



NORTH DAKOTA OFFICE OF THE STATE AUDITOR

State Auditor Joshua C. Gallion

State of North Dakota Single Audit Report

Governance Communication

For the two-year period ended June 30, 2022



Office of the
State Auditor

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March 29, 2023

Legislative Audit and Fiscal Review Committee

Honorable Doug Burgum, Governor

Members of the North Dakota Legislative Assembly

Joe Morrissette, CPA, Director
Office of Management and Budget

I am pleased to submit our report on compliance and internal control over compliance for each major federal program and report on the schedule of expenditures of federal awards for the statewide single audit of the state of North Dakota. This report relates to the audit of the state's federal awards for the two-year period ended June 30, 2022. This report has been completed in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (Government Auditing Standards); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

Enclosed you will find our governance communication. This communication is required by auditing standards.

The audit manager for this audit was Allison Bader. Inquiries or comments relating to this audit may be directed to Ms. Bader by calling her at (701) 328-1073. I would like to express my appreciation to Mr. Morrissette and his staff for the courtesy, cooperation, and assistance they provided to this office during the audit.

Respectfully submitted,

/S/

Joshua C. Gallion
North Dakota State Auditor

GOVERNANCE COMMUNICATION

Legislative Audit and Fiscal Review Committee
North Dakota Legislative Assembly

We have audited the Schedule of Expenditures of Federal Awards of the state of North Dakota for the two-year period ended June 30, 2022 and have issued our report thereon dated March 29, 2023. Professional standards require that we provide you with the following information related to our audit.

QUALITATIVE ASPECTS OF ACCOUNTING PRACTICES

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the state of North Dakota are described in Note 2 to the schedule of expenditures of federal awards. No new accounting policies were adopted and the application of existing policies was not changed during the two-year period ended June 30, 2022. We noted no transactions entered into by the State during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the Schedule of Expenditures of Federal Awards in the proper period.

DIFFICULTIES ENCOUNTERED IN PERFORMING THE AUDIT

We encountered no significant difficulties in dealing with management in performing and completing our audit.

UNCORRECTED AND CORRECTED MISSTATEMENTS

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management.

The Audit Adjustments schedule, as listed in the table of contents, lists misstatements detected as a result of audit procedures that were corrected by management.

There were no significant known or likely misstatements that were not corrected by management.

DISAGREEMENTS WITH MANAGEMENT

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

MANAGEMENT REPRESENTATIONS

We have requested certain representations from management of the agencies with Federal programs audited as major programs that are included in the management representation letters dated March 29, 2023.

MANAGEMENT CONSULTATIONS WITH OTHER INDEPENDENT ACCOUNTANTS

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the governmental unit’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

OTHER AUDIT FINDINGS OR ISSUES

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention. It should be noted that the retention of the State Auditor is a matter of state law and is not under the control of the Office of Management and Budget.

This information is intended solely for the use of Legislative Audit and Fiscal Review Committee, the Legislative Assembly, and management of the state of North Dakota and is not intended to be and should not be used by anyone other than these specified parties.

/S/

Joshua C. Gallion
North Dakota State Auditor

Bismarck, North Dakota
March 29, 2023

AUDIT ADJUSTMENTS

CORRECTED AUDIT ADJUSTMENTS – TOTAL EXPENDITURES

Errors to correct overstatement to total expenditures reported by Williston State College. Various individual program expenditures for fiscal year 2021 were incorrectly reported again in the fiscal year 2020 schedule of expenditures of federal awards.

1. University System

Year	Assistance Listing Number	Program/Cluster Title	Debit (Increase)	Credit (Decrease)
2022	Various	Various		3,950,491

CORRECTED AUDIT ADJUSTMENTS – EXPENDITURES TO SUBRECIPIENTS

Errors to correct overstatements and understatements of subrecipient expenditures. Overstatements are the result of payments to colleges and universities, individuals, vendors or beneficiaries improperly classified as payments to subrecipients. Understatements are payments to subrecipients that were otherwise omitted from subrecipient expenditures.

2. Department of Agriculture

Year	Assistance Listing Number	Program/Cluster Title	Debit (Increase)	Credit (Decrease)
2021	21.019	COVID-19 Coronavirus Relief Fund		12,746,233

3. Department of Commerce

Year	Assistance Listing Number	Program/Cluster Title	Debit (Increase)	Credit (Decrease)
2021	21.019	COVID-19 Coronavirus Relief Fund		79,514,408

4. Department of Human Services

Year	Assistance Listing Number	Program/Cluster Title	Debit (Increase)	Credit (Decrease)
2021	93.959	Block Grants for Prevention and Treatment of Substance Abuse		5,589,498
2022	21.027	COVID-19 State and Local Fiscal Recovery		24,754,486
2022	93.959	Block Grants for Prevention and Treatment of Substance Abuse		2,651,506

UNCORRECTED AUDIT ADJUSTMENTS

There were no significant known or likely misstatements that were not corrected by management.



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State Auditor

NORTH DAKOTA STATE AUDITOR
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