



NORTH DAKOTA OFFICE OF THE STATE AUDITOR

State Auditor Joshua C. Gallion

North Dakota Vision Services/ School for the Blind

For the Biennium Ended June 30, 2021

Client Code 253





WHAT WE LOOKED AT AND WHY

North Dakota state law (N.D.C.C. 54-10-01) requires that our team perform an audit once every two years. This includes a review of financial transactions and determining that expenditures are correct. Our audits report 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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KEY PERSONNEL







Lindsey Slappy
AUDIT MANAGER

Leslie Reisenauer
LEAD AUDITOR

HAVE QUESTIONS? ASK US.

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Introduction

North Dakota Vision Services/School for the Blind

February 11, 2022

We are pleased to submit this audit of the North Dakota Vision Services/School for the Blind 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 for this engagement. 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 Vision Services/School for the Blind staff for the courtesy, cooperation, and assistance they provided to us during this audit.

Respectfully submitted,

/s/

JOSHUA C. GALLION

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.

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.

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 Administrative Code (N.D.A.C.): The codification of all rules of state administrative agencies.

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

PRIMARY 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.



Audit Procedures

INTERNAL CONTROL

We obtained an understanding of internal control through inquiries, observations, and inspection of documentations 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 Comprehensive Financial Report.
- Receipts are being reconciled to individual purchase card statements.
- Individual purchase card record is completed, reviewed, and signed by the purchase card holder.
- Purchase card expenditures are reviewed and approved by appropriate individuals.
- The individual procuring purchases has the appropriate level of procurement training for the purchase.
- A reconciliation of Sage 50cloud and PeopleSoft is performed monthly, and a monthly bank reconciliation is approved by an appropriate individual.

There were no deficiencies identified.

SCOPE

North Dakota Vision Services/School for the Blind has its main office in Grand Forks and 4 outreach offices.

The following will be included in the scope of this audit:

- Grand Forks, School & Main Office
- Bismarck, Outreach Office
- Fargo, Outreach Office
- Jamestown, Outreach Office
- Minot, Outreach Office

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.
- Used 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.
- Observed the North Dakota Vision Services/School for the Blind's processes and procedures.
- Inspected documentary evidence.
- Tested compliance with appropriation laws and regulations. (2019 North Dakota Session Laws Chapter 38 (S.B. 2013, Section 1 - Subdivision 4, and Section 2)).
- Reviewed non-appropriated fund activity to ensure North Dakota Vision Services/School for the Blind had legislative approval for non-appropriated expenditures (N.D.C.C. 54-44.1-09).
- Reviewed an appropriation adjustment that was approved by the Emergency Commission for compliance with the documented intent of the adjustment (N.D.C.C. 54-16-03).

- Reviewed adequacy of blanket bond coverage by comparing coverage to state bonding guidelines (N.D.C.C. Chapter 26.1-21-08, N.D.C.C. Chapter 26.1-21-10).
- 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).
- Selected a high-risk and random sample of purchase card expenditures to ensure receipts support individual purchase card charges, purchases were reasonable and related to the function of the agency, and coding was adequate for financial reporting purposes. Also determined whether individual purchase card records were reviewed and signed by the cardholder and whether expenditures and receipts were reviewed and approved by the cardholder's supervisor (N.D.C.C. 44-08-05.1).
- Selected a high-risk and random sample of expenditures to ensure goods and services were properly procured, and that individuals responsible for procurements had an adequate level of procurement training (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 random sample to test the monthly reconciliation between ConnectND and Sage 50cloud (formerly PeachTree), which is the software used for The Store (N.D.C.C. 54-06-08).

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).

AUTHORITY AND STANDARDS

This biennial audit of the North Dakota Vision Services/School for the Blind 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



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 Vision Services/School for the Blind 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 Vision Services/School for the Blind financial statements do 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 North Dakota Vision Services/School for the Blind.

Financials

Revenues and Expenditures

REVENUES AND OTHER SOURCES	JUNE 30, 2021	JUNE 30, 2020
Land and Building Leases	\$ 181,377	\$ 181,601
Concession Sales	10,804	12,468
Admissions and Braille Services	4,564	4,221
Donations	559	7,527
Transfers In - from Common Schools	561,000	561,000
Total Revenue and Other Sources	\$ 758,304	\$ 766,817

EXPENDITURES AND OTHER USES	JUNE 30, 2021	JUNE 30, 2020
Salaries and Benefits	\$ 2,253,479	\$ 2,243,659
Repairs	229,214	109,063
Utilities	64,198	59,595
IT Equipment and Software	69,440	26,543
IT Data Processing and Communications	59,540	58,861
Travel	54,777	59,508
Office and Miscellaneous Supplies	39,526	31,400
Building, Grounds and Vehicle Supply	28,996	19,791
Operating Fees and Services	28,301	42,084
Rent	14,894	17,883
Miscellaneous Expenses	8,965	11,777
Professional Development	5,164	8,523
Total Expenditures and Other Uses	\$ 2,856,494	\$ 2,688,687

Source: ConnectND Financials

Appropriations

For the Biennium Ended June 30, 2021

	FINAL APPROPRIATION	EXPENDITURES	UNEXPENDED APPROPRIATION
Expenditures by Line Item			
Salaries and Wages	\$ 4,935,291	\$ 4,497,138	\$ 438,153
Operating Expenses	785,821	700,936	84,885
Capital Improvements	329,692	326,557	3,135
Totals	\$ 6,050,804	\$ 5,524,631	\$ 526,173

	FINAL APPROPRIATION	EXPENDITURES	UNEXPENDED APPROPRIATION
Expenditures by Source			
General	\$ 4,717,989	\$ 4,664,512	\$ 53,477
Other	1,332,815	860,119	472,696
Totals	\$ 6,050,804	\$ 5,524,631	\$ 526,173

Source: ConnectND Financials



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