



# NORTH DAKOTA OFFICE OF THE STATE AUDITOR

State Auditor Joshua C. Gallion

## Minot State University

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

Client Code 241





## 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, weaknesses in internal control, 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**

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# Introduction

## **Minot State University**

July 19, 2023

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**W**e are pleased to submit this audit of Minot State University 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.

Robyn Hoffmann, CPA, was the audit manager. Inquiries or comments relating to this audit may be directed to the audit manager by calling (701) 239-7291. We wish to express our appreciation to Minot State University 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.

**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.

- Verified that expenses were properly approved.
- Verified that journal entries were properly approved.
- Verified that student scholarships and waivers were properly approved.
- Verified that wage rates for employees were properly authorized.
- Verified that pay was approved by an appropriate individual.

There were no deficiencies identified.

### SCOPE

Minot State University's sole location is its Minot campus, which was included in the audit scope.

### METHODOLOGY

To meet this objective, we:

- Interviewed appropriate agency personnel.
- Used non-statistical sampling and the results were

projected to the population. When applicable, populations were stratified to ensure that an appropriate sample was obtained.

- Inspected documentary evidence.
- Reviewed Minot State University's processes, policies, and procedures.
- Analyzed financial data in ConnectND to determine areas of risk.
- Selected a random sample of expense vouchers to ensure that expenses were properly coded, properly supported, charged to the correct fiscal year, and made for lawful and official purposes (N.D.C.C. 44-08-05.1).
- Selected a random sample of journal entries to ensure supporting documentation was valid, properly coded, and charged to the proper fiscal year.
- Selected a random sample of scholarships and waivers to ensure that the scholarship or waiver was properly coded and in compliance with the scholarship or waiver criteria (N.D.C.C. 15-10-12, 15-10-18.2, 15-10-18.3, 15-10-18.4, 15-10-18.5, 54-12-35, 37-07.1).
- Selected a random sample of tuition and fee revenues to ensure proper account coding and compliance with the approved rates.
- Selected a random sample of sales and services, auxiliary enterprises, and gift revenues to ensure proper account coding and that supporting documentation was valid.
- Judgmentally selected a sample of purchases subject to procurement rules to ensure they were properly coded and in compliance with procurement laws and procedures (N.D.C.C. 48-01.2, 54-44.4, State Board of Higher Education policy 803.1, and North Dakota University System procedure 803.1).
- Selected a random sample of salaried employee payroll to ensure earnings were properly calculated.

- Tested compliance with appropriation laws and regulations (2019 House Bill 1003, Chapter 3, Section 10 and 2021 Senate Bill 2003, Chapter 31, Section 15).

## **AUTHORITY AND STANDARDS**

This biennial audit of Minot State University 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 issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).



# Financials

## Revenues, Expenses, and Changes in Net Position

REVENUES AND OTHER ADDITIONS	JUNE 30, 2022	JUNE 30, 2021
State Appropriations	\$ 20,050,000	\$ 19,676,129
Federal Grants and Contracts	13,670,441	10,406,796
Student Tuition and Fees	15,224,217	15,685,203
Auxiliary Enterprises	3,083,901	3,037,611
State Appropriations - Capital Assets	564,951	325,541
State Grants and Contracts	2,155,683	2,159,506
Gifts	3,534,465	2,387,273
Sales and Services of Educational Departments	1,440,793	1,407,981
Endowment and Investment Income	(351,751)	732,014
Capital Grants and Gifts	27,279	359,164
Nongovernmental Grants and Contracts	331,991	299,698
Other	87,161	82,273
Gain on Disposal of Capital Assets	-	7,976
Insurance Proceeds	1,538	1,768
<b>Total Revenue and Other Additions</b>	<b>\$ 59,820,669</b>	<b>\$ 56,568,933</b>

Source: North Dakota University System Annual Financial Report

Continued on the following page

# Financials

## Revenues, Expenses, and Changes in Net Position

EXPENSES AND OTHER DEDUCTIONS	JUNE 30, 2022	JUNE 30, 2021
Salaries and Wages	\$ 37,875,349	\$ 38,322,330
Operating Expenses	12,751,741	12,474,941
HEERF Act Aid to Students	2,536,911	821,083
Depreciation	4,603,774	4,382,635
Scholarships and Fellowships	1,740,773	2,128,846
Costs of Sales and Services	-	560
Data Processing	538,527	703,517
Other Nonoperating Expenses	490,370	232,770
Interest on Capital Asset-Related Debt	453,637	850,592
Loss on Disposal of Capital Assets	11,216	-
<b>Total Expenses and Other Deductions</b>	<b>61,002,298</b>	<b>59,917,274</b>
<b>Revenue Under Expenses</b>	<b>\$ (1,181,629)</b>	<b>\$ (3,348,341)</b>

NET POSITION	JUNE 30, 2022	JUNE 30, 2021
Net Position - Beginning of the Year, as Restated	\$ 77,096,985	\$ 77,308,999
<b>Net Position - End of the Year</b>	<b>\$ 75,915,356</b>	<b>\$ 73,960,658</b>

Source: North Dakota University System Annual Financial Report

# Financials

## Changes in Fiduciary Net Position

ADDITIONS	JUNE 30, 2022	JUNE 30, 2021
Sales and Service of Educational Departments	\$ 195,020	\$ 44,254
Gifts	48,780	44,349
<b>Total Additions</b>	<b>\$ 243,800</b>	<b>\$ 88,603</b>

DEDUCTIONS	JUNE 30, 2022	JUNE 30, 2021
Operating Expenses	\$ 141,729	\$ 34,800
Salaries and Wages	103,642	60,604
<b>Total Deductions</b>	<b>245,371</b>	<b>95,404</b>
Operating Loss	(1,571)	(6,801)
<b>Decrease in Net Position</b>	<b>\$ (1,571)</b>	<b>\$ (6,801)</b>

NET POSITION	JUNE 30, 2022	JUNE 30, 2021
Net Position - Beginning of the Year, as Restated	\$ 97,971	\$ 104,772
<b>Net Position - End of the Year</b>	<b>\$ 96,400</b>	<b>\$ 97,971</b>

Source: North Dakota University System Annual Financial Report

# Appropriations

For the Biennium Ended June 30, 2021

	FINAL APPROPRIATION	EXPENSES	UNEXPENDED APPROPRIATIONS
<b>Expenses by Line Item</b>			
Operating Expenses	\$ 116,715,742	\$ 116,715,742	-
Capital Assets	1,899,620	1,639,276	260,344
Capital Asset Carryover	755,107	179,804	575,303
Capital Building Fund	1,145,602	-	1,145,602
<b>Totals</b>	<b>120,516,071</b>	<b>118,534,822</b>	<b>1,981,249</b>
<b>Expenses by Source</b>			
General	40,651,800	39,851,592	800,208
Special	77,409,832	76,228,791	1,181,041
Federal	2,454,439	2,454,439	-
<b>Totals</b>	<b>\$ 120,516,071</b>	<b>\$ 118,534,822</b>	<b>\$ 1,981,249</b>

Source: ConnectND Financials

# Appropriations

## For the Year Ended June 30, 2022

	FINAL APPROPRIATION	EXPENSES	UNEXPENDED APPROPRIATIONS
<b>Expenses by Line Item</b>			
Operating Expenses	\$ 104,154,777	\$ 73,119,187	\$ 31,035,590
Capital Assets	26,099,620	590,490	25,509,130
Capital Asset Carryover	800,209	480,056	320,153
Capital Building Fund	2,645,602	90	2,645,512
<b>Totals</b>	<b>133,700,208</b>	<b>74,189,823</b>	<b>59,510,385</b>
<b>Expenses by Source</b>			
General	42,006,839	20,545,436	21,461,403
Special	66,693,369	53,069,277	13,624,092
Federal	25,000,000	575,110	24,424,890
<b>Totals</b>	<b>\$ 133,700,208</b>	<b>\$ 74,189,823</b>	<b>\$ 59,510,385</b>

Source: ConnectND Financials



Office of the  
State Auditor


NORTH DAKOTA STATE AUDITOR  
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