



WHAT WE LOOKED AT AND WHY

North Dakota state law requires our team to identify any errors, internal control weaknesses, or potential violation of law in significant or high-risk functions of the agency.

WHAT WE FOUND

This audit did not identify any areas of concern.

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KEY PERSONNEL

Allison Bader
MBA, AUDIT MANAGER

Lindsey Schneider
AUDITOR

Lucas Felice
AUDITOR

HAVE QUESTIONS? ASK US.

NORTH DAKOTA STATE
AUDITOR'S OFFICE

600 E. Boulevard Ave. Dept. 117
Bismarck, North Dakota 58505

- 701-328-2241
- NDSAO@nd.gov
- ND.gov/Auditor
- Facebook.com/NDStateAuditor
- Linkedin.com/company/NDStateAuditor

Introduction

North Dakota Game and Fish Department

July 16, 2021

We are pleased to submit this audit of the North Dakota Game and Fish Department for the two-year period ended June 30, 2020. 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 responsiveness and effectiveness of state government.

Allison Bader was the audit manager. Inquiries or comments relating to this audit may be directed to the audit manager by calling (701) 328-2241. We wish to express our appreciation to the Game and Fish staff for the courtesy, cooperation, and assistance they provided to us during this audit.

Respectfully submitted,

JOSHUA C. GALLION
NORTH DAKOTA STATE AUDITOR

TERMS USED IN REPORT

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.

ConnectND: The accounting system for North Dakota.

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.

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

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

OBJECTIVE

Are there any errors, internal control weaknesses, or potential violations of law for significant and high-risk functions of the agency?

CONCLUSION

No areas of concern were identified.

INTERNAL CONTROL

We obtained an understanding of internal control through inquiries, observations, and inspection of documentation and electronic data records. As required by auditing standards, we planned our audit work to assess the effectiveness of those internal controls that were significant to our audit objectives. Specifically, our work related to internal control included the following components and underlying principles based on guidance issued by the U.S. Government Accountability Office.

COMPONENT: CONTROL ENVIRONMENT

Principal: Management should demonstrate a commitment to recruit, develop, and retain competent individuals.

COMPONENT: CONTROL ACTIVITIES

Principal: Management should design control activities to achieve objectives and respond to risks.

The specific internal control testing completed for this audit objective is identified below:

- Segregated preparation and approval of expenditures is analyzed and inspected statewide in the State of North Dakota Annual Comprehensive Financial Report.

- Selected a high-risk and random sample of expenditures and inspected proper level of procurement training was completed by the purchasing employee.

- Selected high-risk and random sample of purchase card expenditures and inspected the purchase card expenditures and the related receipts were reviewed and approved by the cardholder's supervisor.

- Reviewed annual physical inventory of fixed assets for years 2019 and 2020, and inspected the inventory was taken by two individuals who are separate from the recordkeeping responsibilities.

There were no deficiencies identified.

SCOPE

The audit of the North Dakota Game and Fish Department is for the two-year period ended June 30, 2020.

The North Dakota Game and Fish Department has operations in the following locations. Each location was included in the audit scope:

- Bismarck Office (Headquarters)
- Bismarck District Office and Lab
- Devils Lake Office
- Dickinson Office
- Jamestown Office
- Lonetree Office
- Riverdale Office
- Williston Office

METHODOLOGY

To meet this objective, we:

- Used non-statistical sampling and the results were projected to the population where appropriate.
- Interviewed appropriate agency personnel.

- Observed the North Dakota Game and Fish's processes and procedures.

- Inspected documentary evidence.

- Queried the ConnectND (PeopleSoft) system for data analysis. Significant evidence was obtained from ConnectND.

- Analyzed and tested expenditures to determine the Game and Fish Department did not expend more than appropriated. (N.D.C.C. 54-16-03).

 - 2017 Session Laws House Bill 1017 Section 1.

- Analyzed accounts charged to each appropriation class to determine that expenditures were not charged to an inappropriate class to circumvent appropriation spending authority. (N.D.C.C. 54-16-03).

- Reviewed non-appropriated fund activity to ensure the Game and Fish Department had legislative approval for non-appropriated expenditures. (N.D.C.C. 54-44.1-09).

- Tested compliance with the documented intent of appropriation adjustments, including specific Session Laws with related emergency measure sections authorized by the Emergency Commission. (N.D.C.C. 54-16-03).

- Selected a high-risk and random sample of grant expenditures and operating expenditures to test accurate recording of payments in the state's accounting system related to appropriation class, funds, and account. (N.D.C.C. 54-44.1-09, N.D.C.C. 44-08-05).

- Selected a high-risk and random sample of expenditures to ensure goods and services were properly procured. (N.D.C.C. Chapter 54-44.4-05, N.D.C.C. 48-01.2, N.D.A.C. Article 4-12, and OMB State Procurement Manual guidelines).

- Selected a high-risk and random sample of purchase card expenditures to ensure receipts support individual purchase card charges and the purchase was reasonable related to the

function of the agency.

- Inspected annual physical inventory of fixed assets records for calendar years 2019 and 2020 to verify inventory was completed and maintained annually. (N.D.C.C. 44-04-07, OMB Policies and Guidelines Policy 205).

- Determined \$2.50 was transferred from the highway tax distribution fund to the motorboat program and safety account for each motorboat licensed with Game and Fish as of July 1st, 2018 and 2019. (N.D.C.C. 20.1-02-16.6).

- Determined a shooting sports grant program was established and ensured up to \$250,000 was made available to schools, clubs, and organized youth groups in the state. Additionally, selected a high-risk sample of expenditures to ensure expenditures were allowable. (2017 North Dakota Session Laws House Bill 1419 Section 1).

- Analyzed expenditures and reviewed support to ensure no more than \$400,000 from the grants, gifts, and donations class was used on surface damage, easements, or reclamation on Game & Fish owned or managed properties as a result of mineral exploration and extraction activities for fiscal year 2019. (2017 North Dakota Session Laws House Bill 1017 Section 3).

 - For the 2019-2021 biennium, as of June 30, 2020, approximately \$86,758 of the appropriated \$400,000, was used from the grants, gift, and donations line for surface damage, easements, or reclamation on Game & Fish owned or managed properties as a result of mineral exploration and extraction activities. Additionally, analyzed and selected high-risk sample of expenditures to verify expenditures were spent on this project for fiscal year 2020. (2019 North Dakota Session Laws Senate Bill 2017 Section 3).

- Analyzed expenditures to ensure no expenditures related to DAPL were incurred. (2017 North Dakota Session Laws House Bill 1024 Section 2).

- Analyzed expenditures to ensure no more than \$467,100 from the Aquatic Nuisance Species Program fund was

used for administering aquatic nuisance species education, inspection, and monitoring programs. As of June 30, 2020, approximately \$188,285 had been spent on this project.

Additionally, analyzed revenue from the Aquatic Nuisance Species Program fund to ensure revenue was related to the operation of motorboats. (2019 North Dakota Session Laws Senate Bill 2293 Sections 1 and 6, N.D.C.C. 20.1-02-16.1).

- Verified the Game and Fish Department Fund balance did not reduce below \$15 million during fiscal year 2020 and inspected investments account to verify the balance was reduced below \$15 million. (2019 North Dakota Session Laws Senate Bill 2017 Section 4).

- Analyzed and performed random testing of Habitat and Depredation Fund expenditures and determined that charges were in accordance with fund restrictions. (N.D.C.C. 20.1-03-12.1).

- Inspected payments for purchase of airplane and use of \$250,000 of one-time funding. (2019 North Dakota Session Laws Senate Bill 2017 Section 2).

- Reviewed adequacy of blanket bond coverage by comparing coverage to state bonding guidelines. Evaluated 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 (1)).

- Continuing appropriations of funds were properly authorized in accordance with N.D.C.C.
 - o Non-Game Wildlife Fund (N.D.C.C. 20.1-02-16.2).
 - o Game and Fish Department Fund (N.D.C.C. 20.1-03-12, N.D.C.C. 20.1-02-17)
 - o Aquatic Nuisance Species Program Fund (N.D.C.C. 20.1-13-02.1).
 - o Habitat and Depredation Fund (N.D.C.C. 20.1-02-05(16)).

AUTHORITY AND STANDARDS

This biennial audit of the North Dakota Game and Fish Department 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 standards used to evaluate internal control are 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?

Revenues, expenditures and appropriation information was not prepared by the North Dakota Game and Fish Department 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?

Yes. 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?

There were no 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.

No, a management letter was not issued.



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 North Dakota Game and Fish Department's revenues, expenditures and appropriation information does 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 that were significant to the audit objective.

Finances

Revenues and Expenditures

REVENUES AND OTHER SOURCES	JUNE 30, 2020	JUNE 30, 2019
Licenses and Permits (Net of Refunds)	\$ 21,360,349	\$ 17,120,041
Federal Revenue (Net of Federal Reimbursement)	19,895,328	14,821,708
Donations	417,702	305,858
Interest Income	230,353	145,543
Leases, Rents, and Royalties	196,045	248,194
Sale of Publications	157,968	163,388
Sale of Agriculture Products	63,493	39,102
Other Revenue	105,583	59,074
Transfers In	437,572	419,858
Total Revenue and Other Sources	\$ 42,864,393	\$ 33,322,766

Source: ConnectND Financials

Continued on following page

Finances

Revenues and Expenditures

EXPENDITURES AND OTHER USES	JUNE 30, 2020	JUNE 30, 2019
Salaries and Benefits	\$ 16,828,182	\$ 15,824,040
PLOTS Payments	4,278,773	6,400,555
Grants	2,783,057	5,476,645
Operating Expenses	1,408,772	1,369,695
Travel	1,427,892	1,638,259
Repairs	1,256,417	864,111
IT Equipment, Services, and Supplies	1,182,103	1,272,774
Buildings and Other Capital Payments	982,538	1,417,461
Building, Grounds, Vehicle Supply	902,504	1,268,237
Professional Fees and Services	659,122	1,012,525
Service Agreement Expenses	602,625	418,987
Office Equipment Under \$5,000	432,247	641,431
Postage	332,742	285,357
Supplies	323,368	549,397
Motor Vehicles	248,741	550,782
Printing	245,449	244,258
Utilities	230,498	240,517
Rentals of Building and Equipment	41,350	55,608
Miscellaneous	149,657	195,860
Total Expenditures and Other Uses	\$ 34,316,037	\$ 39,726,499

Source: ConnectND Financials

Appropriations

As of the Year Ended June 30, 2020

	FINAL APPROPRIATION	EXPENDITURES	UNEXPENDED APPROPRIATION
Expenditures by Line Item			
Salaries & Wages	\$ 31,497,736	\$ 15,112,831	\$ 16,384,905
Operating Expenses	15,949,169	6,128,009	9,821,160
Capital Assets	5,917,891	1,619,279	4,298,612
Construction Carryover	893,077	434,849	458,228
Grants-Game And Fish	8,547,165	2,266,255	6,280,910
Shooting Sports Grant Program	250,000	18,048	231,952
Habitat & Deer Depredation	19,131,096	6,766,665	12,364,431
Noxious Weed Control	725,000	243,873	481,127
Missouri River Enforcement	288,068	120,448	167,620
Grant-Gift-Donation	533,732	221,376	312,356
Nongame Wildlife	100,000	1,500	98,500
Aquatic Nuisance Species	1,909,140	597,426	1,311,714
Lonetree Reservoir	1,834,862	865,578	969,284
Wildlife Services	500,000	250,000	250,000
Totals	\$ 88,076,936	\$ 34,646,137	\$ 53,430,799
Expenditures by Source			
Other	\$ 88,076,936	\$ 34,646,137	\$ 53,430,799
Totals	\$ 88,076,936	\$ 34,646,137	\$ 53,430,799

Source: ConnectND Financials

Appropriations

For the Biennium Ended June 30, 2019

	FINAL APPROPRIATION	EXPENSES	UNEXPENDED APPROPRIATION
Expenditures by Line Item			
Salaries and Wages	\$ 30,076,669	\$ 28,516,967	\$ 1,559,702
Operating Expenses	15,615,059	12,114,710	3,500,349
Capital Assets	6,330,956	3,490,673	2,840,283
Construction Carryover	757,024	743,016	14,008
Grants-Game And Fish	9,650,184	6,943,743	2,706,441
Shooting Sports Grant Program	250,000	247,287	2,713
Habitat and Deer Depredation	18,984,603	16,649,786	2,334,817
Noxious Weed Control	725,000	633,703	91,297
Missouri River Enforcement	283,857	283,857	-
Grant-Gift-Donation	802,201	546,594	255,607
Nongame Wildlife	120,000	55,282	64,718
Aquatic Nuisance Species	467,100	57,960	409,140
Lonetree Reservoir	1,798,119	1,759,666	38,453
Wildlife Services	500,000	500,000	-
Totals	\$ 86,360,772	\$ 72,543,244	\$ 13,817,528
Expenditures by Source			
Other	\$ 86,360,772	\$ 72,543,244	\$ 13,817,528
Totals	\$ 86,360,772	\$ 72,543,244	\$ 13,817,528

Source: ConnectND Financials



NORTH DAKOTA STATE AUDITOR
JOSHUA C. GALLION

NORTH DAKOTA STATE AUDITOR'S OFFICE

600 E. Boulevard Ave. Dept. 117 | Bismarck, North Dakota 58505

 [ND.gov/Auditor](https://nd.gov/Auditor)

 NDSAO@nd.gov

 701-328-2241

 Facebook.com/NDStateAuditor

 Linkedin.com/company/NDStateAuditor