



NORTH DAKOTA OFFICE OF THE STATE AUDITOR

State Auditor Joshua C. Gallion

ND Commission on Legal Counsel for Indigents

Audit Report for the Biennium Ended June 30, 2021

Client Code 188





WHAT WE LOOKED AT AND WHY

North Dakota state law requires that our team perform an audit once every two years. This includes a review of financial transactions and determining that expenses are correct. Our audit reports any errors, internal control weaknesses or potential violations of law identified 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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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 - [ndsao.link/ebs](https://www.facebook.com/ndsao.link/ebs)

 LinkedIn - [ndsao.link/wsw](https://www.linkedin.com/company/ndsao.link/wsw)

 YouTube - [ndsao.link/f2d](https://www.youtube.com/channel/ndsao.link/f2d)

Introduction

ND Commission on Legal Counsel for Indigents

June 6, 2022

We are pleased to submit this audit of the ND Commission on Legal Counsel for Indigents for the biennium ended June 30, 2021. 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.

Lindsey Slappy 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 Executive Director Finck 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

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.

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 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

PRIMARY OBJECTIVE

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

CONCLUSION

No areas of concern were identified.



Audit Procedures

Primary Objective

INTERNAL CONTROL

We obtained an understanding of internal control through inquiries, observations, and inspection of documentation 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 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.

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.
- Receipts are being reconciled to the individual purchase card statements.
- Purchase cards expenditures and the related receipts are reviewed and approved by an appropriate individual.
- Purchase card statements are reconciled to the transaction detail report by a non-card holder.
- Legal contracts are reviewed and approved by the appropriate individuals.
- Procurement process was completed by an individual with the proper level of training.

There were no deficiencies identified.

SCOPE

The ND Commission on Legal Counsel for Indigents has operations in the following locations. Each location was included in the audit scope:

- The central office in Valley City.
- Public defenders offices in Bismarck, Minot, Fargo, Williston, Devils Lake, Dickinson, and Grand Forks.

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 system for data analysis. Significant evidence was obtained from ConnectND.
- Observed Commission on Legal Counsel for Indigents processes and procedures.
- Inspected documentary evidence.
- Reviewed adequacy of blanket bond coverage by comparing coverage to state bonding guidelines (N.D.C.C. 26.1-21-08, N.D.C.C. 26.1-21-10(1)).
- Selected a judgmental sample of operating expenditures to ensure expenditures were for law and official purposes and properly coded and supported (N.D.C.C. 44-08-05.1).
- Selected a random sample of purchase card expenditures to ensure they were properly supported, reasonable,

correctly coded, reconciled, and approved (N.D.C.C. 44-08-05.1).

- Selected a random sample of expenditures to ensure goods and services were properly procured in accordance with state law (N.D.C.C. 54-44.4-05, N.D.A.C. Article 4-12, and OMB Policies and Guidelines).
- Selected a random sample of legal contracts to ensure that the contract was reviewed and approved. We also verified that payments did not exceed \$75 per hour (N.D.C.C. 54-61-02(b)).

There was no significant limitation or uncertainties related to our overall assessment of the sufficiency and appropriateness of audit evidence.

AUTHORITY AND STANDARDS

This biennial audit of the ND Commission on Legal Counsel for Indigents 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 ND Commission on Legal Counsel for Indigents 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 ND Commission on Legal Counsel for Indigents' 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, Human Capital Management (HCM) are high-risk information technology systems critical to ND commission on Legal Counsel for Indigents Audit Report.

Financials

Revenues and Expenditures

REVENUES AND OTHER SOURCES	JUNE 30, 2021	JUNE 30, 2020
Sales and Services	\$ 686,322	\$ 900,792
Total Revenue and Other Sources	\$ 686,322	\$ 900,792

EXPENDITURES AND OTHER USES	JUNE 30, 2021	JUNE 30, 2020
Professional Fees and Services	\$ 5,031,486	\$ 4,727,458
Salaries and Benefits	4,078,615	3,889,535
IT Data Processing	233,695	290,117
Rentals and Leases	208,931	236,892
Travel	117,600	147,205
Supplies	52,155	69,000
Operating Fees and Services	36,439	43,573
Postage and Printing	26,341	18,710
Professional Development	10,941	11,073
Insurance Expense	3,757	4,029
Equipment	150	4,500
Total Expenditures and Other Uses	\$ 9,800,110	\$ 9,442,092

Source: ConnectND Financials

Appropriations

For the Biennium Ended June 30, 2021

EXPENSES BY LINE ITEM	FINAL APPROPRIATION	EXPENDITURES	UNEXPENDED APPROPRIATIONS
Legal Counsel For Indigents	\$ 20,374,662	\$ 19,242,202	\$ 1,132,460
Totals	\$ 20,374,662	\$ 19,242,202	\$ 1,132,460

EXPENSES BY SOURCE	FINAL APPROPRIATION	EXPENDITURES	UNEXPENDED APPROPRIATIONS
General	\$ 18,384,627	\$ 17,540,526	\$ 844,101
Other	1,990,035	1,701,676	288,359
Totals	\$ 20,374,662	\$ 19,242,202	\$ 1,132,460

Source: ConnectND Financials



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 NDSAO@nd.gov

 701-328-2241

 Facebook - nd sao.link/ebs

 YouTube - nd sao.link/f2d

 LinkedIn - nd sao.link/wsw