



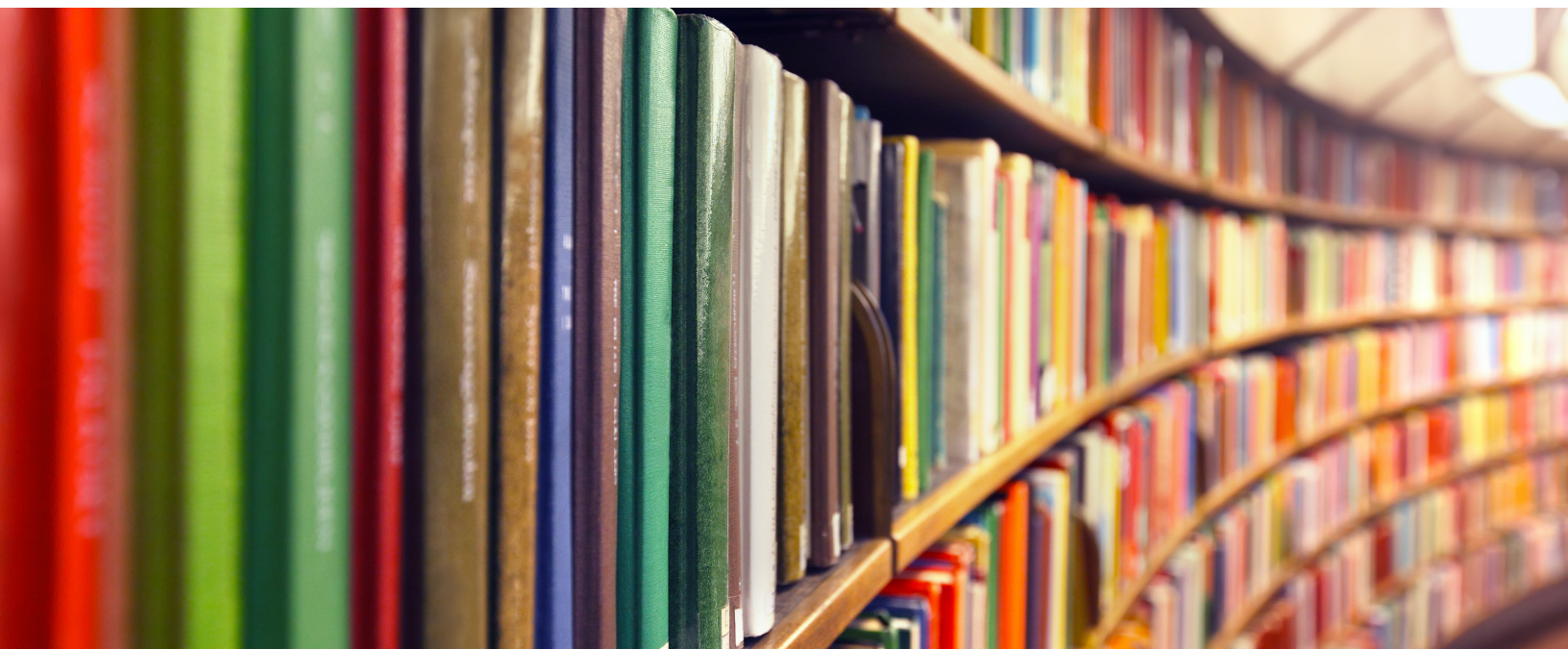
# NORTH DAKOTA OFFICE OF THE STATE AUDITOR

State Auditor Joshua C. Gallion

## North Dakota State Library

Audit Report for the Biennium Ended June 30, 2023

Client Code 250





## 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 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 . . . . . 5

## FINANCIALS

Revenues and Expenditures . . . . . 7  
Appropriations . . . . . 8



## HAVE QUESTIONS? ASK US.

**NORTH DAKOTA STATE  
AUDITOR'S OFFICE**

600 E. Boulevard Ave. Dept. 117  
Bismarck, North Dakota 58505

- 701-328-2241
- [NDSAO@nd.gov](mailto:NDSAO@nd.gov)
- [ND.gov/Auditor](http://ND.gov/Auditor)
- Facebook - [ndsao.link/ebs](https://www.facebook.com/ndsao.link/ebs)
- LinkedIn - [ndsao.link/wsw](https://www.linkedin.com/company/ndsao.link/wsw)
- YouTube - [ndsao.link/f2d](https://www.youtube.com/channel/ndsao.link/f2d)

# Introduction

## North Dakota State Library

October 3, 2023

---

We are pleased to submit this audit of the North Dakota State Library for the biennium 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 the 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 Library 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.

**Emergency Commission:** Group of elected officials that have the authority to transfer or expend money appropriated by the North Dakota Legislative Assembly. Additional information can be found in N.D.C.C. Chapter 54-16.

**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.

**North Dakota Administrative Code (N.D.A.C.):** The codification of all rules of state administrative agencies.

**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.



# 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:

- Expenditures were properly approved by the appropriate individuals.
- Spreadsheet formulas were utilized to ensure state aid grant payments to local libraries were made only to those deemed eligible.
- Spreadsheets utilized to calculate state aid were properly calculating amounts awarded to local libraries according to code.

There were no deficiencies identified.

### SCOPE

The State Library's 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 State Library's processes and procedures.
- Analyzed financial data in ConnectND to determine areas of risk.

- Non-statistical random sampling was used, and the results were projected to the population.
- Selected a random sample of expenditures to ensure expenditures were for lawful and official purposes, properly coded, and supported.
- Reviewed state aid payments to local libraries to ensure payments were made in accordance with applicable laws and legal restrictions (N.D.C.C. 54-24.2 & 67th legislature House Bill 1013 Section 17).
- Analyzed expenditures to ensure that the State Library did not spend greater than 75% of its appropriations in the first 18 months of the biennium (N.D.C.C. 54-27-10).
- Reviewed Emergency Commission requests and analyzed expenditures as well as remaining appropriation amounts to ensure funds granted by the commission were used within the intent of the granted requests (N.D.C.C. 54-10-01.1 & N.D.C.C. 54-16-03).
- Analyzed expenditures to ensure that the State Library did not overspend its appropriations authority (N.D.C.C. 54-16-03).
- Analyzed expenditures and reviewed judgmentally selected vouchers to ensure compliance with procurement laws and policies (N.D.C.C. 54-44.4, N.D.A.C. Title 4-12, and OMB State Procurement Manual Guidelines).
- Reviewed annual inventory of fixed assets to ensure they were completed in compliance with applicable laws (N.D.C.C. 44-04-07).

### AUTHORITY AND STANDARDS

This biennial audit of the North Dakota State Library 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        | \$ 2,498,682        | \$ 723,759        |
| Miscellaneous Revenue                  | 28,035              | 40,556            |
| <b>Total Revenue and Other Sources</b> | <b>\$ 2,526,717</b> | <b>\$ 764,315</b> |

| EXPENDITURES AND OTHER USES              | JUNE 30, 2023       | JUNE 30, 2022       |
|--|---------------------|---------------------|
| Salaries and Benefits                    | \$ 1,844,129        | \$ 1,783,525        |
| Resource Materials                       | 1,033,554           | 411,405             |
| Grants                                   | 1,000,824           | 965,564             |
| Equipment                                | 781,905             | 11,595              |
| Professional Fees and Services           | 214,750             | 161,200             |
| IT Data Processing and Communications    | 162,443             | 117,178             |
| Postage                                  | 72,712              | 350                 |
| Printing, Supplies, and Software         | 39,456              | 20,088              |
| Travel                                   | 34,881              | 22,714              |
| Rent and Leases                          | 21,588              | 23,026              |
| Miscellaneous Expenditures               | 38,707              | 40,424              |
| Miscellaneous Refund                     | 1,257               | 33,269              |
| <b>Total Expenditures and Other Uses</b> | <b>\$ 5,246,205</b> | <b>\$ 3,590,338</b> |

Source: ConnectND Financials

# Appropriations

For the Biennium Ended June 30, 2023

|                                  | FINAL<br>APPROPRIATION | EXPENDITURES        | UNEXPENDED<br>APPROPRIATIONS |
|----------------------------------|------------------------|---------------------|------------------------------|
| <b>Expenditures by Line Item</b> |                        |                     |                              |
| Salaries and Wages               | \$ 3,910,234           | \$ 3,627,654        | \$ 282,580                   |
| COVID-19 Salaries & Wages        | 86,669                 |                     | 86,669                       |
| Operating Expenses               | 2,060,703              | 1,848,303           | 212,400                      |
| COVID-19 Operating               | 1,580,057              | 1,394,198           | 185,859                      |
| Grants                           | 2,233,528              | 1,966,388           | 267,140                      |
| COVID-19 Grants                  | 500,000                |                     | 500,000                      |
| <b>Totals</b>                    | <b>\$ 10,371,191</b>   | <b>\$ 8,836,543</b> | <b>\$ 1,534,648</b>          |
| <b>Expenditures by Source</b>    |                        |                     |                              |
| General                          | \$ 5,839,083           | \$ 5,502,935        | \$ 336,148                   |
| Other                            | 4,532,108              | 3,333,609           | 1,198,499                    |
| <b>Totals</b>                    | <b>\$ 10,371,191</b>   | <b>\$ 8,836,543</b> | <b>\$ 1,534,648</b>          |

Source: ConnectND Financials



Office of the  
State Auditor


NORTH DAKOTA STATE AUDITOR  
JOSHUA C. GALLION


**NORTH DAKOTA STATE AUDITOR'S OFFICE**


600 E. Boulevard Ave. Dept. 117 | Bismarck, North Dakota 58505


 [ND.gov/Auditor](https://nd.gov/Auditor)

 [NDSAO@nd.gov](mailto:NDSAO@nd.gov)

 701-328-2241

 Facebook - [nd sao.link/ebs](https://nd sao.link/ebs)

 YouTube - [nd sao.link/f2d](https://nd sao.link/f2d)

 LinkedIn - [nd sao.link/wsw](https://nd sao.link/wsw)