlier, the Office of the State Auditor does not have the statutory authority to audit all state agencies. Agencies that are not audited by the Office of the State Auditor are audited by CPA firms.

At the request of the Office of the State Auditor certain other state agencies are also audited by CPA firms. When this is done, it is because the Office of the State Auditor does not have sufficient resources to audit the entity. Additionally, state law requires most occupational or professional boards to provide for an audit (if annual receipts are greater than \$200,000).

CPA firms auditing state agencies are required to follow the document entitled "*Guidelines to Independent Certified Public Accountants Performing Audits of State Agencies*". This document was originally developed by the LAFRC, and has been amended by the Office of the State Auditor, with input from the LAFRC.

Audits performed by CPA firms are paid for by the state agency being audited. Appendix B lists those audits done by CPA firms.

Presentation of Audit Reports

Audits when finalized are available for presentation to the LAFRC. Before a LAFRC meeting, a listing is prepared and sent to the Legislative Council indicating which audits have been finalized and are available for presentation to the LAFRC. Only those reports selected for presentation will be formally presented at a LAFRC meeting.

The length and detail of the presentation of reports depends upon the desire of the LAFRC members. In recent years, the presentation has concentrated primarily on state audit findings and recommendations, and the specific list of comments which the LAFRC has asked all auditors to make. Recently for biennial performance audits the presentation has focused on the Report Highlights page.

Generally, the results of audits are presented to the LAFRC by the Office of the State Auditor or the CPA firm who performed the audit.

In accordance with state law, working papers from an audit in progress are not public records and are exempt from the open record laws. Audit reports are not considered public information until they are substantially complete. We have defined substantially complete to mean the auditees' responses to any recommendations have been received and included in the audit report.

Audit Recommendations and Implementation

Formal audit findings are included in the audit reports along with recommendations when applicable. The state agencies are asked to respond in writing to all recommendations appearing in the audit report. Their responses are included after the auditor's findings and recommendations. In those instances where the Office of the State Auditor believes the state agency's responses are inconsistent or in conflict with the findings, conclusions, or recommendations or when planned corrective actions do not adequately address the recommendations, the office will evaluate the validity of the agency's comments. If the auditors disagree with the comments, the office will explain in the report their reasons for disagreement.

Provided the recommendations are still applicable, any recommendations not implemented during the next audit period are included in the audit report.

Performance auditors typically follow up on recommendations approximately 18-24 months after the audit has been issued.

Audits of the Office of the State Auditor

The Office of the State Auditor is audited every two years by an independent CPA firm that is contracted with by the Legislative Council. The audit report and the results of the audit are presented to the Legislative Audit and Fiscal Review Committee.

Additionally, as required by *Government Auditing Standards*, the Office of the State Auditor receives an external peer review once every three years. This peer review is conducted by the National State Auditor's Association (NSAA). The NSAA selects audit professionals from other state audit organizations to perform an independent assessment of our compliance with auditing standards. The last external quality control review was completed June 9, 2017 and resulted in a rating of pass (peer reviews are rated pass, pass with deficiencies or fail). This opinion is included in this report as Appendix A.

Appendix A
External Quality Control Report

Report on the System of Quality Control

For the Period April 1, 2016

Through March 31, 2017

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PEER REVIEW REPORT

June 9, 2017

The Honorable Joshua C. Gallion
Office of the State Auditor
600 East Boulevard – 3rd Floor
Bismarck, ND 58505-0060

We have reviewed the system of quality control of the North Dakota Office of the State Auditor in effect for the period April 1, 2016 through March 31, 2017. A system of quality control encompasses the office's organizational structure and the policies adopted and procedures established to provide it with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The design of the system and compliance with it are the responsibility of the office. Our responsibility is to express an opinion on the design of the system and the office's compliance with the system based on our review.

We conducted our review in accordance with the policies and procedures for external peer reviews established by the National State Auditors Association (NSAA). In performing our review, we obtained an understanding of the office's system of quality control for engagements conducted in accordance with professional standards. In addition, we tested compliance with the office's quality control policies and procedures to the extent we considered appropriate. These tests covered the application of the office's policies and procedures on selected engagements. The engagements selected represented a reasonable cross-section of the office's engagements conducted in accordance with professional standards. We believe that the procedures we performed provide a reasonable basis for our opinion.

Our review was based on selective tests; therefore, it would not necessarily disclose all design matters in the system of quality control or all compliance matters with the system. Also, there are inherent limitations in the effectiveness of any system of quality control; therefore, noncompliance with the system of quality control may occur and not be detected. Projection of any evaluation of a system of quality control to future periods is subject to the risk that the system of quality control may become inadequate because of changes in conditions, or because the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the system of quality control of the North Dakota Office of the State Auditor in effect for the period April 1, 2016 through March 31, 2017 has been suitably designed and was complied with during the period to provide the audit organization with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Audit organizations can receive a rating of *pass*, *pass with deficiency(ies)*, or *fail*. **The North Dakota Office of the State Auditor has received a peer review rating of *pass*.**

Frank Buffington, CPA, CGFM, CIA, CFE, CGAP, CISA
Concurring Reviewer
External Peer Review Team
National State Auditors Association

Lori Hendon, CPA
Team Leader
External Peer Review Team
National State Auditors Association

Appendix B
State Audits Performed by CPA Firms

As of June 30, 2019

1. Bank of North Dakota ¹
 - a. Addiction Counselor's Loan Program ¹
 - b. Ag PACE Fund ¹
 - c. Beginning Farmer Revolving Loan Fund ¹
 - d. Community Water Facility Loan Fund ¹
 - e. Guaranteed Student Loan Program ¹
 - f. Infrastructure Loan Fund
 - g. Medical Facility Infrastructure Loan Program ¹
 - h. PACE Fund ¹
 - i. Rebuilders Loan Program ¹
 - j. School Construction Assistance Loan Fund ¹
 - k. Student Loan Trust Program ¹
2. Building Authority ¹
3. CollegeSave ²
4. Comprehensive Health Association of ND ⁴
5. Department of Trust lands ¹
6. Housing Incentive Fund ¹
7. Housing Finance Agency ¹
8. Job Service North Dakota ¹
9. Legislative Assembly ³
10. Legislative Council ³
11. Mandan Remediation Trust ²
12. Development Fund ⁴ (NDCC § 10-30.3-08)

13. Office of the State Auditor ³
14. Public Employees Retirement System ¹
15. Public Finance Authority ¹
16. Retirement and Investment Office ¹
17. State Fair Association ⁴ (NDCC § 4-02.1-18)
18. Workforce Safety & Insurance ¹

¹ Audits contracted for by the State Auditor.

² Audits contracted by the Trust.

³ Audits contracted for by the Legislative Council.

⁴ The board of directors for this entity contracts with a CPA firm for audits in accordance with the NDCC section referenced.

Appendix C
Occupational and Professional Boards

As of June 30, 2019

1. Abstractor's, Board of
2. Accountancy, Board of
3. Addiction Counseling Examiners, Board of
4. Architecture and Landscape Architecture, Board of
5. Athletic Trainers, Board of
6. Audiology and Speech-Language Pathology, Board of
7. Barber Examiners, Board of
8. Chiropractic Examiners, Board of
9. Clinical Laboratory Practice, Board of
10. Cosmetology, Board of
11. Counselor Examiners, Board of
12. Dental Examiners, Board of
13. Dietetic Practice, Board of
14. Education Standards and Practices Board
15. Electrical, Board of
16. Engineers and Land Surveyors, Board of
17. Firefighter's Association
18. Funeral Service, Board of
19. Hearing Aid Specialists, Board of
20. Law Examiners, Board of
21. Marriage and Family Therapy Licensure, Board of
22. Massage, Board of
23. Medicine, Board of
24. Medical Imaging & Radiation Therapy, Board of
25. Nursing Home Administrators, Board of
26. Nursing, Board of
27. Occupational Therapy Practice, Board of
28. Optometry, Board of
29. Peace Officer Standards and Training, Board of
30. Pharmacy, Board of
31. Physical Therapy, Board of
32. Plumbing, Board of
33. Podiatric Medicine, Board of
34. Private Investigative and Security, Board of
35. Psychologists Examiners, Board of
36. Real Estate Appraiser Qualifications and Ethics, Board of
37. Real Estate Commission
38. Reflexology, Board of
39. Respiratory Care, Board of
40. Social Work Examiners, Board of
41. Soil Classifiers, Board of
42. Veterinary Medical Examiners, Board of
43. Water Well Contractors, Board of

NDCC 54-10-27 states in part:

“Instead of providing for an audit every two years, an occupational or professional board that has less than \$200,000 of annual receipts may submit an annual report to the state auditor. The report must contain the information required by the state auditor. The state auditor also may make any additional examination or audit determined necessary in addition to the annual report.”