



NORTH DAKOTA OFFICE OF THE STATE AUDITOR

State Auditor Joshua C. Gallion

State Historical Society

Audit Report for the Two-Year Period Ended June 30, 2022

Client Code 701





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 expenditures 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

Terms Used in Report 3

AUDIT RESULTS

Primary Objective 4

Conclusion 4

AUDIT PROCEDURES

Primary Objective 5

Authority and Standards 6

FINANCIALS

Revenues and Expenditures 7







Appropriations 9



HAVE QUESTIONS? ASK US.

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Introduction

State Historical Society

June 30, 2023

We are pleased to submit this audit of the State Historical Society for the two-year period ended June 30, 2022. 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 State Historical Society 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.

ConnectND: The accounting system for North Dakota.

Internal Control: Policies and procedures that ensure reliable financial reporting, safeguard assets, promote accountability and efficiency, and prevent fraud.

North Dakota Administrative Code (N.D.A.C.): 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 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.

Purchasing Card: The purchasing card is a credit card program administered by the Office of Management and Budget.

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 annual audit of the State of North Dakota Annual Comprehensive Financial Report.
- Selected high-risk samples of purchase card expenditures and ensured the purchase card receipts were reconciled to the statement by the cardholder and the receipts were reviewed and approved by the cardholder's supervisor.
- Reviewed the Excel file used to track donation purposes and related expenditures.
- Ensured the individuals responsible for large purchases had the appropriate level of Office of Management and Budget procurement training.
- Ensured annual performance evaluations used to determine statutorily authorized raises were tracked by an Excel file.
- Reviewed annual physical collection inventory records to ensure they are completed by an individual without access to the inventory system

There were no deficiencies identified.

SCOPE

The State Historical Society has its central office in Bismarck on the Capitol complex and 9 historic sites that collect revenue. The following sites were included in the scope of this audit:

- Central Office
- Chateau DeMores
- Fort Abercrombie
- Fort Buford/Missouri-Yellowstone Confluence Interpretive Center
- Fort Mandan
- Fort Totten
- Lewis and Clark Interpretive Center
- Pembina State Museum
- Ronald Reagan Minuteman Missile Site
- Welk Homestead State Historic Site

Locations were selected based on the level of activities (Central office has the bulk of activities).

METHODOLOGY

To meet this objective, we:

- Interviewed appropriate agency personnel.
- Observed the State Historical Society's processes and procedures.
- Analyzed financial data in ConnectND to determine areas of risk.
- Analyzed expenditures to determine the State Historical Society did not expend more than appropriated (N.D.C.C. 54-16-03, 54-44.1-11, and 54-44.1-09).
 - 2019 Session Laws Senate Bill 2018

- Reviewed non-appropriated fund activity to ensure the State Historical Society had legislative approval for non-appropriated expenditures (N.D.C.C. 54-44.1-09).
- Selected a judgmental sample of purchasing card expenditures to ensure compliance with law (N.D.C.C. 44-08-05.1) and state policies (Office of Management and Budget purchasing card manual).
- Selected a judgmental sample of expenditures to ensure expenditures were for lawful and official purposes and properly coded and supported (N.D.C.C. 44-08, 54-44.1-09, and 54-44.1-10).
- Selected a judgmental sample of Federal State Fiscal Recovery Funds to ensure the one-time funding was used for its intended purpose (2021 Session Laws House Bill 1018, Section 5 and 2021 Special Session House Bill 1505, Section 2).
- Selected a judgmental sample of Donation Funds to ensure the donation was used for the purpose prescribed by the donor (N.D.C.C. 55-01-04).
- Analyzed expenditures and selected a judgmental sample of expenditures to determine if purchases and public improvements were properly procured and bid (N.D.C.C. 48-01.2, 54-44.4, and N.D.A.C. 4-12).
- Reviewed annual performance evaluations to ensure employee compensation adjustments followed legislative guidelines (2019 Session Law Senate Bill 2015, Section 16).
- Reviewed procedures surrounding safeguarding of the collection inventory (N.D.C.C. 44-04-07).

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 issues by the Comptroller General of the United States (Green Book, GAO-14-704G).

AUTHORITY AND STANDARDS

This biennial audit of the State Historical Society 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

Financials

Revenues and Expenditures

REVENUES AND OTHER SOURCES	JUNE 30, 2022	JUNE 30, 2021
Federal	\$ 852,180	\$ 626,112
Concession Sales	735,578	484,729
Donations	297,144	113,051
Interest/Insurance Recoveries	283,307	28,000
Admission	201,502	114,813
Miscellaneous	118,249	5,719
Transfer In From Federal Funds	883,131	19,000
Other Transfers In	339,719	12,328
Total Revenue and Other Sources	\$ 3,710,810	\$ 1,403,752

Source: ConnectND Financials

Continued on the following page

Financials

Revenues and Expenditures

EXPENDITURES AND OTHER USES	JUNE 30, 2022	JUNE 30, 2021
Salaries and Benefits	\$ 7,922,007	\$ 7,270,401
Repairs	1,372,688	1,130,828
Bond Payments	591,929	589,353
IT Equipment/Data Processing/Communications	506,189	316,539
Supplies – Building/Office	457,977	459,002
Grants	240,418	348,579
Operating Fees	234,187	142,256
Utilities	223,617	140,069
Professional Fees and Services	148,485	62,515
Travel	88,760	57,801
Equipment	79,283	164,073
Insurance	48,139	73,704
Postage/Printing	45,993	15,295
Rents/Leases	16,447	14,096
Miscellaneous	65,771	53,199
Transfer to Concession Fund	3,578	-
Total Expenditures and Other Uses	\$ 12,045,468	\$ 10,837,710

Source: ConnectND Financials

Appropriations

For the Year Ended June 30, 2022

	FINAL APPROPRIATION	EXPENDITURES	UNEXPENDED APPROPRIATIONS
Expenditures by Line Item			
Salaries and Wages	\$ 15,796,188	\$ 7,372,291	\$ 8,423,897
Operating Expenses	4,573,663	1,334,086	3,239,577
Capital Assets	5,786,415	1,563,635	4,222,780
Appropriation Carryover	1,177,039	340,441	836,597
Grants	264,600	172,524	92,076
Cultural Heritage Grants	500,000	8,475	491,525
American Rescue Plan Act	1,122,450	2,630	1,119,820
Totals	\$ 29,220,355	\$ 10,794,082	\$ 18,426,273
Expenditures by Source			
General	20,592,953	9,027,502	11,565,451
Other	8,627,402	1,766,580	6,860,822
Totals	\$ 29,220,355	\$ 10,794,082	\$ 18,426,273

Source: ConnectND Financials

Appropriations

For the Biennium Ended June 30, 2021

	FINAL APPROPRIATION	EXPENDITURES	UNEXPENDED APPROPRIATIONS
Expenditures by Line Item			
Salaries and Wages	\$ 14,310,123	\$ 13,889,736	\$ 420,387
Operating Expenses	3,941,585	2,347,491	1,594,094
Capital Assets	2,385,542	2,177,588	207,954
Appropriation Carryover	659,035	659,035	-
Grants	750,000	419,209	330,791
Cultural Heritage Grants	500,000	284,377	215,623
Exhibits	372,000	133,345	238,655
CARES Act Funding - 2020	19,000	19,000	-
Totals	\$ 22,937,285	\$ 19,929,781	\$ 3,007,504
Expenditures by Source			
General	19,639,033	18,461,994	1,177,039
Other	3,298,252	1,467,787	1,830,465
Totals	\$ 22,937,285	\$ 19,929,781	\$ 3,007,504

Source: ConnectND Financials



Office of the
State Auditor


NORTH DAKOTA STATE AUDITOR
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