



NORTH DAKOTA OFFICE OF THE STATE AUDITOR

State Auditor Joshua C. Gallion

Annual Comprehensive Financial Report State of North Dakota

Governance Communication Including the Report on
Internal Control, Compliance, and Other Matters

Audit Report for the Year Ended June 30, 2024



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QUESTIONS?
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Transmittal Letter

December 13, 2024

The Honorable Doug Burgum, Governor of North Dakota
Members of the North Dakota Legislative Assembly
Ms. Susan Sisk, Director of Office of Management and Budget

I am pleased to submit our report on internal control, compliance, and other matters for the state of North Dakota. This report relates to the audit of the state's basic financial statements for the year ended June 30, 2024. This report on internal control, compliance, and other matters has been completed in accordance with Generally Accepted Government Auditing Standards, as issued by the Comptroller General of the United States.

Enclosed you will find our governance communication and posted or passed audit adjustments. These communications are required by auditing standards.

The audit manager for this audit was Kevin Scherbenske, CPA. Inquiries or comments relating to this audit may be directed to Mr. Scherbenske by calling (701) 328-2241. I would like to express my appreciation to Ms. Sisk and her staff for the courtesy, cooperation, and assistance they provided to our office during the audit.

Respectfully submitted,

/S/

JOSHUA C. GALLION
NORTH DAKOTA STATE AUDITOR

*cc: Legislative Audit and Fiscal Review Committee
Sheila Sandness, Legislative Council Fiscal Analyst*



Report on Internal Control and Compliance

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

The Honorable Doug Burgum, Governor of North Dakota
Members of the North Dakota Legislative Assembly

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the state of North Dakota as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the state's basic financial statements and have issued our report thereon dated December 13, 2024.

Our report includes a reference to other auditors who audited the following entities, as described in our report on the state of North Dakota's financial statements:

Bank of North Dakota
Building Authority
College SAVE
Comprehensive Health Association of North Dakota
Department of Trust Lands
North Dakota Development Fund
Guaranteed Student Loan Program
Housing Finance Agency
Housing Incentive Fund
Job Service North Dakota
Mandan Remediation Trust
Public Employees Retirement System
Public Finance Authority
Retirement and Investment Office
State Fair Association
State Historical Society of North Dakota Foundation
Student Loan Trust
Workforce Safety and Insurance

This report includes our consideration of the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. However, this report, insofar as it relates to the results of the other auditors, is based solely on the reports of other auditors. The financial statements of the North Dakota University System's foundations and the State Historical Society of North Dakota Foundation, that are reported as discretely presented component units, were not audited in accordance with Government Auditing Standards, and accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with the North Dakota University's foundations and State Historical Society of North Dakota Foundation by those auditors who audited

the financial statements.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the state of North Dakota's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the state of North Dakota's internal control. Accordingly, we do not express an opinion on the effectiveness of the state of North Dakota'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 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.

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. Given these limitations, during our audit we did not identify and deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that were not identified.

REPORT ON COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the state of North Dakota'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 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 and those of the other auditors disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

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 state of North Dakota'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 state of North Dakota's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

/S/

JOSHUA C. GALLION
NORTH DAKOTA STATE AUDITOR
DECEMBER 13, 2024



Office of the
State Auditor


NORTH DAKOTA STATE AUDITOR
JOSHUA C. GALLION

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