

***NORTH DAKOTA PEACE OFFICER  
STANDARDS AND TRAINING BOARD***

**AUDIT REPORT**

December 31, 2020 and 2019

ND PEACE OFFICER STANDARDS AND TRAINING BOARD  
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For The Years Ended December 31, 2020 and 2019

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## INDEPENDENT AUDITOR'S REPORT

Governing Board  
North Dakota Peace Officer Standards and Training Board  
Bismarck, North Dakota

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and each major fund of North Dakota Peace Officer Standards and Training Board, Bismarck, North Dakota, as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Board's basic 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 opinions on these financial statements based on our audit. We conducted our 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. 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 entity'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 entity'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 opinions.

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of North Dakota Peace Officer Standards and Training Board, Bismarck, North Dakota as of December 31, 2020 and 2019, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## INDEPENDENT AUDITOR'S REPORT

### Other Matters

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 15 and 16, and the notes to the required supplementary information on page 17 be presented to supplement the basic financial statements. Such 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do 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.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America required 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 a report dated January 24, 2022, on our consideration of North Dakota Peace Officer Standards and Training Board's 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 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 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 Peace Officer Standards and Training Board's internal control over financial reporting and compliance.

*Haga Kommer, Ltd.*

Haga Kommer, Ltd.  
Mandan, North Dakota  
January 24, 2022

North Dakota Peace Officer Standards and Training Board  
Statement of Net Position  
December 31, 2020

	<u>Governmental Activities</u>
ASSETS	
Current Assets:	
Cash	\$ 451,372
Accounts Receivable	<u>670</u>
TOTAL ASSETS	452,042
LIABILITIES	
Current Liabilities:	
Accounts Payable	<u>47,339</u>
TOTAL LIABILITIES	47,339
NET POSITION	
Unassigned	<u>404,703</u>
TOTAL NET POSITION	<u><u>\$ 404,703</u></u>

North Dakota Peace Officer Standards and Training Board  
Statement of Activities  
For the Year Ended December 31, 2020

	Program Receipts			Net (Expense) Revenue & Changes in Net Position
	Expenses	Charges for Services	Operating Grants & Contributions	Governmental Activities
Functions/Programs				
Governmental Activities	\$ 139,743	\$ 63,730	\$ 117,539	\$ 41,526
Total Government Activities	<u>\$ 139,743</u>	<u>\$ 63,730</u>	<u>\$ 117,539</u>	<u>41,526</u>
General Receipts:				
Interest Income				<u>1,705</u>
Total General Revenues				<u>1,705</u>
Change in Net Position				43,231
Net Position - Beginning of Year				<u>361,472</u>
Net Position - End of Year				<u>\$ 404,703</u>

North Dakota Peace Officer Standards and Training Board  
Balance Sheet-Governmental Fund  
December 31, 2020

	<u>General</u>
ASSETS	
Cash and Cash Equivalents	\$ 451,372
Accounts Receivable	<u>670</u>
TOTAL ASSETS	<u><u>\$ 452,042</u></u>
LIABILITIES & FUND BALANCES	
Liabilities:	
Current Liabilities	\$ 47,339
Total Liabilities	<u>47,339</u>
Fund Balances:	
Unassigned	<u>404,703</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 452,042</u></u>
Reconciliation of Fund Balances to Net Position:	
Total Fund Balances for Governmental Funds	<u>\$ 404,703</u>
Net Position of Governmental Activities	<u><u>\$ 404,703</u></u>

North Dakota Peace Officer Standards and Training Board  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Fund  
For the Year Ended December 31, 2020

	<u>General</u>
REVENUES	
Licensing	\$ 47,755
Psych Test	14,985
Enforcement Training	117,539
Interest Income	1,705
Miscellaneous	990
TOTAL REVENUES	<u>182,974</u>
EXPENDITURES	
Current:	
Training and Development	119,798
Psych Test	15,525
Administration	4,370
Miscellaneous	50
TOTAL EXPENDITURES	<u>139,743</u>
Change in Fund Balance	43,231
Fund Balance - December 31, 2019	<u>361,472</u>
FUND BALANCE - December 31, 2020	<u><u>\$ 404,703</u></u>

Reconciliation of the Statement of Revenues, Expenditures,  
and Changes in Fund Balances to the Statement of Activities:

Net Change in Fund Balances - Governmental Fund	<u>\$ 43,231</u>
Change in Net Position in Governmental Activities	<u><u>\$ 43,231</u></u>

North Dakota Peace Officer Standards and Training Board  
Statement of Net Position  
December 31, 2019

	<u>Governmental Activities</u>
ASSETS	
Current Assets:	
Cash	\$     361,811
Accounts Receivable	<u>          9,715</u>
TOTAL ASSETS	371,526
LIABILITIES	
Current Liabilities:	
Accounts Payable	<u>         10,054</u>
TOTAL LIABILITIES	10,054
NET POSITION	
Unassigned	<u>         361,472</u>
TOTAL NET POSITION	<u><u>      \$     361,472</u></u>

North Dakota Peace Officer Standards and Training Board  
Statement of Activities  
For the Year Ended December 31, 2019

	Program Receipts			Net (Expense) Revenue & Changes in Net Position
	Expenses	Charges for Services	Operating Grants & Contributions	Governmental Activities
Functions/Programs				
Governmental Activities	\$ 140,680	\$ 71,975	\$ 77,295	\$ 8,590
Total Government Activities	<u>\$ 140,680</u>	<u>\$ 71,975</u>	<u>\$ 77,295</u>	<u>8,590</u>
General Receipts:				
Interest Income				<u>1,138</u>
Total General Revenues				<u>1,138</u>
Change in Net Position				9,728
Net Position - Beginning of Year				369,723
Prior Period Adjustment (See Note 4)				<u>(17,979)</u>
Net Position - Beginning of Year, as Restated				<u>351,744</u>
Net Position - End of Year				<u>\$ 361,472</u>

North Dakota Peace Officer Standards and Training Board  
Balance Sheet-Governmental Fund  
December 31, 2019

	<u>General</u>
ASSETS	
Cash and Cash Equivalents	\$ 361,811
Accounts Receivable	9,715
TOTAL ASSETS	<u>\$ 371,526</u>
LIABILITIES & FUND BALANCES	
Liabilities:	
Current Liabilities	\$ 10,054
Total Liabilities	10,054
Fund Balances:	
Unassigned	361,472
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 371,526</u>
Reconciliation of Fund Balances to Net Position:	
Total Fund Balances for Governmental Funds	<u>\$ 361,472</u>
Net Position of Governmental Activities	<u>\$ 361,472</u>

North Dakota Peace Officer Standards and Training Board  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Fund  
For the Year Ended December 31, 2019

	<u>General</u>
REVENUES	
Licensing	\$ 54,195
Psych Test	17,280
Enforcement Training	77,295
Interest Income	1,138
Miscellaneous	500
TOTAL REVENUES	<u>150,408</u>
EXPENDITURES	
Current:	
Training and Development	115,530
Psych Test	18,360
Administration	6,720
Miscellaneous	70
TOTAL EXPENDITURES	<u>140,680</u>
Change in Fund Balance	9,728
Fund Balance - December 31, 2018	369,723
Prior Period Adjustment (See Note 4)	(17,979)
Fund Balance - December 31, 2018 Restated	<u>351,744</u>
FUND BALANCE - December 31, 2019	<u>\$ 361,472</u>

Reconciliation of the Statement of Revenues, Expenditures,  
and Changes in Fund Balances to the Statement of Activities:

Net Change in Fund Balances - Governmental Fund	<u>\$ 9,728</u>
Change in Net Position in Governmental Activities	<u>\$ 9,728</u>

North Dakota Peace Officer Standards and Training Board  
Notes to Basic Financial Statements  
December 31, 2020 and 2019

NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the North Dakota Peace Officer Standards and Training Board (Board) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental entities. 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.

Reporting Entity

The Board was created by North Dakota statute (NDCC 12-63-04) to carry out duties upon it by such statute. The main duties of the Board are administering public examinations for admission as a peace officer, ensure all peace officers are adequately trained, and collect license fees.

The North Dakota Peace Officer Standards and Training Board is a public entity governed by a nine-member board appointed by the North Dakota Attorney General. There is one executive official nonvoting member and one staff member who serves by statute.

Description of North Dakota Peace Officer Standards and Training Board

The Board received funding from license fees, license exam fees, late license renewals, late sidearm qualification fees, psych testing fees, and general fund appropriations for training. The financial statements include only the activity of the Board.

Basis of Presentation

Government-wide Financial Statements:

The Statement of Net Position and the Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting. The statements distinguish between governmental and business-type activities. Governmental activities generally are supported by taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. Currently, the Board does not classify any activities as business-type.

The Statement of Activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

North Dakota Peace Officer Standards and Training Board  
Notes to Basic Financial Statements  
December 31, 2020 and 2019

NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Fund Financial Statements:

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures. Separate statements are presented for governmental, proprietary and fiduciary activities. The Board has no proprietary or fiduciary activities at this time. These statements present each major fund as a separate column on the fund financial statements (the Board has only one fund); any non-major funds would be aggregated and presented in a single column.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses, and balance of current financial resources. The Board has presented the following major fund:

General Fund: The General Fund is the main operating fund of the Board and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when transactions are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Board considers revenues available if they are collected within 60 days after year end. Expenditures generally are recorded when a liability is incurred.

The accounting and financial reporting requirement applied to a fund is determined by its measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of this fund are included on the income statement fund balance, which is the result of deducting the liabilities from all the assets. Total fund balance is segregated into five classifications: (1) nonspendable, (2) restricted, (3) committed, (4) assigned, and (5) unassigned. Operating statements for this fund present increases (e.g., revenues) and decreases (e.g. expenditures) in net total fund balance.

Cash and Cash Equivalents

The Board considers unrestricted highly liquid investments with an initial maturity date of three months or less to be cash equivalents. The Board has its cash funds in an interest-bearing checking account and a money market account. The Board has no other investments.

North Dakota Peace Officer Standards and Training Board  
Notes to Basic Financial Statements  
December 31, 2020 and 2019

NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Net Assets

Net assets are classified into three parts: as invested in capital assets – net of related debt, restricted, and unrestricted. Restricted net assets represent constraints on resources that are either externally imposed (as by creditors, grantors, contributors, or laws or regulations of other governments) or imposed by the law.

Subsequent Events

The Board has evaluated subsequent events through January 24, 2022, the date which the financial statements were available to be issued.

NOTE 2      CASH

In accordance with North Dakota statutes, the Board maintains deposits at depository banks designated by the governing board. All depositories are members of the Federal Reserve System. North Dakota laws require all public deposits to be protected by insurance, surety bond or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by insurance or bonds.

At December 31, 2020 and 2019, the carrying amount of deposits were \$451,372 and \$361,811, and the bank balances were \$463,512 and \$364,041, respectively. The deposits of the Board can be categorized to indicate the level of risk assumed. Category 1 includes bank balances that are insured or collateralized by insured or registered securities held by the government sponsored investment pool or its agent in the pool's name. Category 2 includes bank balances collateralized with securities held by the pledging financial institution's trust department or agent in the Board's name. Category 3 includes bank balances collateralized with securities held by the pledging financial institution, or its trust department or agent, but not in the Board's name. At December 31, 2020 and 2019, category 1 deposits were \$383,939 and \$336,474, respectively. At December 31, 2020 and 2019, \$79,573 and \$27,567, were not covered by Federal Depository Insurance or guaranteed by the State of North Dakota.

Custodial risk for deposits is the risk that in the event of failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party.

NOTE 3      RISK MANAGEMENT

The North Dakota Peace Officer Standards and Training Board has coverage with North Dakota Fire and Tornado Fund. No claims have exceeded insurance coverage in any of the past three years.

North Dakota Peace Officer Standards and Training Board  
Notes to Basic Financial Statements  
December 31, 2020 and 2019

NOTE 4      CORRECTION OF ERROR

The prior period adjustment of \$17,979, reported on the Statement of Activities and Statement of Revenues, Expenditures, and Changes in Fund Balances is accounts payable that were not recorded at December 31, 2018.

Adjustments to beginning net position for December 31, 2019 are as follow:

	Governmental Net Position	Fund Balance
Net Position - Beginning of Year, 2019, as previously reported	\$ 369,723	\$ 369,723
Correction of Error	(17,979)	(17,979)
Net Position - Beginning of Year, 2019, as restated	<u>\$ 351,744</u>	<u>\$ 351,744</u>

***REQUIRED  
SUPPLEMENTARY INFORMATION***

North Dakota Peace Officer Standards and Training Board  
 Budgetary Comparison Schedule  
 General Fund  
 For the Year Ended December 31, 2020

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Licensing	\$ 50,000	\$ 50,000	\$ 47,755	\$ (2,245)
Psych Test	17,000	17,000	14,985	(2,015)
Enforcement Training	112,500	112,500	117,539	5,039
Interest Income	1,500	1,500	1,705	205
Miscellaneous	50	50	990	940
TOTAL REVENUES	<u>181,050</u>	<u>181,050</u>	<u>182,974</u>	<u>1,924</u>
EXPENDITURES				
Current:				
Training and Development	128,500	128,500	119,798	8,702
Psych Test	17,000	17,000	15,525	1,475
Administration	6,000	6,000	4,370	1,630
Miscellaneous	2,500	2,500	50	2,450
TOTAL EXPENDITURES	<u>154,000</u>	<u>154,000</u>	<u>139,743</u>	<u>14,257</u>
Change in Fund Balance	27,050	27,050	43,231	16,181
Fund Balance - December 31, 2019	<u>361,472</u>	<u>361,472</u>	<u>361,472</u>	<u>-</u>
FUND BALANCE - DECEMBER 31, 2020	<u>\$ 388,522</u>	<u>\$ 388,522</u>	<u>\$ 404,703</u>	<u>\$ 16,181</u>

North Dakota Peace Officer Standards and Training Board  
 Budgetary Comparison Schedule  
 General Fund  
 For the Year Ended December 31, 2019

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual (Budgetary Basis)	
REVENUES				
Licensing	\$ 50,500	\$ 50,500	\$ 54,195	\$ 3,695
Psych Test	18,000	18,000	17,280	(720)
Enforcement Training	112,500	112,500	77,295	(35,205)
Interest Income	72	72	1,138	1,066
Miscellaneous	38	38	500	462
TOTAL REVENUES	181,110	181,110	150,408	(30,702)
EXPENDITURES				
Current:				
Training and Development	132,500	132,500	115,530	16,970
Psych Test	18,000	18,000	18,360	(360)
Administration	10,300	10,300	6,720	3,580
Miscellaneous	8,838	8,838	70	8,768
TOTAL EXPENDITURES	169,638	169,638	140,680	28,958
Change in Fund Balance	11,472	11,472	9,728	(1,744)
Fund Balance - December 31, 2018	369,723	369,723	369,723	-
Prior Period Adjustment (See Note 4)	-	-	(17,979)	17,979
Fund Balance - December 31, 2018 Restated	369,723	369,723	351,744	17,979
FUND BALANCE - DECEMBER 31, 2019	\$ 381,195	\$ 381,195	\$ 361,472	\$ (1,744)

North Dakota Peace Officer  
Standards and Training Board  
Notes to Required Supplementary Information  
December 31, 2020 and 2019

NOTE 1      STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

The Board adopts an annual budget consistent with accounting principles generally accepted in the United States for the general fund. The following procedures are used in establishing the budgetary data reflected in the financial statements:

- The operating budget includes proposed expenditures and means of financing them.
- Each budget is controlled by the Board at the revenue and expenditure function/object level.
- The current budget may be amended during the year for any revenues and appropriations not anticipated at the time the budget was prepared.
- All appropriations lapse at year-end.

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*

Governing Board  
North Dakota Peace Officer Standards and Training Board  
Bismarck, 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 governmental activities and the major fund of North Dakota Peace Officer Standards and Training Board, Bismarck, North Dakota, as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise North Dakota Peace Officer Standards and Training Board's basic financial statements and have issued our report thereon dated January 24, 2022.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered North Dakota Peace Officer Standards and Training Board's internal control over financial reporting (internal control) to determine the 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 the North Dakota Peace Officer Standards and Training Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the North Dakota Peace Officer Standards and Training Board'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 internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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. 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.

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*

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 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, we identified certain deficiencies in internal control that we consider to be material weaknesses. We consider the deficiencies described in the accompanying schedule of findings 2020-001 and 2020-002 to be material weaknesses.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the North Dakota Peace Officer Standards and Training Board'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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2020-003.

**North Dakota Peace Officer Standards and Training Board's Response to Findings**

North Dakota Peace Officer Standards and Training Board's response to the findings identified in our audit is described in the accompanying schedule of findings. North Dakota Peace Officer Standards and Training Board's responses were 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Haga Kommer, Ltd.*

Haga Kommer, Ltd.  
Mandan, North Dakota  
January 24, 2022

North Dakota Peace Officer Standards and Training Board  
Schedule of Findings  
For the Years Ended December 31, 2020 and 2019

**Section I Summary of Auditor's Results**

Financial Statements

Type of auditor's report issues:

Governmental Activities and Major Fund

Unmodified

Internal control over financial reporting:

Material weakness identified?

Yes

Control deficiencies identified not considered to be material weaknesses?

No

Noncompliance material to financial statements noted?

Yes

**2020-001: Segregation of Duties**

Criteria – A good system of internal control contemplates an adequate segregation of duties so that no individual handles or has access to a transaction from its inception to its completion.

Condition – The Board has lack of segregation of duties in certain areas due to a individuals available for accounting activities.

Cause – There are limited individuals to perform tasks due to the small size of the Board.

Effect – Inadequate segregation of duties could adversely affect the Board's ability to detect misstatements in amounts that would be material in relation to the financial statements in a timely manner by individuals in the normal course of performing their assigned functions.

Recommendation – The most effective controls lie in the board's knowledge of matters relating to the organization's operations. Board members should periodically review documentation supporting individual transactions are review financial statements and bank reconciliations on a monthly basis.

Management's Response – The Board is aware of the condition and will add controls where feasible.

North Dakota Peace Officer Standards and Training Board  
Schedule of Findings  
For the Years Ended December 31, 2020 and 2019

**2020-002: Preparation of Financial Statements**

Criteria – Management is responsible for the preparation and fair presentation of the financial statements in conformity with generally accepted accounting principles.

Condition – The financial statements and related notes are prepared by the Organization's auditors.

Cause – Limited time and resources of the Board to prepare the financial statements in the format required by generally accepted accounting principles.

Effect – An increased risk of material misstatement in the Board's financial statements.

Recommendation – The board should review the audited financial statements for accuracy and accept responsibility for the preparation and fair presentation of the financial statements even if the auditor assisted in drafting the financial statements and notes.

Management's Response – The Board is aware that someone needs to review the audit report each year to make sure the financial statements and note disclosures are a fair presentation for the Board.

**2020-003: Deposits**

Criteria – North Dakota laws require all public deposits to be protected by insurance, surety bond or collateral.

Condition – The entity is not in compliance with state law requirements for cash deposits.

Cause – The entity has excess deposits at Capital Credit Union not protected by insurance, surety bond or collateral due to an increase in grant money received.

Effect – The excess funds are not in compliance. \$79,573 in 2020 and \$27,867 in 2019 were not covered by insurance or collateral.

Recommendation – Management should ensure all deposits are protected by insurance, surety bond or collateral.

Management Response – We are aware of the condition and will ensure that we comply going forward.