

**NORTH DAKOTA BOARD OF DIETETIC PRACTICE  
AUDITED FINANCIAL STATEMENTS  
FOR THE YEARS ENDING  
SEPTEMBER 30, 2017 AND 2016**

***OVERMOE & NELSON, LTD  
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To the Governing Board  
North Dakota Board of Dietetic Practice  
Bismarck, North Dakota

We have audited the accompanying financial statements of the business-type activities of the **North Dakota Board of Dietetic Practice** as of and for the years ended **September 30, 2017 and 2016**, and the related notes to the financial statements, as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Board's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. Accordingly, we express no such opinion. 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the **North Dakota Board of Dietetic Practice** as of **September 30, 2017 and 2016**, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

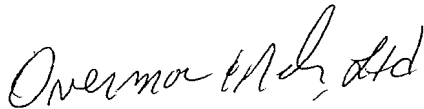
**Other Matters**

*Required Supplementary Information*

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America requires 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 opinion on the basic financial statements is 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 January 24, 2018 on our consideration of the **North Dakota Board of Dietetic Practice's** internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of those reports is to describe the scope of our testing of internal control over financial reporting and compliance and the results of the testing, and not to provide an opinion on the internal control over financial reporting or on compliance. Those reports are an integral part of an audit performed in accordance with Government Auditing Standards in considering **North Dakota Board of Dietetic Practice's** internal control over financial reporting and compliance.



**OVERMOE & NELSON, LTD**  
Certified Public Accountants  
Grand Forks, North Dakota

January 24, 2018

**NORTH DAKOTA BOARD OF DIETETIC PRACTICE  
STATEMENTS OF NET POSITION - PROPRIETARY FUND  
SEPTEMBER 30, 2017 AND 2016**

	<b>2017 Business-Type Activities</b>	<b>2016 Business-Type Activities</b>
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 34,264	\$ 27,005
Investment in Certificates of Deposit	<u>92,727</u>	<u>92,446</u>
<b>Total Current Assets</b>	<u>\$ 126,991</u>	<u>\$ 119,451</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ -</u>	<u>\$ -</u>
<b>CURRENT LIABILITIES</b>		
Accounts Payable	<u>\$ 115</u>	<u>\$ 80</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unearned Licenses	<u>\$ 20,255</u>	<u>\$ 20,465</u>
<b>NET POSITION</b>		
Net Investment in Capital Assets	\$ -	\$ -
Unrestricted	<u>106,621</u>	<u>98,906</u>
<b>Total Net Position</b>	<u>\$ 106,621</u>	<u>\$ 98,906</u>

**NORTH DAKOTA BOARD OF DIETETIC PRACTICE  
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
PROPRIETARY FUND  
FOR THE YEARS ENDED SEPTEMBER 30, 2017 AND 2016**

	<b>2017 Business-Type Fund</b>	<b>2016 Business-Type Fund</b>
	<u>                    </u>	<u>                    </u>
<b>OPERATING REVENUES</b>		
Annual License Fees	\$ 24,305	\$ 24,395
Other	-	-
	<u>                    </u>	<u>                    </u>
<b>Total Operating Revenues</b>	<b>\$ 24,305</b>	<b>\$ 24,395</b>
<b>OPERATING EXPENSES</b>		
Administrative	\$ 12,156	\$ 11,848
Services	1,972	3,005
Supplies	75	103
Board Expenses	2,681	1,955
Continuing Education Sponsorship	-	2,850
	<u>                    </u>	<u>                    </u>
<b>Total Operating Expenses</b>	<b>\$ 16,884</b>	<b>\$ 19,761</b>
<b>Operating Income</b>	<b>\$ 7,421</b>	<b>\$ 4,634</b>
<b>NONOPERATING REVENUE (EXPENSES)</b>		
Interest Income	\$ 294	\$ 101
	<u>                    </u>	<u>                    </u>
<b>Total Nonoperating Revenue (Expenses)</b>	<b>\$ 294</b>	<b>\$ 101</b>
<b>Changes in Net Position</b>	<b>\$ 7,715</b>	<b>\$ 4,735</b>
<b>Beginning Net Position (as Restated for Year Ended September 30, 2016)</b>	<u>98,906</u>	<u>94,171</u>
<b>Ending Net Position</b>	<u><u>\$ 106,621</u></u>	<u><u>\$ 98,906</u></u>

**NORTH DAKOTA BOARD OF DIETETIC PRACTICE  
STATEMENTS OF CASH FLOWS - PROPRIETARY FUND  
FOR THE YEARS ENDED SEPTEMBER 30, 2017 AND 2016**

	<b>2017 Business-Type Fund</b>	<b>2016 Business-Type Fund</b>
	<u>                    </u>	<u>                    </u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash Received from Licensees	\$ 24,095	\$ 23,440
Cash Payments for Goods and Services	<u>(16,849)</u>	<u>(20,286)</u>
<b>Net Cash Provided by Operating Activities</b>	<b>\$ 7,246</b>	<b>\$ 3,154</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	<b>\$ -</b>	<b>\$ -</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>\$ -</b>	<b>\$ -</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest Income	<u>\$ 13</u>	<u>\$ 99</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>\$ 7,259</b>	<b>\$ 3,253</b>
<b>BEGINNING CASH AND CASH EQUIVALENTS</b>	<u>27,005</u>	<u>23,752</u>
<b>ENDING CASH AND CASH EQUIVALENTS</b>	<u><u>\$ 34,264</u></u>	<u><u>\$ 27,005</u></u>
<b>RECONCILIATION OF OPERATING NET INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Operating Income	\$ 7,421	\$ 4,634
Adjustments to reconcile operating income to net cash provided by operating activities		
Increase (Decrease) in Accounts Payable	35	(525)
Increase (Decrease) in Unearned Licenses	<u>(210)</u>	<u>(955)</u>
<b>Net Cash Provided by Operating Activities</b>	<u><u>\$ 7,246</u></u>	<u><u>\$ 3,154</u></u>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>	<u><u>\$ 281</u></u>	<u><u>\$ 2</u></u>

The accompanying notes are an integral part of these financial statements.

**NORTH DAKOTA BOARD OF DIETETIC PRACTICE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED SEPTEMBER 30, 2017 AND 2016**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The North Dakota Board of Dietetic Practice (the Board), a state-wide administrative agency located in Bismarck, North Dakota, was formed by Statute in 1985 consisting of five members appointed by the Governor of North Dakota. The function and purpose of the Board is to protect the citizens of North Dakota from illegal practice of dietetics through the administration, coordination, evaluation, and examination of licensure in North Dakota, and to carry out the provisions of Chapter 43-44 of the North Dakota Century Code. The more significant of the Board's accounting policies are described below.

**Reporting Entity**

The Board shall set and collect fees for applications, initial licenses, renewals of license, late renewals, and limited permits. These fees must be set in such amounts to reimburse the Board for the cost of services rendered.

As required by GAAP, the Board has developed criteria to determine whether outside agencies with activities which benefit the Board should be included within its financial reporting entity. The criteria include, but are not limited to, whether the Board exercises oversight responsibility on financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters, scope of public service and special financing relationships. The Board has determined that no other outside agency meets the above criteria and, therefore, no other agency has been included as a component unit in the Board's financial statements.

Financial accountability includes the ability of the primary government (the Board) to appoint a voting majority to another organization's governing board, and is either able to impose its will on the other organization or there is potential for the other organization to provide specific financial benefits to, or impose specific financial burdens on the primary government.

**Basis of Presentation**

The financial statements of the Board have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Government Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The Board's basic financial statements consist of proprietary fund financial statements. Due to the nature of the Board's operations, the Board reports all of its functions in one proprietary fund.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses result from provided services and producing and delivering goods in connection with the Board's operations. Operating expenses include the cost of sales and services, administrative expenses and depreciation on capital assets.



**NORTH DAKOTA BOARD OF DIETETIC PRACTICE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED SEPTEMBER 30, 2017 AND 2016**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

**Fund Financial Statements**

The Board's funds consist of the following:

Proprietary Fund

The reporting focus of proprietary funds is on the determination of net income, financial position and changes in financial position (economic resources). These funds are used to account for activities that are similar to those found in the private sector. These funds are maintained on the accrual basis of accounting.

**Use of Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Encumbrance Accounting**

Encumbrances, which represent commitments related to unperformed contracts for goods or services, have not been recorded in the financial statements.

**Cash and Cash Equivalents**

Cash and Cash Equivalents include all highly liquid investments with an original maturity of less than three months.

**Investment in Certificates of Deposit**

Investment in certificates of deposit consists of certificates of deposit with original maturities ranging from twelve to twenty-four months. Certificates of deposit are stated at amortized cost which approximates fair value.

**Capital Assets**

Capital assets are capitalized at historical cost, or estimated historical cost if historical cost is not available, and updated for additions and retirements during the year. Donated capital assets are valued at their estimated fair market value on the date received. The Board maintains the following capitalization thresholds:

Office Equipment	\$ 2,000
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The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

All reported capital assets are depreciated except for construction in progress. Depreciation is computed using the straight-line method over the following useful lives:

Office Equipment	5 years
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**NORTH DAKOTA BOARD OF DIETETIC PRACTICE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED SEPTEMBER 30, 2017 AND 2016**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statements 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 future periods and so will not be recognized as an outflows of resources (expense/expenditure) until then. The Board has no items that qualify for reporting in this category.

In addition to liabilities, the statements 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 future periods and so will not be recognized as an inflow of resources (revenue) until that time. The Board has one type of item that qualifies for reporting in this category. The unearned license revenues are the result of the collection of license fees in the current period for the license period applicable to the next fiscal year.

**Unearned Licenses**

Unearned licenses represent license and registration fees received in the current year for the next year's activities.

**Net Position**

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. 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.

When both restricted and unrestricted resources are available for use, it is the Board's policy to use restricted resources first, and the unrestricted resources as they are needed. The Board generally does not have restricted resources.

**2. CUSTODIAL CREDIT RISK RELATED TO DEPOSITS**

Custodial credit risk is the risk that, in event of a bank failure, the Board's deposits might not be recovered. The Board has two authorized depositories for its deposits and investments. 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 situated and doing business within the state. Deposits, other than with the Bank of North Dakota, must be fully insured or secured with pledges of securities equal to 110% of the uninsured balance.

**NORTH DAKOTA BOARD OF DIETETIC PRACTICE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED SEPTEMBER 30, 2017 AND 2016**

**2. CUSTODIAL CREDIT RISK RELATED TO DEPOSITS - continued**

State statutes authorize the Board to invest in: a) Bonds, treasury bills and notes, or other securities that are a direct obligation of or an 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 of the type listed above, c) Certificates of Deposit fully insured by the Federal Deposit Insurance Corporation or the State, d) Obligations of the State.

As of September 30, 2017 and 2016, \$0 and \$0 of the Board's bank balances of \$127,292 and \$120,751, respectively, were exposed to custodial credit risk as follows:

Uninsured and collateralized	\$	-
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**3. PRIOR PERIOD ADJUSTMENT TO NET POSITION**

The Board discovered that the value of deferred license revenue was not recognized in the financial statements. The amount of unrecorded deferred revenue is \$21,420 at September 30, 2015. Retroactive inclusion of deferred revenue would have resulted in a decrease in license fees revenue of \$490 for the year ended September 30, 2015.

Board's Net Position per Audited Financial Statements at September 30, 2015		\$ 115,591
Adjustment to Recognize Deferred Revenue		<u>(21,420)</u>
Board's Net Position at September 30, 2015, as Restated		<u><u>\$ 94,171</u></u>

**4. COMPENSATED ABSENCES**

The Board implemented the provisions of GASB Statement No. 16 - Accounting for Compensated Absences. As per this provision, probable payments, if any, for vested vacation leave, plus associated payroll expenses, have been accrued at the end of each year. There is no provision for termination payments of accrued sick leave. As per GASB Statement No. 16, no accrual of accumulated sick leave benefits has been provided.

**5. INTERFUND OPERATING TRANSFERS**

There were no interfund operating transfers for the years ended September 30, 2017 and 2016.

**NORTH DAKOTA BOARD OF DIETETIC PRACTICE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED SEPTEMBER 30, 2017 AND 2016**

**6. COMMITMENTS AND CONTINGENCIES**

In the opinion of the Board, there are no significant contingent liabilities relating to the activities of the Board; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

**7. RISK MANAGEMENT**

The Board is exposed to various risks including, but not limited to, public liability. The Board has contracted with the State of North Dakota's Risk Management Fund to limit the Board's exposure to loss. The amount of covered losses are limited to \$25,000. The Board has also contracted with Western Surety Company to limit its exposure to loss from employee dishonesty. Covered losses are limited to \$25,000.

There was no reduction in general liability insurance coverage from the prior year. At no time during the years ended September 31, 2017, 2016 and 2015 did settlements exceed insurance coverage.

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

To the Governing Board  
North Dakota Board of Dietetic Practice  
Grand Forks, North Dakota

We have audited, in accordance with the 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 the **North Dakota Board of Dietetic Practice** as of and for the year ended **September 30, 2017**, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements and have issued our report thereon dated January 24, 2018.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the **North Dakota Board of Dietetic Practice's** internal control over financial reporting (internal control) to determine the auditing 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 the **North Dakota Board of Dietetic Practice's** internal control. Accordingly, we do not express an opinion on the effectiveness of the **North Dakota Board of Dietetic Practice's** internal control.

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 combination of control deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Board's financial statements will not be prevented, or detected and corrected on a timely basis. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described below as 2017-001, that we consider to be a significant deficiency.

**2017-001 Segregation of Duties (A Significant Deficiency)**

**Criteria**

Duties should be segregated to provide reasonable assurance that transactions are handled appropriately.

**Condition**

The **North Dakota Board of Dietetic Practice** has one independent contractor on staff who is responsible for most accounting functions.

**Effect**

Transactions could be mishandled and not discovered and corrected within a reasonable period of time.

## 2017-001 Segregation of Duties (A Significant Deficiency) - continued

### **Cause**

There is one person for multiple functions such as executing and recording transactions.

### **Recommendation**

The duties should be separated as much as possible, and alternative controls should be used to compensate for lack of segregation of duties.

### **Views of Responsible Officials and Planned Corrective Actions**

Due to the size of the staff, it is not feasible to obtain proper segregation of duties. The cost of adding personnel in order to obtain a proper segregation of duties exceeds the benefit. The Fiscal Chair has assumed responsibilities for approval of bills to be paid and review of the monthly bank statement and reconciliation prepared by the Executive Secretary. The Board believes these duties provide adequate compensation against the lack of segregated duties.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the **North Dakota Board of Dietetic Practice's** financial statements are free of material misstatement, 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 determination of financial statement amounts. 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 that are required to be reported under *Government Auditing Standards*.

### **North Dakota Board of Dietetic Practice's Response to Findings**

The **North Dakota Board of Dietetic Practice's** response to the findings identified in our audit is described above. The Board's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **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 Board'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.



**OVERMOE & NELSON, LTD**  
Certified Public Accountants  
Grand Forks, North Dakota  
January 24, 2018

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

To the Governing Board  
North Dakota Board of Dietetic Practice  
Grand Forks, North Dakota

We have audited, in accordance with the 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 the **North Dakota Board of Dietetic Practice** as of and for the year ended **September 30, 2016**, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements and have issued our report thereon dated January 24, 2018.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the **North Dakota Board of Dietetic Practice's** internal control over financial reporting (internal control) to determine the auditing 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 the **North Dakota Board of Dietetic Practice's** internal control. Accordingly, we do not express an opinion on the effectiveness of the **North Dakota Board of Dietetic Practice's** internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in the 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 below, we identified certain deficiencies in internal control that we consider a material weakness and a significant deficiency.

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 combination of control deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Board's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency 2016-002 described below to be a material weakness.

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 deficiency 2016-001 described below to be a significant deficiency.

**2016-001 Segregation of Duties (A Significant Deficiency)**

**Criteria**

Duties should be segregated to provide reasonable assurance that transactions are handled appropriately.

**Condition**

The **North Dakota Board of Dietetic Practice** has one independent contractor on staff who is responsible for most accounting functions.

**Effect**

Transactions could be mishandled and not discovered and corrected within a reasonable period of time.

## 2016-001 Segregation of Duties (A Significant Deficiency) - continued

### Cause

There is one person for multiple functions such as executing and recording transactions.

### Recommendation

The duties should be separated as much as possible, and alternative controls should be used to compensate for lack of segregation of duties.

### Views of Responsible Officials and Planned Corrective Actions

Due to the size of the staff, it is not feasible to obtain proper segregation of duties. The cost of adding personnel in order to obtain a proper segregation of duties exceeds the benefit. The Fiscal Chair has assumed responsibilities for approval of bills to be paid and review of the monthly bank statement and reconciliation prepared by the Executive Secretary. The Board believes these duties provide adequate compensation against the lack of segregated duties.

## 2016-002 Audit Adjustment (A Material Weakness)

### Criteria

An adequate system of controls requires that the Board prepare and present fairly financial statements, and the related notes to the financial statements, in accordance with government accounting standards.

### Condition

The **North Dakota Board of Dietetic Practice's** accounting records required an adjustment to deferred revenue.

### Effect

The Board's internal financial statements were misstated throughout the year.

### Cause

The Board's general ledger was maintained on the cash basis of accounting as it relates to the license fees received which is not in accordance with government accounting standards.

### Recommendation

The Board should begin recognizing license fees received prior to the corresponding license term as deferred revenue in accordance with government accounting standards.

### Views of Responsible Officials and Planned Corrective Actions

The Board will begin to recognized license fees as deferred revenue when received and recognize the fees as revenue during the license fee term.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the **North Dakota Board of Dietetic Practice's** financial statements are free of material misstatement, 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 determination of financial statement amounts. 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 that are required to be reported under *Government Auditing Standards*.

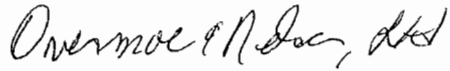
### North Dakota Board of Dietetic Practice's Response to Findings

The **North Dakota Board of Dietetic Practice's** response to the findings identified in our audit is described above. The Board's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.



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 Board'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.



**OVERMOE & NELSON, LTD**

Certified Public Accountants

Grand Forks, North Dakota

January 24, 2018