

**NORTH DAKOTA MEDICAL IMAGING AND RADIATION
THERAPY BOARD
BISMARCK, NORTH DAKOTA**

AUDITED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Statements of Net Position	4
Statements of Revenues, Expenses and Changes in Net Position	5
Statements of Cash Flows	6
Notes to the Financial Statements	7
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 <i>GOVERNMENT AUDITING STANDARDS</i>	12
Schedules of Findings and Responses	14

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
North Dakota Medical Imaging and Radiation Therapy Board
Bismarck, North Dakota

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities of the North Dakota Medical Imaging and Radiation Therapy Board as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

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 Medical Imaging and Radiation Therapy Board as of December 31, 2021 and 2020, and the changes in its financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the North Dakota Medical Imaging and Radiation Therapy Board, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matters

As described in Note 5 to the financial statements, in 2020, the Board changed its reporting entity from a governmental fund to a proprietary fund. Our opinion is not modified with respect to this matter.

As described in Note 6 to the financial statements, the Board recorded a prior period adjustment for the correction of an error on the 2019 financial statements. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 North Dakota Medical Imaging and Radiation Therapy Board's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the North Dakota Medical Imaging and Radiation Therapy Board's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Management has omitted the 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 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 the missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 16, 2024 on our consideration of North Dakota Medical Imaging and Radiation Therapy 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of North Dakota Medical Imaging and Radiation Therapy Board's 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 the North Dakota Medical Imaging and Radiation Therapy Board's internal control over financial reporting and compliance.



**BRADY, MARTZ & ASSOCIATES, P.C.
BISMARCK, NORTH DAKOTA**

January 16, 2024

NORTH DAKOTA MEDICAL IMAGING AND RADIATION THERAPY BOARD
STATEMENTS OF NET POSITION
DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 212,578	\$ 78,560
Investments - certificates of deposit	<u>243,841</u>	<u>243,524</u>
Total assets	<u>456,419</u>	<u>322,084</u>
LIABILITIES		
Current liabilities:		
Accounts payable	5,742	3,069
Unearned revenue	<u>180,950</u>	<u>109,295</u>
Total current liabilities	<u>186,692</u>	<u>112,364</u>
NET POSITION		
Unrestricted	<u>269,727</u>	<u>209,720</u>
Total net position	<u><u>\$ 269,727</u></u>	<u><u>\$ 209,720</u></u>

See Notes to the Financial Statements

NORTH DAKOTA MEDICAL IMAGING AND RADIATION THERAPY BOARD
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
OPERATING REVENUES		
Licenses	\$ 133,255	\$ 110,245
Total operating revenues	<u>133,255</u>	<u>110,245</u>
OPERATING EXPENSES		
Association management	36,029	36,029
IT support	13,776	4,544
Office supplies, printing, and postage	1,336	1,215
Auto, travel, and board expenses	10,854	6,838
Legal and audit	4,601	3,191
Paypal fees	6,962	1,076
Miscellaneous	<u>7</u>	<u>104</u>
Total operating expenses	<u>73,565</u>	<u>52,997</u>
Operating income	<u>59,690</u>	<u>57,248</u>
NON-OPERATING REVENUES (EXPENSES)		
Interest income	<u>317</u>	<u>1,155</u>
Total non-operating revenues	<u>317</u>	<u>1,155</u>
Change in net position	60,007	58,403
Net position - beginning of year, originally stated	209,720	164,270
Prior period adjustment - See Note 6	<u>-</u>	<u>(12,953)</u>
Net position - beginning of year, restated	<u>209,720</u>	<u>151,317</u>
Net position - end of year	<u><u>\$ 269,727</u></u>	<u><u>\$ 209,720</u></u>

See Notes to the Financial Statements

NORTH DAKOTA MEDICAL IMAGING AND RADIATION THERAPY BOARD
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Cash received from licenses and certificates	\$ 204,910	\$ 36,490
Cash payments to suppliers for goods and services	<u>(70,892)</u>	<u>(54,254)</u>
Net cash provided (used) by operating activities	<u>134,018</u>	<u>(17,764)</u>
Cash flows from investing activities:		
Purchase of investments	(317)	(102,586)
Interest collected	<u>317</u>	<u>2,586</u>
Net cash provided (used) by investing activities	<u>-</u>	<u>(100,000)</u>
Net change in cash and cash equivalents	134,018	(117,764)
Cash and cash equivalents - beginning of year	<u>78,560</u>	<u>196,324</u>
Cash and cash equivalents - end of year	<u><u>\$ 212,578</u></u>	<u><u>\$ 78,560</u></u>
Reconciliation of operating income to net cash provided (used) by operating activities:		
Operating income (loss)	\$ 59,690	\$ 57,248
Effects on cash flows due to changes in:		
Prepaid expenses	-	64
Accounts payable	2,673	(1,321)
Unearned revenue	<u>71,655</u>	<u>(73,755)</u>
Net cash provided (used) by operating activities	<u><u>\$ 134,018</u></u>	<u><u>\$ (17,764)</u></u>

See Notes to the Financial Statements

NORTH DAKOTA MEDICAL IMAGING AND RADIATION THERAPY BOARD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The North Dakota Medical Imaging and Radiation Therapy Board is a statewide administrative agency formed by Statute in 2015 consisting of nine members appointed by the Governor of North Dakota. The function and purpose of the Board is to protect citizens of North Dakota from illegal practice of medical imaging or radiation therapy through the administration, coordination, evaluation, and examination of licensure in North Dakota, and to carry out the provisions of Chapter 43-62 of the North Dakota Century Code.

The Board shall set and collect fees for licensure, license renewal and other services deemed necessary to carry out its purpose. These fees must be used to pay all expenses incurred in carrying out the provisions of Chapter 43-62 of the North Dakota Century Code.

Reporting Entity

In evaluating how to define the Board for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity is made by applying the criteria set forth in Governmental Accounting Standards Board (GASB). The Board has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the Board are such that exclusion would cause the Board's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the Board to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the Board. Based upon the application of these criteria, the Board is not includable as a component unit within another reporting entity and the Board does not have a component unit.

Basis for Accounting

Since the Board is engaged only in a single business-type activity, it presents only the financial statements required for its enterprise fund.

Proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Revenue from grants and similar items are recognized as soon as all eligibility requirements imposed by the provider have been satisfied.

NORTH DAKOTA MEDICAL IMAGING AND RADIATION THERAPY BOARD
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2021 AND 2020

The Board reports the following major proprietary fund:

Operating Fund

This fund is the major proprietary fund used by the Board and is used to account for all general operations of the Board.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Board's enterprise fund are licenses. Operating expenses include management fees, admin costs and travel for administrative expenses.

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

Budget

The North Dakota Medical Imaging and Radiation Therapy Board is not required to adopt a legal budget. The Board does adopt a non-appropriated budget.

Cash and Cash Equivalents

Cash and cash equivalents consist of amounts in demand deposits and short-term certificates of deposit with an original maturity date of three months or less.

Investments

Investments consist of certificates of deposit with an original maturity date of more than three months.

Unearned Revenue

Unearned revenue represents unearned license revenue. The unearned license revenues are the result of licenses being due September 1st of the year before the biennial period and the license period overlapping two fiscal years. The portion applicable to the next fiscal year is unearned license revenue in the current fiscal year.

Net Position

The Statement of Net Position presents the reporting entity's assets and liabilities, with the difference reported as net position. The net position is reported in three categories:

Net investment in capital assets consists of capital assets, net of accumulated depreciation.

Restricted net position consists of funds received that are restricted for a specific purpose. The Board has no restrictions.

NORTH DAKOTA MEDICAL IMAGING AND RADIATION THERAPY BOARD
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2021 AND 2020

Unrestricted net position consists of net position which does not meet the definition of the preceding category. Unrestricted net position often is designated, to indicate that management does not consider them to be available for general operations. Unrestricted net position often has constraints on resources which are imposed by management, but can be removed or modified.

Use of Estimates

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

Revenue Recognition

Revenue is recorded for licenses and associated fees. Membership renewal received before September 1st, 2021 are for the renewal period January 1, 2020 through December 31, 2021. Revenue is recognized when earned.

NOTE 2 CASH, CASH EQUIVALENTS, AND INVESTMENTS

As of December 31, 2021 and 2020, the Board's cash, cash equivalents, and investments consisted of the following:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents:		
Checking accounts	\$ 212,478	\$ 78,460
Savings accounts	100	100
Investments:		
Certificates of deposit	<u>243,841</u>	<u>243,524</u>
Totals	<u>\$ 456,419</u>	<u>\$ 322,084</u>

At December 31, 2021 and 2020, the interest rates earned on those monies ranged between 0.53% to 0.75%.

Custodial Credit Risk – Deposits

Custodial credit risk is risk associated with the failure of a depository financial institution to recover its deposits or collateralized securities that are in the possession of outside parties. The Board does not have a formal deposit policy for custodial credit risk for deposits.

North Dakota Medical Imaging and Radiation Therapy Board maintains interest bearing cash on deposit at various financial institutions. The amounts on deposit were insured by the National Credit Union Administration (NCUA) or FDIC up to \$250,000 per financial institution. State statute requires the market value of collateral pledged must equal 110% of the deposits not covered by insurance or pledged securities. The Board did not have any deposits in excess of NCUA/FDIC coverage at December 31, 2021 and 2020, respectively.

NORTH DAKOTA MEDICAL IMAGING AND RADIATION THERAPY BOARD
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2021 AND 2020

NOTE 3 RISK MANAGEMENT

The Board is exposed to various risks of loss related to torts, theft, damage, destruction of assets, errors and omissions, injuries to employees and natural disasters. The Board participates in the following funds or pools:

The Risk Management Fund (RMF) was created in 1995 and is an internal service fund to provide a self-insurance vehicle for the liability exposure of state agencies resulting from the elimination of the state's sovereign immunity. The RMF manages the tort liability of the state, its agencies' employees, and the University System. All state agencies participate in the RMF and their fund contribution was determined using a projected cost allocation approach. The statutory liability of the State is limited to a total of \$250,000 per person and \$1,000,000 per occurrence.

The North Dakota Workforce Safety & Insurance is an enterprise fund of the State of North Dakota. The Bureau is a state insurance fund and a "no fault" insurance system covering the State's employers and employees financed by premiums assessed to employers. The premiums are available for the payment of claims to employees injured in the course of employment.

There have been no significant reductions in insurance coverage from the prior year and settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

NOTE 4 NEW ACCOUNTING PRONOUNCEMENTS

GASB Statement No. 87, *Leases*, establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. This Statement requires recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. This Statement is effective for reporting periods beginning after June 15, 2021. Earlier application is encouraged.

GASB Statement No. 96, *Subscription-Based Information Arrangements* provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs). A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. Under this Statement, a government generally should recognize a right-to use subscription asset—an intangible asset—and a corresponding subscription liability. The requirements of this Statement will improve financial reporting by establishing a definition for SBITAs and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged.

NORTH DAKOTA MEDICAL IMAGING AND RADIATION THERAPY BOARD
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2021 AND 2020

GASB Statement No. 99, *Omnibus 2022*, provides guidance on the following accounting matters:

- The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance.
- The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.
- The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

GASB Statement No. 100, *Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62*, enhances the accounting and financial reporting requirements for accounting changes and error corrections. The standard is effective for fiscal years beginning after June 15, 2023.

GASB Statement No. 101, *Compensated Absences*, updates the recognition and measurement guidance for compensated absences through aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The standard is effective for fiscal years beginning after December 15, 2023.

Management has not yet determined the effect these Statements will have on the Board's financial statements.

NOTE 5 CHANGE IN THE REPORTING ENTITY

During the year ended December 31, 2020, the Board changed the reporting entity of the board from a governmental fund to a proprietary fund. This did not result in any change to fund balance or net position for either of the years ended December 31, 2021 and 2020.

NOTE 6 PRIOR PERIOD ADJUSTMENT

The Board recorded a prior period adjustment to the December 31, 2019 financial statements to correct the deferred revenue amount as of December 31, 2019. This resulted in an increase in deferred revenue and a decrease in net position in the amount of \$12,953.

NOTE 7 SUBSEQUENT EVENTS

No significant events occurred subsequent to Board's year end. Subsequent events have been evaluated through January 16, 2024, which is the date these financial statements were available to be issued.

**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 Board of Directors
North Dakota Medical Imaging and Radiation Therapy 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 North Dakota Medical Imaging and Radiation Therapy Board, as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise North Dakota Medical Imaging and Radiation Therapy Board's basic financial statements and have issued our report thereon dated January 16, 2024.

Internal Control over Financial Reporting

In planning and performing our audits of the financial statements, we considered North Dakota Medical Imaging and Radiation Therapy Board's internal control over financial reporting (internal control) as a basis for determining audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of North Dakota Medical Imaging and Radiation Therapy Board's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of North Dakota Medical Imaging and Radiation Therapy 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 were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be a material weakness and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and responses as item 2021-003 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 the deficiencies described in the accompanying schedule of findings and responses as items 2021-001 and 2021-002 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether North Dakota Medical Imaging and Radiation Therapy Board's financial statements are free from 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

North Dakota Medical Imaging and Radiation Therapy Board's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Board's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The Board's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

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



BRADY, MARTZ & ASSOCIATES, P.C.
BISMARCK, NORTH DAKOTA

January 16, 2024

NORTH DAKOTA MEDICAL IMAGING AND RADIATION THERAPY BOARD
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

2021-001 Significant Deficiency: Preparation of Financial Statements

Criteria

An appropriate system of internal control requires the Board to prepare financial statements in compliance with accounting principles generally accepted in the United States of America.

Condition

The Board's personnel prepare periodic financial information for internal use that meets the needs of management and the board. However, the Board current does not prepare financial statements, including accompanying note disclosures, as required by accounting principles generally accepted in the United States of America. The Board has elected to have the auditors assist in the preparation of the financial statements and notes.

Cause

The Board elected to not allocate resources for the preparation of the basic financial statements.

Effect

There is an increased risk of material misstatement to the Board's financial statements.

Recommendation

We recommend the Board consider the additional risk of having the auditors assist in the preparation of the basic financial statements and note disclosures and to consider preparing them in the future. As a compensating control, the Board should establish an internal control policy to document the annual review of the financial statements and schedules and to review a financial statement disclosure checklist.

Views of Responsible Officials and Planned Corrective Actions

Since it is not cost effective for an organization our size to have staff to prepare audit-ready financial statements, the Board has chosen to have Brady Martz, a public accounting firm, to prepare the audited financial statements as part of the audit of the North Dakota Medical Imaging and Radiation Therapy Board. The internal controls are also designed to provide reasonable assurance that financial transactions are executed with management's general authorization.

NORTH DAKOTA MEDICAL IMAGING AND RADIATION THERAPY BOARD
SCHEDULE OF FINDINGS AND RESPONSES - CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

2021-002 Significant Deficiency: Segregation of Duties

Criteria

Generally, a system of internal control has the proper separation of duties between authorization, custody, record keeping and reconciliation.

Condition

There is not a system in place for accounting duties to be properly segregated between authorization, custody, record keeping and reconciliation.

Cause

Size and budget constraints limiting the number of personnel within the accounting department.

Effect

The design of the internal control over financial reporting could adversely affect the ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

Recommendation

The areas should be reviewed periodically and consideration given to improving the segregation of duties. Compensating controls over the underlying financial information may be obtained through oversight by management and the board.

Views of Responsible Officials and Planned Corrective Actions:

This condition is a repeat from the prior year and the Board has segregated the accounting duties to the appropriate individuals to the extent possible. Due to the very limited number of staff available to the Board, all of the accounting duties cannot be totally segregated in such a way as to eliminate this reported condition. The internal controls are also designed to provide reasonable assurance that financial transactions are executed with management's general authorization.

NORTH DAKOTA MEDICAL IMAGING AND RADIATION THERAPY BOARD
SCHEDULE OF FINDINGS AND RESPONSES - CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

2021-003 Material Weakness: Proposition of Material Journal Entries

Criteria

The Board is required to maintain internal controls at a level where underlying support for general ledger accounts can be developed and a determination can be made that the general ledger accounts are properly reflected in accordance with GAAP.

Condition

During our audit, adjusting journal entries were proposed in order to properly reflect the financial statements in accordance with GAAP.

Cause

The Board's internal controls have not been designed to address the specific training needs required of its personnel to identify the adjustments necessary to properly reflect the financial statements in accordance with GAAP.

Effect

The Board's financial statements were materially misstated prior to adjustments detected as a result of audit procedures.

Recommendation

Accounting personnel will need to determine the proper balance in each general ledger account prior to the audit.

Views of Responsible Officials and Planned Corrective Actions

The North Dakota Medical Imaging and Radiation Therapy Board's internal controls have been established and applied in the context of our organizational structure and resources. The Board and management believe there are adequate internal control measures present to assure board members that the integrity of the Board's general ledger accounts are properly reflected on a GAAP basis. The internal controls are also designed to provide reasonable assurance that financial transactions are executed with management's general authorization.