



# NORTH DAKOTA OFFICE OF THE STATE AUDITOR

*State Auditor Joshua C. Gallion*

## Department of Labor and Human Rights

*Audit Report for the Biennium Ended June 30, 2023*

*Client Code 406*





## WHAT WE LOOKED AT AND WHY

North Dakota state law requires that our team perform an audit once every two to four years. This included a review of financial transactions and determining that expenses 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

## Department of Labor and Human Rights

June 25, 2024

We are pleased to submit this audit of the Department of Labor and Human Rights for the biennium ended June 30, 2023. This audit resulted from the statutory responsibility of the State Auditor to audit or review each state agency once every two to four 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.

Kevin Scherbenske, 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 Department of Labor and Human Rights 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 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 errors, internal control weaknesses, or potential violations of law 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 State of North Dakota Annual Comprehensive Financial Report.
- Annual physical inventory was taken by an individual that is not responsible for custody or record-keeping of assets.

There were no deficiencies identified.

### SCOPE

The Department of Labor and Human Rights' sole location is its Bismarck office which was included in the audit scope.

### METHODOLOGY

To meet this objective, we:

- Interviewed appropriate agency personnel.
- Observed the Department of Labor and Human Rights processes and procedures.
- Analyzed financial data in ConnectND to determine

areas of risk.

- Selected a random sample of operating expenditures to ensure expenditures were for lawful and official purposes and properly coded and supported. (N.D.C.C. 44-08-05.1, N.D.C.C. 54-44.1-09).
- Analyzed expenditures to determine the Department of Labor and Human Rights did not expend more than appropriated. (N.D.C.C. 54-16-03).
  - 2021 Session Laws House Bill 1007, Section 1.
- Analyzed accounts charged to each appropriation line to determine that expenditures were not charged to an inappropriate line to circumvent appropriation spending authority. (N.D.C.C. 54-16-03, N.D.C.C. 54-44.1-09, N.D.C.C. 54-44.1-11).
- Reviewed expenditures related to appropriation adjustments to ensure the Department of Labor and Human Rights complied with the documented intent of the adjustment. (N.D.C.C. 54-10-01.1, N.D.C.C. 54-16-03).
- Reviewed the annual physical inventory of property of sufficient value and permanence to ensure compliance with law. (N.D.C.C. 44-04-07).
- Reviewed one-time funding to determine the \$177,717 of appropriation funding was used for a Case Management System (CMS).
  - 2021 Session Laws House Bill 1007, Section 2.

### AUTHORITY AND STANDARDS

This biennial audit of the Department of Labor and Human Rights 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, 2023	JUNE 30, 2022
Revenue from Federal Government		\$ 194,500	\$ 255,580
<b>Total Revenue and Other Sources</b>		<b>\$ 194,500</b>	<b>\$ 255,580</b>

EXPENDITURES AND OTHER USES		JUNE 30, 2023	JUNE 30, 2022
Salaries and Benefits		\$ 870,627	\$ 990,741
IT Services and Communications		137,125	52,347
Legal and Professional Fees and Services		15,009	7,797
Promotional Supply		9,063	-
Rent and Insurance		5,308	5,514
Software and Equipment		4,081	894
Professional Development		3,724	1,615
Operating Expenses		3,607	5,040
Travel		1,389	345
Miscellaneous Supplies and Materials		1,073	1,144
Construction in Progress		-	2,785
<b>Total Expenditures and Other Uses</b>		<b>\$ 1,051,006</b>	<b>\$ 1,068,222</b>

Source: ConnectND Financials

# Appropriations

For the Biennium Ended June 30, 2023

	FINAL APPROPRIATION	EXPENDITURES	UNEXPENDED APPROPRIATIONS
Expenditures by Line Item			
Salaries and Wages	\$ 2,396,828	\$ 1,859,333	\$ 537,495
Operating Expenses	516,075	259,895	256,180
<b>Totals</b>	<b>\$ 2,912,903</b>	<b>\$ 2,119,228</b>	<b>\$ 793,675</b>
Expenditures by Source			
General	\$ 2,395,792	\$ 1,668,426	\$ 727,366
Other	517,111	450,802	66,309
<b>Totals</b>	<b>\$ 2,912,903</b>	<b>\$ 2,119,228</b>	<b>\$ 793,675</b>

Source: ConnectND Financials



Office of the  
State Auditor


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