

North Dakota Department of
Transportation
Bismarck, North Dakota

Special Examination

June 11, 2016 through February 9, 2018

Joshua C. Gallion
State Auditor

Office of the State Auditor
Division of State Audit

**NORTH DAKOTA DEPARTMENT OF TRANSPORTATION
Bismarck, North Dakota**

TABLE OF CONTENTS

	<u>Page</u>
Auditor's Report	1
Summary of Amounts Questioned	2
Questioned Cash Voids	3
Questioned Check Voids	6
Questioned Bank and Credit Card Voids	7
Questioned Nonvoided Cash Transactions	
Questioned Nonvoided Check Transactions	9
Questioned Fee Write-offs	10

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February 5, 2019

Mr. Jeffrey Bitz, Administrator
North Dakota Insurance Department - Bonding Fund
600 East Boulevard Avenue, Dept. 401
Bismarck, ND 58505-0320

RE: North Dakota Department of Transportation, Bond No. 2052, Claim No. 124

Dear Mr. Bitz:

We performed a special examination of the North Dakota Department of Transportation for the period June 11, 2016 through February 9, 2018. The North Dakota Department of Transportation utilized its own internal audit function to perform an examination of the transactions by a former employee, former Licensing Specialist, for the period of June 11, 2016 through February 9, 2018. Our responsibility was to report on the North Dakota Department of Transportation records based on our examination as well as reliance on the internal *draft* Motor Vehicle Report – currently dated April 17, 2018. Based on our examination and the internal *draft* Motor Vehicle Report, we noted the following for the examination period of June 11, 2016 through February 9, 2018:

- A former employee voided out transactions paid with cash and later misapplied a check from a non-related party covering the account in full or partially covering the account totaling \$9,906.85.
- A former employee voided out transactions allegedly paid with a check, however, those checks could not be located, and the account was paid with non-related check(s) totaling \$4,908.15.
- A former employee voided out transactions paid with a bank/credit cards and those payments were misapplied to another non-related account totaling \$388.
- A former employee changed documents to lower cash payments and misapplied checks to non-related accounts, noted as nonvoided cash and check transactions totaling \$1,190 and \$995, respectively.
- As payments were traced back to the original payor, there were accounts that needed to be written-off as their payment was misapplied to another account – these transactions were all traced to a former employee totaling \$10,569.95

In all instances noted above we noted archived documents did not agree with documents found at a former employee's desk and on her computer – these documents lowered the purchase price and weight of vehicles, thus lowering the amount due on account. The total amount in question is \$27,957.95.

Detailed schedules of the questioned amounts are presented on the following pages. The Bonding Fund should take whatever action may be necessary regarding this matter.

Sincerely,

/S/

Joshua C. Gallion
State Auditor

cc: Sgt. Tim Coughlin, North Dakota Highway Patrol

**NORTH DAKOTA DEPARTMENT OF TRANSPORTATION
Bismarck, North Dakota**

SUMMARY OF AMOUNTS QUESTIONED

June 11, 2016 through February 9, 2018

	<u>Amount Questioned</u>
Questioned Cash Voids	\$ 9,906.85
Questioned Check Voids	4,908.15
Questioned Bank and Credit Card Voids	388.00
Questioned Nonvoided Cash Transactions	1,190.00
Questioned Nonvoided Check Transactions	995.00
Questioned Fee Write-offs	<u>10,569.95</u>
Total Amounts Questioned	<u><u>\$ 27,957.95</u></u>

**NORTH DAKOTA DEPARTMENT OF TRANSPORTATION
Bismarck, North Dakota**

QUESTIONED CASH VOIDS

June 11, 2016 through February 9, 2018

Associated Payment ID	Void Date	Amount Questioned
229490688	9/14/2016	\$ 171.00
2109825024	10/20/2016	146.00
1915658240	10/26/2016	81.00
2113232896	10/27/2016	136.00
1736564736	11/3/2016	284.00
2034622464	11/10/2016	380.00
700801024	11/23/2016	150.00
1743544320	11/28/2016	120.00
1475743744	12/14/2016	94.00
284364800	12/19/2016	73.00
247762944	12/21/2016	63.00
1519030272	12/23/2016	111.00
72159232	12/29/2016	142.00
1604227072	1/6/2017	43.10
1949536256	1/11/2017	177.00
418877440	1/17/2017	3.00
528633856	1/17/2017	117.00
155422720	1/19/2017	118.00
2104057856	1/27/2017	93.00
339513344	2/1/2017	77.00
2018037760	2/15/2017	142.00
2018037760	2/17/2017	120.00
1481183232	2/22/2017	175.00
951595008	4/24/2017	120.00
1177448448	4/26/2017	142.00
354709504	5/8/2017	93.00
2015496192	5/12/2017	142.00
1258686464	5/22/2017	226.00
1940582400	5/25/2017	\$ 363.70

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**NORTH DAKOTA DEPARTMENT OF TRANSPORTATION
Bismarck, North Dakota**

QUESTIONED CASH VOIDS

June 11, 2016 through February 9, 2018

Associated Payment ID	Void Date		Amount Questioned
<i>(Continued from previous page)</i>			
1647833088	5/31/2017	\$	142.00
876873728	6/5/2017		208.00
542279680	6/15/2017		241.00
1656850432	7/7/2017		93.00
1388136448	7/13/2017		75.00
1833584640	7/17/2017		175.00
1102202880	7/21/2017		175.00
496453632	7/26/2017		175.00
567494656	7/28/2017		142.00
38225920	8/3/2017		50.00
1883252736	8/10/2017		151.00
1055574016	8/16/2017		142.00
657205248	8/17/2017		142.00
1837025280	8/22/2017		99.00
2101684224	8/23/2017		120.00
1162594304	8/29/2017		56.30
1069164544	8/31/2017		137.00
940591104	9/6/2017		120.00
533243904	9/11/2017		187.00
1085712384	9/13/2017		241.00
1858250752	9/18/2017		262.00
1162094592	9/25/2017		75.00
1101359104	10/4/2017		175.00
78997504	10/5/2017		343.75
492414976	10/9/2017		76.00
1708877824	10/13/2017		94.00
1464363008	10/17/2017	\$	175.00

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**NORTH DAKOTA DEPARTMENT OF TRANSPORTATION
Bismarck, North Dakota**

QUESTIONED CASH VOIDS

June 11, 2016 through February 9, 2018

Associated Payment ID	Void Date	Amount Questioned
<i>(Continued from previous page)</i>		
1532389376	10/26/2017	\$ 101.00
717711360	11/3/2017	457.00
1323886592	11/9/2017	93.00
1765140480	11/13/2017	145.00
1543497728	11/20/2017	175.00
561637376	11/22/2017	93.00
1097209856	11/29/2017	177.00
463607808	12/8/2017	150.00
1134893056	12/11/2017	208.00
2094372864	12/18/2017	57.00
2029557760	12/19/2017	76.00
	Total	<u>\$ 9,906.85</u>

**NORTH DAKOTA DEPARTMENT OF TRANSPORTATION
Bismarck, North Dakota**

QUESTIONED CHECK VOIDS

June 11, 2016 through February 9, 2018

Associated Payment ID	Void Date	Amount Questioned
2030911488	7/26/2016	\$ 93.00
286113792	9/26/2016	93.00
1062821888	10/21/2016	142.00
1104764928	10/24/2016	93.00
1990496256	12/29/2016	69.00
1914376192	1/12/2017	21.00
993906688	2/27/2017	142.00
222605312	4/5/2017	152.60
1604235264	4/24/2017	142.00
1844736000	4/24/2017	507.00
1872670720	4/24/2017	461.00
278038528	6/14/2017	142.00
1124108288	6/14/2017	93.00
961775616	6/29/2017	634.00
1851688960	7/5/2017	588.00
908314624	8/24/2017	100.00
1359587328	9/19/2017	141.05
1004644352	9/21/2017	261.00
1489676288	9/21/2017	142.00
1052289024	9/26/2017	8.00
1901832192	9/26/2017	142.00
447588352	10/3/2017	120.00
148662272	10/12/2017	76.00
616261632	10/18/2017	81.00
2084792320	10/24/2017	142.00
913270784	10/30/2017	8.50
1358555136	10/30/2017	101.00
1028265984	11/24/2017	93.00
564729856	11/29/2017	120.00
	Total	\$ 4,908.15

**NORTH DAKOTA DEPARTMENT OF TRANSPORTATION
Bismarck, North Dakota**

QUESTIONED BANK AND CREDIT CARD VOIDS

June 11, 2016 through February 9, 2018

<u>Associated Payment ID</u>	<u>Void Date</u>	<u>Amount Questioned</u>
1450504192	5/17/2017	\$ 120.00
1056294912	7/26/2017	93.00
621602816	11/13/2017	175.00
	Total	<u>\$ 388.00</u>

**NORTH DAKOTA DEPARTMENT OF TRANSPORTATION
Bismarck, North Dakota**

QUESTIONED NONVOIDED CASH TRANSACTIONS

June 11, 2016 through February 9, 2018

<u>Associated Payment ID</u>	<u>Transaction Date</u>	<u>Amount Questioned</u>
1454178304	6/17/2016	\$ 50.00
N/A	7/7/2016	69.00
249249792	8/4/2016	<u>1,071.00</u>
	Total	<u>\$ 1,190.00</u>

**NORTH DAKOTA DEPARTMENT OF TRANSPORTATION
Bismarck, North Dakota**

QUESTIONED NONVOIDED CHECK TRANSACTIONS

June 11, 2016 through February 9, 2018

<u>Associated Payment ID</u>	<u>Transaction Date</u>	<u>Amount Questioned</u>
1651343360	6/16/2016	\$ 35.00
483557376	6/23/2016	142.00
176848896	7/13/2016	720.00
759332864	7/19/2016	49.00
1711980544	8/20/2016	49.00
	Total	<u>\$ 995.00</u>

**NORTH DAKOTA DEPARTMENT OF TRANSPORTATION
Bismarck, North Dakota**

QUESTIONED FEE WRITE-OFFS

June 11, 2016 through February 9, 2018

Associated Payment ID	Transaction Date	Amount Questioned
1520666624	6/22/2017	241.00
1039779840	7/26/2017	175.00
1058842624	9/28/2017	175.00
1146923008	10/5/2017	175.00
676308992	10/11/2017	175.00
1376097152	11/22/2017	1,947.15
1462638592	11/27/2017	2,345.50
1955338240	12/4/2017	175.00
560601088	12/4/2017	142.00
1068275712	12/11/2017	208.00
1334372352	12/11/2017	93.00
1902450688	12/12/2017	57.00
1902450688	12/12/2017	175.00
24942592	12/13/2017	1,331.50
449353728	12/15/2017	175.00
971282432	12/17/2017	363.00
1641388032	12/18/2017	2,091.80
1897699328	12/19/2017	120.00
2044041216	12/19/2017	142.00
970299392	12/19/2017	120.00
2029557760	12/19/2017	76.00
1486657536	12/19/2017	57.00
N/A	1/5/2018	5.00
N/A	1/5/2018	5.00
	Total	<u>\$ 10,569.95</u>



State Auditor Personnel

Don LaFleur, Director

Kevin Scherbenske, Audit Supervisor

Cory Wigdahl, Auditor

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