



NORTH DAKOTA OFFICE OF THE STATE AUDITOR

State Auditor Joshua C. Gallion

North Dakota Veterans Home

Audit Report for the Biennium Ended June 30, 2021

Client Code 313





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.

TABLE OF CONTENTS

INTRODUCTION 2

 Terms Used in Report 3

AUDIT RESULTS

 Primary Objective 4

 Conclusion 4

AUDIT PROCEDURES

 Primary Objective 5

 Authority and Standards 6

LEGISLATIVE AUDIT AND FISCAL REVIEW COMMITTEE

 Responses to LAFRC Audit Questions 7

 LAFRC Audit Communications 8

FINANCIALS

 Statement of Revenues and Expenditures 9







 Statement of Appropriations 11



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

North Dakota Veterans Home

June 2, 2022

We are pleased to submit this audit of the North Dakota Veterans Home 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, CPA, 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 North Dakota Veterans Home 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 operating effectiveness of those internal controls that were significant to our audit objectives.

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.
- Procurement was completed by an individual with the proper level of procurement training.
- Purchase card purchases were reviewed and approved by an appropriate individual.
- Reviewed timesheets for proper approval.
- Annual physical inventory was taken by an individual that is not responsible for custody or record-keeping of assets.

There were no deficiencies identified.

SCOPE

The North Dakota Veterans Home's sole location is its Lisbon office which was included in the audit scope.

METHODOLOGY

To meet this objective, we:

- Used non-statistical sampling, and the results were projected to the population. Where applicable, populations were stratified to ensure that Interviewed appropriate agency personnel.
- Observed the Department's processes and procedures.
- Analyzed financial data in ConnectND to determine areas of risk.
- Analyzed expenditures, included an analysis by class, to determine the North Dakota Veterans Home did not expend more than appropriated (N.D.C.C. 54-16-03).
- Determined the North Dakota Veterans Home used one time funding in accordance with legislative intent (2019 North Dakota Session Laws – H.B. 1007 Section 2).
- Reviewed adequacy of blanket bond coverage by comparing coverage to state bonding guidelines (N.D.C.C 26.1-21-08 & 26.1-21-10(1)).
- Reviewed payments issued for the housing stipend authorized in law to ensure payments did not exceed \$2000 each and that the payments were properly recorded as taxable wages (2019 North Dakota Session Laws – H.B. 1007 Section 3).
- Selected a sample of operating expenditures to ensure expenditures were for lawful and official purposes and properly coded and supported (N.D.C.C Chapter 44-08-05.1 (1a)).
- Selected a sample of transactions to ensure procurement requirements were followed and the individual responsible for procurement had the required level of training (N.D.C.C. 54-44.4 and N.D.A.C. Article 4-12).

- Selected a sample of purchase card expenditures to ensure they were properly supported, reviewed, approved, and coded (N.D.C.C. 44-08-5.1).
- Selected a sample of employee payroll distributions to ensure they were properly supported and approved by an appropriate individual (Human Resource Policy Manual, Fair Labor Standards Act).
- Reviewed annual equipment inventory to ensure proper preparation and verified the individual completing the annually inventory did not have record-keeping or custodial responsibilities of assets (N.D.C.C. 44-04-07).
- Reviewed annual pharmacy inventory to ensure annual completion (N.D.C.C. 44-04-07).

AUTHORITY AND STANDARDS

This biennial audit of the North Dakota Veterans Home 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, expenditure, and appropriation information was not prepared by the North Dakota Veterans Home 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 Veterans Home'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, Human Capital Management (HCM), Vision, and Speed Script are high-risk information technology systems critical to the North Dakota Veterans Home. No exceptions were noted related to these high-risk information technology systems.

Financials

Revenues and Expenditures

REVENUES AND OTHER SOURCES	JUNE 30, 2021	JUNE 30, 2020
Care and Treatment	\$ 5,308,750	\$ 5,952,572
Revenue from Federal Government	4,852,560	3,430,983
Mineral Royalties	243,966	284,694
Meals / Pharmacy Sales	82,825	86,257
Interest and Investment Earnings	1,039	1,572
Miscellaneous Revenue	17,162	24,351
Transfers In	513,623	366,000
Total Revenues and Other Sources	\$ 11,019,925	\$ 10,146,429

Source: ConnectND Financial

Continued on following page

Financials

Revenues and Expenditures

EXPENDITURES AND OTHER USES	JUNE 30, 2021	JUNE 30, 2020
Salaries and Benefits	\$ 9,553,217	\$ 9,167,114
Medical, Dental, and Optical	502,864	606,004
Utilities	478,819	519,266
Food and Clothing	443,997	395,761
Other Capital Payments	405,011	203,328
IT — Equipment, Data Processing, Services	361,471	334,243
Equipment	290,686	208,235
Professional Fees and Services	237,811	253,444
Repairs	216,684	135,267
Supplies	151,517	159,486
Bldg, Grounds, Vehicle Supply	134,261	94,493
Travel	102,375	65,670
Miscellaneous Expenditures	69,157	57,080
Total Expenditures and Other Uses	\$ 12,947,870	\$ 12,199,391

Source: ConnectND Financial

Appropriations

For the Biennium Ended June 30, 2021

EXPENSES BY LINE ITEM	FINAL APPROPRIATION	EXPENDITURES	UNEXPENDED APPROPRIATIONS
Salaries and Wages	\$ 18,952,027	\$ 17,686,541	\$ 1,265,486
Operating Expenses	5,204,433	5,121,444	82,989
Capital Assets	846,833	609,452	237,381
Construction Carryover	15,000	-	15,000
Administrator's Residence	233,450	178,525	54,925
CARES Act Funding — 2020	3,181,674	1,551,299	1,630,375
Totals	\$ 28,433,417	\$ 25,147,261	\$ 3,286,156

EXPENSES BY SOURCE	FINAL APPROPRIATION	EXPENDITURES	UNEXPENDED APPROPRIATIONS
General	\$ 5,679,324	\$ 5,678,768	\$ 556
Other	22,754,093	19,468,493	3,285,600
Totals	\$ 28,433,417	\$ 25,147,261	\$ 3,286,156

Source: ConnectND Financial



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 - ndsao.link/ebs

 YouTube - ndsao.link/f2d

 LinkedIn - ndsao.link/wsw