



# NORTH DAKOTA OFFICE OF THE STATE AUDITOR

State Auditor Joshua C. Gallion

## Office of Management and Budget

Audit Report for the Biennium Ended June 30, 2019

Client Code 110





## WHAT WE LOOKED AT

Our team audited the Office of Management and Budget which included reviewing financial transactions, expenditures, blanket bond coverage, and reviewed the alternate procurement process.

## WHAT WE FOUND

The Office of Management and Budget procurement division is not properly following alternate procurement requirements. We found this division was not providing detailed oversight, and they were not properly completing the request form in all cases.

## AUDIT REPORT HIGHLIGHTS



### **Inadequate Control Activities Related to Alternate Procurement**

One area we found was the end date of these contracts was either left blank or incorrect on 33% of the forms we tested.

*Read more page 4*

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## KEY PERSONNEL

Robyn Hoffmann  
CPA, AUDIT MANAGER

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AUDIT SUPERVISOR

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## HAVE QUESTIONS? ASK US.

**NORTH DAKOTA STATE  
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# Introduction

## Office of Management and Budget

February 20, 2020

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**W**e are pleased to submit this audit of the Office of Management and Budget for the biennium ended June 30, 2019. This audit resulted from the statutory responsibility of the State Auditor to audit or review each state agency once every two years. The same statute gives the State Auditor the responsibility to determine the contents of these audits.

The primary consideration in determining the contents of these audits is to produce informative audits to improve government. Statutory audit requirements are an important part of these audits and are addressed by our standard audit objective. Whenever possible, additional audit objectives are included to increase the responsiveness and effectiveness of state government.

Robyn Hoffmann, CPA, was the audit manager. Inquiries or comments relating to this audit may be directed to the audit manager by calling (701) 239-7291. We wish to express our appreciation to Mr. Morrissette and his staff for the courtesy, cooperation, and assistance they provided to us during this audit.

Respectfully submitted,

/s/

**JOSHUA C. GALLION**  
**NORTH DAKOTA STATE AUDITOR**

## TERMS USED IN REPORT

**Alternate Procurement Request (APR):** State agencies and institutions must prepare an Alternate Procurement Request when they plan to obtain less competition than required by purchasing thresholds.

**Appropriation:** An amount authorized by the North Dakota Legislative Assembly to be spent for a specific purpose.

**Blanket Bond Coverage:** Insurance to state agencies for any default or wrongful act on the part of any public employee or public official.

**Conflict of Interest:** Situation in which a person is in a position to derive personal benefit from actions or decisions made in their official capacity.

**ConnectND:** The accounting system for North Dakota.

**Default:** Failures to do something required by duty or law.

**Emergency Commission:** Group of elected officials that have the authority to transfer or expend money appropriated by the North Dakota Legislative Assembly. Additional information can be found in N.D.C.C. Chapter 54-16.

**Internal Control:** Policies and procedures that ensure reliable financial reporting, safeguard assets, promote accountability and efficiency, and prevent fraud.

**Noncompliance:** Failure to act in accordance with a wish or command.

**North Dakota Administrative Code (N.D.A.C.):** Codification of all rules of state administrative agencies.

**North Dakota Century Code (N.D.C.C.):** Collection of all the statutes passed by the North Dakota Legislative Assembly.

**Notice of Intent (NOI):** Letter used to notify the public of an agency's intent to make a limited or noncompetitive purchase using the State Procurement Office's online system. This notice is intended to attempt to identify alternative sources or determine that a limited competition or noncompetitive purchase is appropriate.

**Performance Audit:** Engagements that provide objective analysis, findings, and conclusions to assist management and those charged with governance and oversight to improve program performance and operations, reduce costs, facilitate decision making, and contribute to public accountability.

**Session Laws:** Published after each regular and special legislative session and contain the laws enacted during that session.

# Audit Results

## ALTERNATE PROCUREMENT OBJECTIVE

Is the Office of Management and Budget properly following alternate procurement requirements?

FINDING  
2019-01

## Inadequate Control Activities Related to Alternate Procurement

### CONCLUSIONS

The Office of Management and Budget is not properly following alternate procurement requirements.

The Office of Management and Budget may not be receiving all vendor responses during the alternate procurement process. This could lead to an evaluation that is not fair and in the best interest of the taxpayers of North Dakota.

Additionally, the Office of Management and Budget should be filling out end dates for recurring purchases. We found that 33% were incorrect or left blank, which gives the purchasing agency the potential to avoid competitive purchases in the future.



We found that **33% were incorrect** or left blank, which gives the purchasing agency the potential to **avoid competitive purchases** in the future.

### BACKGROUND

When items need to be purchased by a state agency, each state agency has purchasing thresholds they need to follow. These purchasing thresholds are set by the Office of Management and Budget. The Office of Management and Budget also provides oversight and has an approval process that state agencies follow.

In special circumstances when a purchase for a state agency is needed that has limited availability or if there may be other potential issues in finding that item, there is a form that agencies can submit to the Office of Management and Budget. This form details the reason for the request, and also lists what North Dakota law (N.D.C.C.) would allow the purchase to be made. This is called alternate procurement. The state agency may also attach additional information with the request form to further support their request.

One piece of additional information that is frequently used is a “Notice of Intent” (NOI) letter. This letter is used to notify the public of an agency’s intent to make a limited or noncompetitive purchase and to invite responses from additional vendors who may be able to fulfill the needs of the purchase. Upon review of the request form and attachments submitted by the agency, the Office of Management and Budget then fills out the remaining fields.

They include:

- Approval or denial.
- Explanation of the decision.
- Expiration date of approval, if applicable.

Through our testing, we found the Office of Management and Budget was not providing detailed oversight and they were not properly completing the request form in all cases. When a NOI letter is used, it is the purchasing

agency's responsibility for receiving and evaluating vendor responses. To provide objective oversight of the alternate procurement process, the Office of Management and Budget procurement office should be receiving and evaluating all vendor responses rather than the purchasing agency's personnel.

One additional area of concern pertained to the proper use of the alternate procurement request form. The alternate procurement request form contains a field for the Office of Management and Budget to fill in the date of the expiration of their approval. This expiration date is intended to cover one contract length with the requested vendor. Any subsequent contracts must be newly submitted for approval through the alternate procurement process. In our sample of audited requests, the expiration date field was either left blank or filled out incorrectly 33% of the time. This could lead to an incorrect interpretation by the purchasing agency.

The GAO *Standards for Internal Control in the Federal Government* states that management should design control activities to achieve objectives and respond to risk in order to achieve an effective internal control system including proper documentation and records that are managed and maintained.

The Office of Management and Budget has adopted rules that a procurement officer may instruct the purchasing agency to issue an NOI to make a limited or noncompetitive purchase. The instructions state vendors must respond to the procurement officer in writing and include a description of the commodity or service being offered as an alternative. They are also not ensuring expiration dates are established on all recurring purchases.

## RECOMMENDATION

We recommend the Office of Management and Budget's procurement division strengthen control activities surrounding alternate procurement by:

- Ensuring all vendor responses are received by the Office of Management and Budget.
- Establishing expiration dates on all recurring purchases.

## OFFICE OF MANAGEMENT AND BUDGET RESPONSE

The Office of Management and Budget (OMB) disagrees with the conclusion that OMB is not properly following alternate procurement requirements. OMB is complying with the existing rules related to the alternate procurement process:

- North Dakota Administrative Code (NDAC) Section 4-12-03-01 provides that the director of OMB may delegate purchasing authority to the head of a state agency or institution within certain dollar limits for "making required determinations, approving limited and noncompetitive procurements, conducting procurements, and amending contracts." Agencies receiving delegated authority are held to the same standards as if the procurement was performed by OMB, and they are held accountable for any violation of existing policy or law. NDAC Section 4-12-03-04 provides that an agency with delegated purchasing authority "will exercise this authority in accordance with the terms of the delegation, the state laws, rules, and office of management and budget procurement written directives."
- NDAC Chapter 4-12-09 establishes rules related to making limited competitive or noncompetitive purchases. These rules allow the purchasing agency to issue the Notice of Intent to Make a Limited Competitive or Noncompetitive Purchase, and they address what the notice must contain, how the public is notified, and how responses to the notice may be addressed.

OMB obtains information from the purchasing agency and online systems to ensure the purchasing agency has complied with the NDAC requirements related to the notice and consideration of responses.

The audit report recommends that OMB procurement division strengthen control activities surrounding alternate procurements by ensuring all vendor responses are received by OMB. Although OMB agrees that it would provide more control over the alternative procurement process, implementing this recommendation would require the following:

- A change to current administrative rules.
- Additional OMB Procurement Division resources, which would have a fiscal impact beyond what is currently budgeted.

OMB agrees with the recommendation that control activities should be strengthened to ensure expiration dates are established on all recurring purchases. In the future, OMB will ensure the expiration date field is complete on all alternate procurement forms.

### **AUDITOR'S CONCLUDING COMMENTS**

We stand by our conclusion that the Office of Management and Budget is not properly following all alternate procurement requirements based on our audit testing.





# Other Results

## ▼ OBJECTIVE

Are there any exceptions to report relating to statutorily required audit testing?

Statutorily required audit testing includes: performing the post-audit of financial transactions, detecting and reporting any defaults, determining that expenditures have been made in accordance with law, appropriation acts, and emergency commission action, and evaluating blanket bond coverage.

## CONCLUSION

No exceptions to our statutorily required audit testing were identified.



# Audit Procedures

## ALTERNATE PROCUREMENT OBJECTIVE

### INTERNAL CONTROL

As we determined internal control was significant to this audit objective, we assessed internal control by gaining an understanding of internal control and concluded as to the adequacy of the design of internal control and whether the applicable internal controls were implemented. We also tested the operating effectiveness of those controls we considered necessary to address our audit objective. The controls assessed were generally the key controls identified during the planning phase of the engagement, which may include controls at both the entity and transaction levels. We identified key controls significant to this audit objective related to the control activities component of internal control, specifically to achieve objectives and respond to risk in order to achieve an effective internal control system including proper documentation and records that are managed and maintained.

Based upon the audit work performed, auditors are required to report deficiencies in internal control that are significant within the context of the audit objectives. A deficiency in internal control exists when the design, implementation, or operation of a control does not allow management or personnel to achieve control objectives and address related risks.

Considering both qualitative and quantitative factors, we identified deficiencies in internal control that were significant within the context of our audit objectives and based upon the audit work performed. The deficiencies are identified in Finding 19-01.

### SCOPE

The Office of Management and Budget's sole location is its Bismarck office, which was included in the audit scope.

The scope of this objective included alternate procurement requests that were approved, denied, or recurring within the biennium ended June 30, 2019. We reviewed alternate procurement requests submitted through the Office of Management and Budget's Procurement Work Request System. We also reviewed documentation of the basis for the Office of Management and Budget's decisions made pertaining to alternate procurement requests.

### METHODOLOGY

To meet this objective, we:

- Obtained a list of all alternate procurement requests submitted during the 2017-2019 biennium for analysis.
- Interviewed appropriate agency personnel.
- Observed the Office of Management and Budget's processes and procedures.
- Inspected documentary evidence.
- Internal controls were tested including use of the alternate procurement request form and attachment of all documentation to this form.
- Non-statistical sampling was used, and the results were projected to the population.

## STATUTORY OBJECTIVE

### INTERNAL CONTROL

As we determined internal control was significant to this audit objective, we assessed internal control by gaining an understanding of internal control and concluded as to the adequacy of the design of internal control and whether the applicable internal controls were implemented. We also tested the operating effectiveness of those controls we considered necessary to address our audit objective. The controls assessed were generally the key controls identified during the planning phase of the engagement, which may include controls at both the entity and transaction levels.

We identified key controls significant to this audit objective related to the control activities component of internal control, specifically the principles related to the design of control activities and the implementation of the same.

Based on the audit work performed, auditors are required to report deficiencies in internal control that are significant within the context of the audit objectives. A deficiency in internal control exists when the design, implementation, or operation of a control does not allow management or personnel to achieve control objectives and address related risks.

Considering both qualitative and quantitative factors, we did not identify any deficiencies in internal control that were significant within the context of our audit objectives. However, we noted a matter involving internal control that we have reported to the management of the Office of Management and Budget in a management letter dated February 20, 2020.

### SCOPE

This audit of the Office of Management and Budget is for the biennium ended June 30, 2019. The Office of Management and Budget's sole location is its Bismarck office, which was included in the audit scope.

## METHODOLOGY

To meet this objective, we:

- Performed detailed analytical procedures including computer-assisted auditing techniques. These procedures were used to identify high-risk transactions and potential problem areas for additional testing.
- Interviewed appropriate agency personnel.
- Queried the ConnectND (PeopleSoft) system for data analysis. Significant evidence was obtained from ConnectND.
- Observed the Office of Management and Budget's processes and procedures.
- Inspected documentary evidence.
- Tested compliance with appropriation laws and regulations including related transfers and emergency commission action. Where necessary, internal control was tested which included selecting representative samples to determine if controls were operating effectively and if laws were being followed consistently.
- Reviewed adequacy of blanket bond coverage by comparing coverage to state bonding guidelines.
- Performed analysis and selected a sample of high-risk transactions, including purchase cards, procurement, and expenditures for further testing.
- Internal controls were tested including proper procurement training for individuals making the final determination of procurement, if receipts are being reconciled to the individual purchase card statements, and if the individual purchase card statements are being reconciled to PeopleSoft database or the cardholder/company statement by a non-card holder.
- Non-statistical sampling was used, and the results were projected to the population.

## STATUTORY CRITERIA

Agency management must establish and maintain effective internal controls in accordance with policy of the Office of Management and Budget (Office of Management and Budget Policy 216).

The criteria used to evaluate legislative intent are the laws as published in the N.D.C.C. and the North Dakota Session Laws. The following areas were identified to be of higher risk of noncompliance:

- Compliance with appropriations, adjustments, and related transfers in accordance with limits and purpose.
  - Strategic Investment and Improvements Fund Transfer (2017 North Dakota Session Laws HB 1015 Section 9)
  - Tax Relief Fund Transfer (2017 North Dakota Session Laws HB 1015 Section 10)
  - Tobacco Prevention and Control Trust Fund Transfer (2017 North Dakota Session Laws HB 1015 Section 15)
  - Capitol Building Fund (2017 North Dakota Session Laws HB 1015 Section 17)
  - Grants and Special Items (2017 North Dakota Session Laws HB 1015 Section 18)
  - Community Service Supervision Grants (2017 North Dakota Session Laws HB 2224 Section 1)
  - Tobacco Settlement Trust Funds Transfers (2017 North Dakota Session Laws HB 1012 Section 39 and SB 2004 Section 13)
  - Governor's Mansion Expenditures (2015 North Dakota Session Laws SB 2304 Section 2)
- Blanket bond coverage maintained in accordance with state law and state guidelines. (N.D.C.C. 26.1-21-08, N.D.C.C. 26.1-21-10)

- Proper use of funds (N.D.C.C. 54-44.1-09)
- Goods, services, and public improvements procured in accordance with state law. (N.D.C.C. Chapter 54-44.4, N.D.C.C. Chapter 48-01.2, N.D.A.C. Article 4-12)

## AUTHORITY AND STANDARDS

This biennial audit of the Office of Management and Budget has been conducted by the Office of the State Auditor pursuant to authority within North Dakota Century Code Chapter 54-10.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The criteria used to evaluate internal control is published in the publication *Standards for Internal Control in the Federal Government* issued by the Comptroller General of the United States (Green Book, GAO-14-704G).



# Responses to LAFRC Audit Questions

## **1. WHAT TYPE OF OPINION WAS ISSUED ON THE FINANCIAL STATEMENTS?**

Financial statements were not prepared by the Office of Management and Budget in accordance with generally accepted accounting principles so an opinion is not applicable. The agency's transactions were tested and included in the state's basic financial statements on which an unmodified opinion was issued.

## **2. WAS THERE COMPLIANCE WITH STATUTES, LAWS, RULES, AND REGULATIONS UNDER WHICH THE AGENCY WAS CREATED AND IS FUNCTIONING?**

Yes.

## **3. WAS INTERNAL CONTROL ADEQUATE AND FUNCTIONING EFFECTIVELY?**

Other than our finding addressing the "Improper Alternate Procurement Controls and Procedures" (page 4), we did not identify any deficiencies in internal control that were significant within the context of our audit objectives.

## **4. WERE THERE ANY INDICATIONS OF LACK OF EFFICIENCY IN FINANCIAL OPERATIONS AND MANAGEMENT OF THE AGENCY?**

No.

## **5. HAS ACTION BEEN TAKEN ON FINDINGS AND RECOMMENDATIONS INCLUDED IN PRIOR AUDIT REPORTS?**

The Office of Management and Budget has implemented all recommendations included in the prior audit report.

## **6. WAS A MANAGEMENT LETTER ISSUED? IF SO, PROVIDE A SUMMARY BELOW, INCLUDING ANY RECOMMENDATIONS AND THE MANAGEMENT RESPONSES.**

Yes, a management letter was issued and is included on page 15 of this report, along with management's response.



# LAFRC Audit Communications

## **7. IDENTIFY ANY SIGNIFICANT CHANGES IN ACCOUNTING POLICIES, ANY MANAGEMENT CONFLICTS OF INTEREST, ANY CONTINGENT LIABILITIES, OR ANY SIGNIFICANT UNUSUAL TRANSACTIONS.**

There were no significant changes in accounting policies, management conflicts of interest, contingent liabilities, or significant unusual transactions identified.

## **8. IDENTIFY ANY SIGNIFICANT ACCOUNTING ESTIMATES, THE PROCESS USED BY MANAGEMENT TO FORMULATE THE ACCOUNTING ESTIMATES, AND THE BASIS FOR THE AUDITOR'S CONCLUSIONS REGARDING THE REASONABLENESS OF THOSE ESTIMATES.**

The Office of Management and Budget's financial statements do not include any significant accounting estimates.

## **9. IDENTIFY ANY SIGNIFICANT AUDIT ADJUSTMENTS.**

Significant audit adjustments were not necessary.

## **10. IDENTIFY ANY DISAGREEMENTS WITH MANAGEMENT, WHETHER OR NOT RESOLVED TO THE AUDITOR'S SATISFACTION RELATING TO A FINANCIAL ACCOUNTING, REPORTING, OR AUDITING MATTER THAT COULD BE SIGNIFICANT TO THE FINANCIAL STATEMENTS.**

None.

## **11. IDENTIFY ANY SERIOUS DIFFICULTIES ENCOUNTERED IN PERFORMING THE AUDIT.**

None.

## **12. IDENTIFY ANY MAJOR ISSUES DISCUSSED WITH MANAGEMENT PRIOR TO RETENTION.**

This is not applicable for audits conducted by the Office of the State Auditor.

## **13. IDENTIFY ANY MANAGEMENT CONSULTATIONS WITH OTHER ACCOUNTANTS ABOUT AUDITING AND ACCOUNTING MATTERS.**

None.

## **14. IDENTIFY ANY HIGH-RISK INFORMATION TECHNOLOGY SYSTEMS CRITICAL TO OPERATIONS BASED ON THE AUDITOR'S OVERALL ASSESSMENT OF THE IMPORTANCE OF THE SYSTEM TO THE AGENCY AND ITS MISSION, OR WHETHER ANY EXCEPTIONS IDENTIFIED IN THE SIX AUDIT REPORT QUESTIONS TO BE ADDRESSED BY THE AUDITORS ARE DIRECTLY RELATED TO THE OPERATIONS OF AN INFORMATION TECHNOLOGY SYSTEM.**

ConnectND Finance and Human Capital Management (HCM) are high-risk information technology systems critical to the Office of Management and Budget. None of the exceptions identified in the six audit report questions are directly related to these systems.

# Financial Statements

## Statement of Revenues and Expenditures

REVENUES AND OTHER SOURCES	JUNE 30, 2019	JUNE 30, 2018
Operating Profits	\$ 70,000,000	\$ 70,000,000
Tobacco Settlement Funds	20,977,434	53,096,556
Risk Management Premiums	3,899,406	3,525,894
Indirect Cost Recoveries	1,209,019	1,127,245
Rents and Leases	1,187,299	1,195,433
Central Duplicating Revenue	1,161,747	1,099,374
Interest and Investment Earnings	1,156,443	6,104,956
Sale of Salvage and Scrap	705,883	927,830
Purchase Card Rebates	622,319	569,237
Postage and Training Services	523,542	478,257
Facility Expense Reimbursement	398,277	428,529
Sale of Capital Assets	312,630	265,882
Miscellaneous Refunds	48,612	56,033
Other Revenues	24,458	29,019
Transfers In	373,861,574	378,600,759
<b>Total Revenues and Other Sources</b>	<b>\$ 476,088,643</b>	<b>\$ 517,505,004</b>

Continued on following page

Source: ConnectND Financials

# Financial Statements

## Statement of Revenues and Expenditures

EXPENDITURES AND OTHER USES	JUNE 30, 2019	JUNE 30, 2018
Salaries and Benefits	\$ 9,198,523	\$ 9,360,458
Operating Fees and Services	3,529,783	3,689,297
Data Processing/Telecommunications	2,967,702	2,723,156
Grants	2,315,048	1,812,015
Repairs	2,073,384	607,069
Utilities	1,662,108	1,267,028
Professional Services	869,395	1,077,477
Supplies	730,940	657,755
Insurance	528,518	676,522
Bond Principal and Interest	329,721	328,813
Building and Grounds Maintenance	327,462	246,285
Professional Development	299,687	315,381
Building Construction	290,877	1,652,281
Rent and Leases	209,375	267,731
Contractual Services	162,016	186,039
Equipment	102,285	6,648
Travel	83,669	91,576
Other Expenses	4,604	6,291
Transfers Out	388,563,447	553,782,944
<b>Total Expenditures and Other Uses</b>	<b>\$ 414,248,544</b>	<b>\$ 578,754,766</b>

Source: ConnectND Financials



# Statement of Appropriations

For the Biennium Ended June 30, 2019

EXPENDITURES BY LINE ITEM	FINAL APPROPRIATION	EXPENDITURES	UNEXPENDED APPROPRIATION
Salaries and Wages	\$ 21,596,833	\$ 19,783,546	\$ 1,813,286
Operating Expenses	14,056,388	11,370,520	2,685,868
Fiscal Carryover	3,673,153	2,078,398	1,594,756
State Contingency	235,614	0	235,614
Capital Assets	3,164,562	1,884,942	1,279,621
Construction Carryover	2,057,544	1,943,158	114,386
Grants	904,000	902,000	2,000
Grants - Guardianships	1,328,600	1,328,600	0
Prairie Public Broadcasting	1,200,000	1,200,000	0
Cybersecurity Remediation Pool	1,000,000	0	1,000,000
Lawsuit Expenses	441,100	439,702	1,397
<b>Total</b>	<b>\$49,657,794</b>	<b>\$40,930,866</b>	<b>\$ 8,726,928</b>

EXPENDITURES BY SOURCE	FINAL APPROPRIATION	EXPENDITURES	UNEXPENDED APPROPRIATION
General	\$ 34,975,078	\$ 30,900,781	\$ 4,074,297
Other	14,682,716	10,030,085	4,652,631
<b>Total</b>	<b>\$ 49,657,794</b>	<b>\$ 40,930,866</b>	<b>\$ 8,726,928</b>

Source: ConnectND Financials



# Status of Prior Recommendations

## Noncompliance with Community Service Supervision Grants (Finding 17-1)

Implemented

**Recommendation:** We recommend the Office of Management and Budget distribute Community Service Supervision grants in accordance with the Session Laws.

**Status:** Implemented based on our audit testing of current session laws.

# Management Letter

## Informal Recommendation

February 20, 2020

Mr. Joe Morrisette  
Director  
Office of Management and Budget  
600 E Boulevard Avenue Dept 110  
Bismarck, ND 58505-0400

Dear Mr. Morrisette,

We have performed an audit of the Office of Management and Budget for the biennium ended June 30, 2019, and have issued a report thereon. As part of our audit, we gained an understanding of the Office of Management and Budget's internal control structure to the extent we considered necessary to achieve our audit objective. We also performed tests of compliance, as described in the same report.

Our audit procedures are designed primarily to enable us to report on our objectives and may not bring to light all weaknesses in systems and procedures or noncompliance with laws and regulations which may exist. We aim, however, to use our knowledge of your organization gained during our work to make comments and suggestions which we hope will be useful to you.

In connection with the audit, gaining an understanding of the internal control structure, and tests of compliance with laws and regulations referred to above, we noted certain conditions we did not consider reportable within the context of your audit report. These conditions relate to areas of general business practice or control issues that have no significant bearing on the administration of state funds. We do, however, want to present our recommendation to you for your consideration and whatever follow-up action you consider appropriate. During the next audit, we will determine if this recommendation has been implemented, and if not, we will reconsider the status.

The following presents our informal recommendation.

### **Violation of Purchase Card Policy**

Informal Recommendation 1: We recommend Office of Management and Budget ensure all cardholders sign their monthly purchase card statement showing a reconciliation to the receipts has been completed.

Management of the Office of Management and Budget agreed with this recommendation.

I encourage you to call me at (701) 239-7291 if you have any questions about the implementation of the recommendation included in this letter.

Sincerely,



Robyn Hoffmann, CPA  
Audit Manager




NORTH DAKOTA STATE AUDITOR  
JOSHUA C. GALLION

**NORTH DAKOTA STATE AUDITOR'S OFFICE**

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