



NORTH DAKOTA OFFICE OF THE STATE AUDITOR

State Auditor Joshua C. Gallion

State of North Dakota Fees

Audit Report for the Biennium Ended June 30, 2019

Audit Code P3041-19



Office of the
State Auditor



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WHAT WE LOOKED AT

In early 2019, the Senate passed a bill (SB 2130) that requires a comprehensive study of North Dakota state agency fees. We looked at the revenues, expenditures, and other elements related to these fees and evaluated whether they were authorized to be collected.

WHAT WE FOUND

This audit did not identify any areas of concern.

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COMPLETE FEE LISTING CAN BE FOUND AT:

nd.gov/auditor/state-fee-listing

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Introduction

State of North Dakota Fees

Audit Report for the Biennium Ended June 30, 2019

We are pleased to submit this audit of the fees collected by state agencies and the University System for the biennium ended June 30, 2019. This audit was selected under North Dakota Century Code 54-10-1 subsection 4 and in conjunction with the study proposed under Senate Bill 2130 of the 66th Legislative Assembly.

Don LaFleur, CPA, CISA, provided oversight to this audit. Inquiries or comments relating to this audit may be directed to him by calling (701) 328-2241. We wish to express our appreciation to state agencies and the University System for the courtesy, cooperation and assistance they provided to us during this audit.

Respectfully submitted,

/S/

JOSHUA C. GALLION
NORTH DAKOTA STATE AUDITOR



Audit Results

BACKGROUND INFORMATION

In March of 2019, the Senate passed a bill (SB 2130) that requires a comprehensive study of North Dakota state agency fees. The State Auditor's Office has collected this data and will submit it to the Government Finance Committee who is heading up this study, with the purpose of reviewing state agency fees in detail and to help the legislative assembly determine if the set amounts are appropriate.

A performance audit of North Dakota fees collected by state agencies and the University System was selected under North Dakota Century Code 54-10-01 subsection 4 and in conjunction with Senate Bill 2130 of the 66th Legislative Assembly. Senate Bill 2130 states:

“During the 2019–20 interim, the legislative management shall study, in coordination with the state auditor, the provisions of the North Dakota Century Code relating to state agency fees. The study must include a review of the dates of state agency fee provisions were created and modified, the revenue generated by the fee as compared to the expenditures related to the purpose or purposes for which the fee is imposed, and the fund or funds in which fee revenue is deposited and from which revenue is expended;

consideration of whether the amounts of fees should be changed and whether the imposition of a fee is appropriate or if other government revenues should be used to fund the provision of services. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-seventh legislative assembly.”

This audit did not provide any recommendations for fee changes, appropriateness of fees or legislative changes. The recommendations referenced in Senate Bill 2130 are being provided by legislative management using information from this audit.

Based on our review, fees collected by state agencies and the University System were authorized.

Appendix

PRIMARY OBJECTIVES:

1. Are all fees collected by state agencies and the University System authorized?
2. What are the revenues, expenditures, and other elements requested by SB 2130 associated with the state agency and University System fees?

DEFINITION OF STATE AGENCY FEES

For the purpose of this audit, a state agency fee is defined as a charge required to be paid in exchange for services from the state agency. These fees would be required to be paid to the agency and would include items such as licenses, registrations, and permits. This definition does not include fees for taxes, fines or penalties.

DEFINITION OF UNIVERSITY SYSTEM FEES

For the purpose of this audit, we will use the State Board of Higher Education definition of fees collected by the University System defined in policy 805.3. This policy identifies the following as fees:

1. MANDATORY FEES

a. Student Fee:

These are intended to support activities for the benefit of the enrichment of students or recognized groups of students. The conditions of these fees are identified in this policy.

b. Technology Fee:

Institutions shall collect a fee to be used for networking or technology purposes.

c. North Dakota Student Association Fee:

Institutions shall collect from each student a fee, as approved by the State Board of Higher Education, to support the North Dakota Student Association.

d. ConnectND Fee:

Institutions shall collect from each student a fee, as approved by the State Board of Higher Education, for administrative, financial and student information Systems support.



Type of Fees Reviewed:

Our team reviewed over 1,200 different fees charged to citizens.

2. OTHER FEES

a. Application Fee:

Institutions shall charge an application fee to all students applying to an institution at either the undergraduate or graduate level to a professional program.

b. Distance Learning Access Fee:

Institutions may charge a distance learning fee to students taking distance learning courses.

c. Course Fees:

Institutions may charge special course fees to benefit all students in a class to cover costs such as transportation and admission on field trips, field experience or study abroad trips, insurance, and testing required for specific classes, and individual sessions provided to students such as flight training and music lessons.

d. Program Fees:

Institutions may charge special program fees to benefit students in particular programs that have exceptional and critical needs that are not adequately funded through differential tuition or other sources.

e. Capacity Enrollment Fee:

The institution president may approve a capacity enrollment fee to students that apply to programs for which enrollment is limited.

f. Other Incidental Fees:

The institution president may approve additional incidental fees as may be necessary to facilitate the operation of the institution (e.g. parking fees, user fees).

SCOPE

Information reported to Legislative Council and revenue collections reported on PeopleSoft were reviewed for all state agencies and the University System. All agencies or universities that had revenue collections that met the definition of a fee for this audit were included in the scope. Certain state agencies that did not have fees were excluded from the report.

The following state agencies and universities were included in the audit scope:

- Adjutant General
- Administrative Hearings
- Aeronautics Commission
- Attorney General
- Bank of North Dakota
- Bismarck State College
- Career and Technical Education
- Dakota College at Bottineau
- Department of Agriculture
- Department of Commerce
- Department of Corrections and Rehabilitation
- Department of Financial Institutions
- Department of Labor
- Department of Public Instruction
- Department of Transportation
- Department of Trust Lands
- Dickinson State University
- Game and Fish Department
- Health Department
- Highway Patrol
- Housing Finance Agency
- Human Services
- Information Technology Department
- Insurance Department
- Job Service
- Judicial
- Lake Region State College
- Legal Counsel for Indigents
- Mayville State University
- Minot State University
- North Dakota State College of Science
- North Dakota State University
- North Dakota State University Extension Service
- Parks and Recreation
- Public Employee's Retirement System
- Public Finance Authority
- Public Service Commission
- Racing Commission
- Retirement and Investment Office
- School for the Blind
- Secretary of State
- State Auditor
- State Historical Society
- State Library
- State Seed Department
- State Tax Commissioner
- State Treasurer
- State Water Commission
- Stockmen's Association
- University of North Dakota

- Valley City State University
- Williston State College
- Workforce Safety and Insurance

METHODOLOGY

Legislative Council requested a listing of fees from each state agency and compiled a spreadsheet with all fee information. This was used as a starting point to identify fees charged by each agency. In order to determine the completeness of this listing, PeopleSoft financial data was reviewed for each agency to identify all revenue types collected. This information was compared to the initial listing and further requests were made to the agencies to confirm the listing of overall fees. Additional research of North Dakota Century Code and North Dakota Administrative Code was completed to verify the following: date of fee establishment, last date of fee modification and legislative restrictions on fee collections.

Fee information collected by Legislative Council did not include information related to the University System. The State Board of Higher Education defined fees for the University System in Board policy. Each institution provided a listing of all fees collected under this policy. In aggregate, there were no significant limitations or uncertainties related to our overall assessment of the sufficiency and appropriateness of audit evidence.

- Fee amount determination authorization (legislative/agency)
- Fee restriction in relation to costs (can only cover costs/required to cover costs)
- Fee revenue generated in the biennium ended June 30, 2019
- Fee expenditures incurred in the biennium ended June 30, 2019

Example of Fee Listing

Business Unit	Fee Description
Department of Transportation	Special License Plates, Personalized Plates (one-time fee)**
Department of Transportation	Application for a Special License Plate**
Department of Transportation	Antique Plate**
Department of Transportation	Antique Personalized Plate (one-time fee)**
Department of Transportation	Collector Personalized Plate (one-time fee)**
Department of Transportation	Firefighter's Association Plate Additional fee**
Department of Transportation	North Dakota Future Farmers of America Foundation Plate Additional fee**
Department of Transportation	National Guard Plate fee**
Department of Transportation	One Time Organizational Plate Setup fee**
Department of Transportation	Choose Life Organizational Plate
Department of Transportation	Cowboy Organizational Plate
Department of Transportation	Dickinson State University Organizational Plate
Department of Transportation	Ducks Unlimited Organizational Plate
Department of Transportation	HIT, INC Organizational Plate
Department of Transportation	Lignite Foundation Organizational Plate
Department of Transportation	Minot State University Organizational Plate
Department of Transportation	North Dakota State University Organization
Department of Transportation	Pheasants Forever Organizational Plate
Department of Transportation	Rocky Mountain Elk Foundation Organization
Department of Transportation	Support our Veterans Organizational Plate
Department of Transportation	Valley City State University Organizational Plate
Department of Transportation	Org - NDBA Bowhunters Foundation
Department of Transportation	Org - University of Jamestown
Department of Transportation	Org - UND Alumni Association & Foundation
Department of Transportation	Org - Sanford Medical Center Fargo
Department of Transportation	Org - Northwood Hockey Boosters
Department of Transportation	Org - ND Farmers Union Foundation
Department of Transportation	Org - University Of Mary
Department of Transportation	ND Veterans Number Plates Initial fee **
Department of Transportation	ND Veterans Number Plates Renewal fee **
Department of Transportation	Patriotic Plate

nd.gov/auditor/state-fee-listing

FEE LISTING

We have compiled a listing of all state fees that includes:

- Fee description
- Fee authorization reference
- Fee amount
- Fee deposit location
- Comments regarding the fee
- Fee establishment date
- Fee last modification date
- Fee payor

Several caveats to the table must be noted:

- Many state agencies and universities do not use a detailed level of coding specific enough to track the exact revenue generated by the applicable fee. In these cases, the amount shown in the table is the entire amount of revenue collected for the fund where the fee was deposited for the biennium ended June 30, 2019. Fees which the revenue represents the amount generated specifically by the fee will be designated with an "*" following the fee description in the table.
- Many state agencies and universities do not use a detailed level of coding specific enough to track the exact

expenditures generated by the applicable fee. The amount shown in the table is the expenditures incurred for the fund where the fee was deposited for the biennium ended June 30, 2019. If the fees were deposited into the General Fund, no expenditures are shown.

- Because the Secretary of State is moving to a new system, and fee data for the fiscal year 2019 was not available at the time the audit work was completed. The amounts shown for the Secretary of State are from the fiscal year 2017 and 2018.

- Several state agencies' revenue and expenditure amounts were not calculated by the State Auditor's Office based on PeopleSoft information, but rather were provided by the applicable agency. These include:

- o Bank of North Dakota (for calendar years 2017 and 2018)
- o Department of Trust Lands
- o Public Finance Authority
- o Housing and Finance Agency
- o Workforce Safety and Insurance

- The Department of Agriculture original fee authorizations found in N.D.C.C. Chapter 4 was repealed and replaced with Chapter 4.1. The Department chose not to provide the original Chapter 4 references and the table used Chapter 4.1 as the date established and last modified.

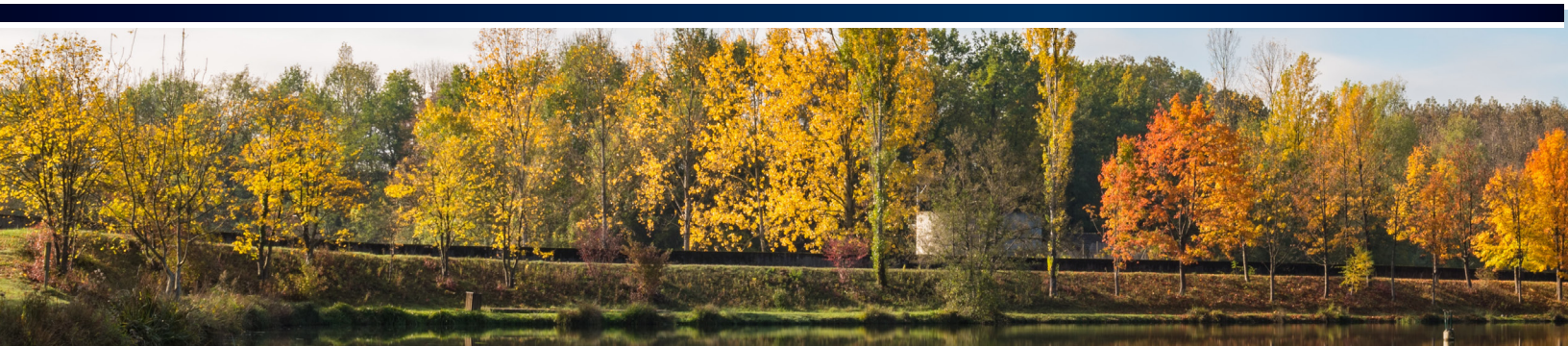
- The Stockmen's Association original fee authorizations found in N.D.C.C. Chapter 4 was repealed and replaced with Chapter 4.1. The association chose not to provide the original Chapter 4 references and the table used chapter 4.1

as the date established and last modified. Amounts were also provided by the NDSA for calendar years 2017 and 2018.

- For amounts reported for the North Dakota University System (NDUS), broad categories were used to compile the fees collected (example: "Course Fees" rather than listing each class and applicable fee each college/University offers). The revenue amounts shown were provided by the NDUS and expenditures will not be shown.

To obtain the entire fee listing, please see:

nd.gov/auditor/state-fee-listing





Office of the
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