

North Dakota State Auditor's Office

North Dakota Vision Services - School for the Blind

Audit Report for the Biennium Ended June 30, 2019

Client Code 253



North Dakota State Auditor
Joshua C. Gallion



Why We Conducted this Audit

The purpose of this audit was to determine financial transactions including expenditures were made in accordance with law and appropriation requirements.

What We Found

This audit did not identify any exceptions or defaults.

KEY PERSONNEL

State Auditor's Office Staff

Robyn Hoffmann, CPA, Audit Manager
Dustin Walcker, Audit Supervisor
Elizabeth Rogers, Auditor
Breck Hendrickson, Auditor

Client Staff Contacts

Paul Olson, Superintendent
Tami Purcell, Business Manager

Contents

<i>Transmittal Letter</i>	<i>1</i>
<i>Audit Results</i>	<i>2</i>
<i>Statutory Audit Requirements</i>	<i>2</i>
<i>Conclusion</i>	<i>2</i>
<i>Internal Control</i>	<i>2</i>
<i>Scope</i>	<i>2</i>
<i>Methodology</i>	<i>3</i>
<i>Authority and Standards</i>	<i>3</i>
<i>Financial Statements</i>	<i>4</i>
<i>Statement of Revenues and Expenditures</i>	<i>4</i>
<i>Statement of Appropriations</i>	<i>5</i>
<i>Management Letter (Informal Recommendation)</i>	<i>6</i>



STATE OF NORTH DAKOTA
OFFICE OF THE STATE AUDITOR
STATE CAPITOL
600 E. BOULEVARD AVENUE – DEPT 117
BISMARCK, NORTH DAKOTA 58505

Transmittal Letter

September 11, 2019

The Honorable Kirsten Baesler, Superintendent of Public Instruction

Mr. Paul Olson, Superintendent of North Dakota Vision Services/School for the Blind

We are pleased to submit this audit of the North Dakota Vision Services/School for the Blind 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. Additionally, whenever possible additional audit objectives are included to increase 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 Superintendent Olson and his staff for the courtesy, cooperation, and assistance they provided to us during this audit.

Respectfully submitted,

/S/

Joshua C. Gallion
State Auditor

cc: Legislative Audit and Fiscal Review Committee
Chris Kadrmas, Legislative Council Fiscal Analyst

Audit Results

Statutory Audit Requirements

The objective related to our statutory audit requirements is:

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. Defaults are defined as failures to do something required by duty or law. Bonding coverage provides insurance to state agencies for any default or wrongful act on the part of any public employee or public official.

Conclusion

No exceptions relating to our statutorily required audit testing were identified.

Internal Control

We gained an understanding of internal control and concluded as to the adequacy of their design. We also tested the operating effectiveness of those controls we considered necessary based on our assessment of audit risk.

Auditors are required to report deficiencies in internal control that are significant within the context of the objectives of the audit. 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: misstatements in financial or performance information, violations of laws and regulations or impairments of effectiveness or efficiency of operations, on a timely basis. 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 and based upon the audit work performed. However, we noted other matters involving internal control that we have reported to management of the North Dakota Vision Services/School for the Blind in a management letter dated September 11, 2019.

Scope

This audit of the North Dakota Vision Services/School for the Blind is for the biennium ended June 30, 2019.

The North Dakota Vision Services/School for the Blind has operations in the following locations. Each location was included in the audit scope:

- Grand Forks, School
- Bismarck, Outreach Office
- Fargo, Outreach Office
- Jamestown, Outreach Office
- Minot, Outreach Office

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.
- Non-statistical sampling was used, and the results were projected to the population.
- Interviewed appropriate agency personnel.
- Queried the ConnectND (PeopleSoft) system for data analysis. Significant evidence was obtained from ConnectND.
- Observed the North Dakota Vision Services/School for the Blind's processes and procedures.
- Inspected documentary evidence.
- Tested compliance with appropriation laws and regulations including related transfers. Where necessary, internal control was tested which included selecting representative samples and testing information system processes 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 an analysis and selected a sample of high-risk transactions, including expenditures, travel expenditures, procurement, and purchase cards for further testing.
- Reviewed monthly reconciliation between ConnectND and PeachTree, which is the software used for The Store.

In aggregate there were no significant limitations or uncertainties related to our overall assessment of the sufficiency and appropriateness of audit evidence.

Authority and Standards

This biennial performance audit of the North Dakota Vision Services/School for the Blind 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* issued by the Comptroller General of the United States. 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). Agency management must establish and maintain effective internal control in accordance with policy of the Office of Management and Budget (OMB Policy 216).

Financial Statements

Statement of Revenues and Expenditures

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
<u>Revenues and Other Sources:</u>		
Land and Building Leases	\$176,608	\$174,694
Concession Sales	8,824	7,909
Admissions and Braille Services	5,471	7,174
Donations	5,246	3,138
Total Revenues and Other Sources	<u>\$196,149</u>	<u>\$ 192,915</u>
<u>Expenditures and Other Uses:</u>		
Salaries and Benefits	\$2,174,781	\$2,221,839
Utilities	79,662	87,895
Travel	79,011	82,166
Repairs	75,686	116,394
IT Data Processing and Communications	52,646	52,243
Office and Miscellaneous Supplies	43,131	24,442
IT Equipment and Software	21,051	15,690
Operating Fees and Services	19,431	22,309
Building, Grounds and Vehicle Supply	17,185	13,562
Rent	16,942	17,577
Professional Development	10,041	6,749
Miscellaneous Expenses	8,196	18,737
Total Expenditures and Other Uses	<u>\$2,597,763</u>	<u>\$2,679,603</u>

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	\$4,660,995	\$4,396,620	\$264,375
Operating Expenses	773,206	690,097	83,109
Capital Improvements	<u>174,692</u>	<u>174,148</u>	<u>544</u>
Total	<u>\$5,608,893</u>	<u>\$5,260,865</u>	<u>\$348,028</u>
Expenditures by Source:	Final Appropriation	Expenditures	Total
General	\$4,394,146	\$4,394,026	\$ 120
Other	<u>1,214,747</u>	<u>866,839</u>	<u>347,908</u>
Total	<u>\$5,608,893</u>	<u>\$5,260,865</u>	<u>\$348,028</u>

Source: ConnectND Financials

Management Letter (Informal Recommendation)

September 11, 2019

Mr. Paul Olson
Superintendent
North Dakota Vision Services/School for the Blind
500 Stanford Road
Grand Forks, ND 58203

Dear Mr. Olson,

We have performed an audit of the North Dakota Vision Services/School for the Blind for the biennium ended June 30, 2019 and have issued a report thereon. As part of our audit, we gained an understanding of the North Dakota Vision Services/School for the Blind'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.

Perform Reconciliation Between PeachTree and Peoplesoft ConnectND

Informal Recommendation 19-1: We recommend that North Dakota Vision Services/School for the Blind perform and maintain documentation of a timely reconciliation between the State's accounting software, ConnectND, and their PeachTree software.

Management of the North Dakota Vision Services/School for the Blind agreed with this recommendation.

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

Sincerely,

A handwritten signature in cursive script that reads "Robyn Hoffmann".

Robyn Hoffmann, CPA
Audit Manager

You may obtain audit reports on the internet at:

www.nd.gov/auditor

or by contacting the Office of the State Auditor at:

Email: ndsao@nd.gov

Phone: (701) 328-2241

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