



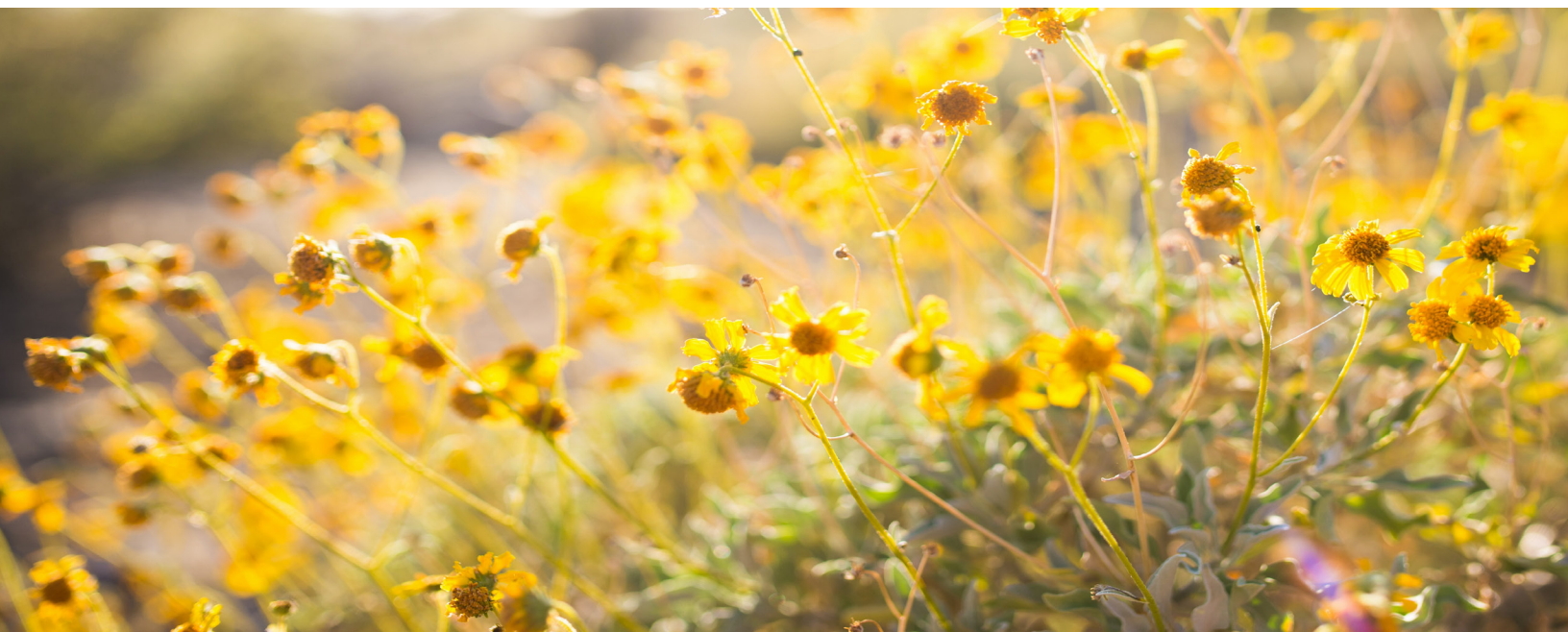
NORTH DAKOTA OFFICE OF THE STATE AUDITOR

State Auditor Joshua C. Gallion

Protection and Advocacy Project

For the Two-Year Period Ended June 30, 2020

Client Code 360





WHAT WE LOOKED AT

Our team audited the North Dakota Protection and Advocacy Project which included identifying 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.

TABLE OF CONTENTS

INTRODUCTION	2
Terms Used in Report	3
AUDIT RESULTS	4
Internal Control	4
Scope	5
Methodology	5
Authority and Standards	5
LAFRC COMMUNICATIONS	6
Responses to LAFRC Audit Questions	6
LAFRC Audit Communications	7
FINANCIALS	8
Revenues and Expenditures	8
Appropriations	9

KEY PERSONNEL

Dustin Walcker
AUDIT MANAGER


Breck Hendrickson
CPA, LEAD AUDITOR

Jason Kovacevich
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

Protection and Advocacy Project

March 9, 2021

We are pleased to submit this audit of the North Dakota Protection and Advocacy Project 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.

Dustin Walcker 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 Ms. Larsen and her 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

Appropriation: Sum of money or total of assets devoted to a special 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.

Internal Control: Set of activities that are layered in normal operating procedures of an organization with the intent of safeguarding assets, minimizing errors, and making sure operations are being followed.

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

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 conclusion 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 documents and electronic data records. We planned our audit work to assess the design, implementation, and effectiveness of those internal controls that were significant to our audit objective. 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 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 tested statewide in the State of North Dakota Annual Financial Report.

There were no deficiencies identified.

SCOPE

This audit of the North Dakota Protection and Advocacy Project is for the two-year period ended June 30, 2020. The North Dakota Protection and Advocacy Project has operations in the following locations. Each location was included in the audit scope:

- Central office and main location of operation located in downtown Bismarck.
- Satellite offices located in Williston, Minot, Devils Lake, Grand Forks, Fargo, Jamestown, Dickinson, Belcourt, and Grafton.

METHODOLOGY

To meet this objective, we:

- Analyzed financial data in ConnectND to determine areas of risk.
- Our team utilized non-statistical sampling, 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.
- Inspected documentary evidence.
- Reviewed adequacy of blanket bond coverage by comparing coverage to state bonding guidelines. (NDCC 26.1-21-08 & 26.1-21-10(1)).
- Selected a judgmental sample of expenditures to ensure compliance with appropriation laws. (2017 House Bill 1014 Chapter 13 and 2019 Senate Bill 2014 Chapter 39).

AUTHORITY AND STANDARDS

This biennial audit of the North Dakota Protection and Advocacy Project 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 Protection and Advocacy Project 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 Protection and Advocacy Project'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 critical to the North Dakota Protection and Advocacy Project.

Financials

Revenues and Expenditures

REVENUES AND OTHER SOURCES	JUNE 30, 2020	JUNE 30, 2019
Revenues from Federal Government	\$ 1,443,307	\$ 1,214,496
Miscellaneous Revenues	351	-
Transfers In	246,077	282,410
Total Revenue and Other Sources	\$ 1,689,735	\$ 1,496,906

Source: ConnectND Financials

EXPENDITURES AND OTHER USES	JUNE 30, 2020	JUNE 30, 2019
Salaries and Benefits	\$ 2,776,212	\$ 2,587,055
Rent of Equipment and Building Space	123,334	116,329
IT - Equipment, Communications, Data Processing	104,662	100,177
Operating Fees	43,890	33,010
Travel	42,875	76,297
Professional Development	15,821	29,159
Periodicals and Resource Materials	15,354	19,240
Professional and Consulting Fees and Services	12,058	5,560
Printing	11,576	1,884
Office Supplies	8,566	7,025
Postage	8,024	4,063
Office Equipment and Furniture	4,789	2,156
Repairs	4,452	5,716
Miscellaneous Expenditures	2,082	13,176
Insurance	1,459	787
Utilities	527	679
Total Expenditures and Other Uses	\$ 3,175,681	\$ 3,002,312

Source: ConnectND Financials

Appropriations

For the Year Ended June 30, 2020

TOTALS	FINAL APPROPRIATION	EXPENDITURES	UNEXPENDED APPROPRIATIONS
P&A Services	\$ 7,306,700	\$ 3,175,680	\$ 4,131,020
Totals	\$ 7,306,700	\$ 3,175,680	\$ 4,131,020
Expenditures by Source			
Other	\$ 7,306,700	\$ 3,175,680	\$ 4,131,020
Totals	\$ 7,306,700	\$ 3,175,680	\$ 4,131,020

Source: ConnectND Financials

For the Year Ended June 30, 2019

EXPENDITURES BY LINE ITEM	FINAL APPROPRIATION	EXPENDITURES	UNEXPENDED APPROPRIATIONS
P&A Services	\$ 6,447,600	\$ 6,005,775	\$ 441,825
Totals	\$ 6,447,600	\$ 6,005,775	\$ 441,825
Expenditures by Source			
Other	\$ 6,447,600	\$ 6,005,775	\$ 441,825
Totals	\$ 6,447,600	\$ 6,005,775	\$ 441,825

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