

NORTH DAKOTA OFFICE OF THE STATE AUDITOR

State Auditor Joshua C. Gallion

North Dakota State Seed Department

For the Two-Year Period Ended June 30, 2022

Client Code 616





WHAT WE LOOKED AT AND WHY

North Dakota state law requires that our team perform an audit once every two years. This included 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.

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HAVE QUESTIONS? ASK US.

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Introduction

North Dakota State Seed Department

May 11, 2023

We are pleased to submit this audit of the North Dakota State Seed Department 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 the 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 North Dakota State Seed Department 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

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 and 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:

- Expenditures were properly approved.
- Current hourly wage rates are properly authorized.
- Time cards are approved by the employee's immediate supervisor.
- Bank deposit was made on a timely basis.
- Receipt was reconciled to the daily deposit by someone independent of preparation.
- The monthly check to sweep funds from the Wells Fargo account into the Bank of North Dakota account was prepared based on proper support and was approved.

There were no deficiencies identified.

SCOPE

The North Dakota State Seed Department has operations in the following locations. Each location was included in the audit scope:

- The main office on North Dakota State University's campus in Fargo, ND.
- The regional office in Grafton, ND.

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 an appropriate sample was obtained.
- Observed the North Dakota State Seed Department's processes and procedures.
- Inspected documentary evidence.
- Analyzed financial data in ConnectND to determine areas of risk.
- Obtained data from the Red River Software system, a significant software system utilized by the North Dakota State Seed Department.
- Selected a random sample of receipts from the Red River Software system to ensure that the bank deposit agreed to the daily report, each receipt was properly coded, and fees charged for services were properly recorded and were in accordance with approved rates, the monthly clearing account check was prepared relying on proper support, and the check to the ND State Treasurer cleared the bank for the correct amount (N.D.C.C. 4.1-52-10(7), N.D.C.C. 54-06-08.1).

- Selected a random sample of vouchers to ensure that expenditures matched the request for payment or invoice, were properly coded, were recorded in the proper fiscal year, and were made for lawful and official purpose (N.D.C.C. 44-08-05.1).
- Selected a judgmental sample of purchases above procurement thresholds to ensure they complied with OMB procurement policies (N.D.C.C. 44-08-01, N.D.C.C. 48-01.2, OMB procurement policies).
- Selected a random sample of hourly employees' paychecks to ensure proper amounts were paid based on the time recorded for that period.

AUTHORITY AND STANDARDS

This biennial audit of the North Dakota State Seed Department 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).

Financials

Revenues and Expenditures

REVENUES AND OTHER SOURCES	JUNE 30, 2022	JUNE 30, 2021
Regulatory and Inspection Fees	\$ 3,198,593	\$ 3,231,335
Transfers In	130,000	132,810
Intergovernmental Services	85,000	85,000
Fees for Services	76,928	95,197
License, Permits, and Fees	47,906	42,628
Interest Income	6,766	14,611
Rental Income	5,720	5,720
Miscellaneous General Revenue	7,831	5,010
Total Revenue and Other Sources	\$ 3,558,744	\$ 3,612,311

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	\$ 2,506,206	\$ 2,588,407
Operating Fees and Services	267,331	68,195
Professional Fees and Services	157,454	193,739
Travel	133,679	114,642
Utilities & Insurance	104,178	97,742
Equipment & IT Equipment Over \$5,000	79,602	-
Grants, Benefits, and Claims	40,000	70,000
Lab Supplies	35,232	34,350
Supply/Material - Professional	33,598	36,485
Repairs	32,376	25,767
Professional Development	29,060	27,343
Postage	28,480	28,475
Printing	17,456	12,093
IT Communications & Data Processing	15,988	19,045
IT Contractual Services and Repairs	11,668	14,803
Office Supplies	10,777	18,469
Supplies - IT Software	8,874	5,834
Rentals/Leases-Equipment & Other	2,830	3,295
Bldg, Grounds, Vehicle Supply	2,189	3,504
Miscellaneous Supplies	881	2,201
Equipment & IT Equipment Under \$5,000	125	749
Total Expenditures and Other Uses	\$ 3,517,984	\$ 3,365,138

Source: ConnectND Financials



Office of the
State Auditor


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