

State Historical Society

BISMARCK, NORTH DAKOTA

Audit Report

For the Two-year Period Ended
June 30, 2016



Office of the State Auditor
Division of State Audit

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STATE OF NORTH DAKOTA
OFFICE OF THE STATE AUDITOR
STATE CAPITOL
600 E. BOULEVARD AVENUE - DEPT. 117
BISMARCK, NORTH DAKOTA 58505

Transmittal Letter

April 11, 2017

Members of the North Dakota Legislative Assembly
Members of the State Historical Board
Ms. Claudia Berg, Director

We are pleased to submit this audit of the State Historical Society for the two-year period ended June 30, 2016. 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.

In determining the contents of the audits of state agencies, the primary consideration was to determine how we could best serve the citizens of the state of North Dakota. Naturally we determined financial accountability should play an important part of these audits. Additionally, operational accountability is addressed whenever possible to increase efficiency and effectiveness of state government.

The in-charge auditor for this audit was Andrea Wike. Delan Hellman and Dina Cashman, CPA, were the staff auditors. Paul Welk, 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 Director Berg and her staff for the courtesy, cooperation, and assistance they provided to us during this audit.

Respectfully submitted,

A handwritten signature in black ink that reads "Joshua C. Gallion".

Joshua C. Gallion
State Auditor

Executive Summary

Introduction

The North Dakota Historical Society is governed by the State Historical Board. The Board consists of seven members appointed by the Governor and five statutory members. The Secretary of State, Parks and Recreation Department Director, Department of Transportation Director, Tourism Division Director of the Department of Commerce, and the State Treasurer are statutory members of the Board and shall take care that the interests of the state are protected. The Historical Society identifies, preserves, interprets, and promotes the heritage of North Dakota and its people. The Archaeology and Historic Preservation Division protects and manages cultural resources. The Museum Division collects and manages artifact collections representative of North Dakota history and culture. The Communications and Education Division produces public and educational programs and events. The State Archives Division collects, manages, and references documentary resources relating to state history and culture. Historic sites are preserved and managed by the agency.

The Legislative Audit and Fiscal Review Committee (LAFRC) requests that certain items be addressed by auditors performing audits of state agencies. Those items and the Office of the State Auditor's responses are noted below.

Responses to LAFRC Audit Questions

1. What type of opinion was issued on the financial statements?

Financial statements were not prepared by the State Historical Society in accordance with generally accepted accounting principles so an opinion is not applicable. The agency's transactions were tested and included in the state's basic financial statements on which an unmodified opinion was issued.

2. Was there compliance with statutes, laws, rules, and regulations under which the agency was created and is functioning?

Other than our finding addressing "Noncompliance with Public Improvement Laws" (page 15), the State Historical Society was in compliance with significant statutes, laws, rules, and regulations under which it was created and is functioning.

3. Was internal control adequate and functioning effectively?

Yes.

4. Were there any indications of lack of efficiency in financial operations and management of the agency?

No.

5. Has action been taken on findings and recommendations included in prior audit reports?

Yes.

6. *Was a management letter issued? If so, provide a summary below, including any recommendations and the management responses.*

Yes, a management letter was issued and is included on page 17 of this report, along with management's response.

LAFRC Audit Communications

7. *Identify any significant changes in accounting policies, any management conflicts of interest, any contingent liabilities, or any significant unusual transactions.*

There were no significant changes in accounting policies, no management conflicts of interest were noted, no contingent liabilities were identified, or significant unusual transactions.

8. *Identify any significant accounting estimates, the process used by management to formulate the accounting estimates, and the basis for the auditor's conclusions regarding the reasonableness of those estimates.*

The State Historical Society's financial statements do not include any significant accounting estimates.

9. *Identify any significant audit adjustments.*

Significant audit adjustments were not necessary.

10. *Identify any disagreements with management, whether or not resolved to the auditor's satisfaction relating to a financial accounting, reporting, or auditing matter that could be significant to the financial statements.*

None.

11. *Identify any serious difficulties encountered in performing the audit.*

None.

12. *Identify any major issues discussed with management prior to retention.*

This is not applicable for audits conducted by the Office of the State Auditor.

13. *Identify any management consultations with other accountants about auditing and accounting matters.*

None.

14. *Identify any high-risk information technology systems critical to operations based on the auditor's overall assessment of the importance of the system to the agency and its mission, or whether any exceptions identified in the six audit report questions to be addressed by the auditors are directly related to the operations of an information technology system.*

ConnectND Finance, Human Resource Management System (HRMS), and Retail Pro are high-risk information technology systems critical to the State Historical Society.

Audit Objectives, Scope, and Methodology

Audit Objectives

The objectives of this audit of the State Historical Society for the two-year period ended June 30, 2016 were to provide reliable, audited financial statements, and to answer the following questions:

1. What are the highest risk areas of the State Historical Society's operations and is internal control adequate in these areas?
2. What are the significant and high-risk areas of legislative intent applicable to the State Historical Society and are they in compliance with these laws?
3. Are there areas of the State Historical Society's operations where we can help to improve efficiency or effectiveness?

Audit Scope

This audit of the State Historical Society is for the two-year period ended June 30, 2016. We conducted our 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 the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The State Historical Society has operations in the following locations. Each location was included in the audit scope:

- The headquarters office at the Heritage Center.
- Chateau de Mores
- Fort Abercrombie
- Fort Bufford/Missouri-Yellowstone Confluence Interpretive Center
- Fort Totten
- Gingras Trading Post
- Pembina State Museum
- Ronald Reagan Minuteman Missile Site
- Welk Homestead

Audit Methodology

To meet the objectives outlined above, we:

- Prepared financial statements from the legal balances on the state's accounting system tested as part of this audit and the audit of the state's Comprehensive Annual Financial Report and developed a discussion and analysis of the financial statements.
- Performed detailed analytical procedures including computer-assisted auditing techniques. These procedures were used to identify high-risk transactions and potential problem areas for additional testing.

- Tested internal control and compliance with laws and regulations which included selecting representative samples to determine if controls were operating effectively and to determine if laws were being followed consistently. Non-statistical sampling was used and the results were projected to the population. Where applicable, populations were stratified to ensure that particular groups within a population were adequately represented in the sample, and to improve efficiency by gaining greater control on the composition of the sample.
- Interviewed appropriate agency personnel.
- Queried the ConnectND (PeopleSoft) system. Significant evidence was obtained from ConnectND.
- Observed State Historical Society's processes and procedures.

In aggregate there were no significant limitations or uncertainties related to our overall assessment of the sufficiency and appropriateness of audit evidence.

Discussion and Analysis

The accompanying financial statements have been prepared to present the State Historical Society's revenues and expenditures on the legal (budget) basis. The accompanying financial statements are not intended to be presented in accordance with generally accepted accounting principles (GAAP).

For the two-year period June 30, 2016, operations of the State Historical Society were primarily supported by appropriations from the state's general fund. This is supplemented by donations, federal funding, and fees credited to the agency's operating fund.

Financial Summary

The State Historical Society had approximately \$23 million (gross) in capital assets as of June 30, 2016. These capital assets consisted of buildings (includes the Heritage Center expansion), equipment, and land throughout the state of North Dakota.

Revenues consisted primarily of donations, federal revenue, and admission and concession sales. Other revenues during the audited period included permits, monies for copies and facility rent, and other miscellaneous revenue. The significant decrease in donations was due to the agency receiving \$2.1 million from the State Historical Society Foundation for the pledges received for the completion of the Heritage Center Expansion in fiscal year 2015. The other revenues remained fairly constant for the State Historical Society, decreasing only slightly. Total revenues and other sources were \$2,359,072 for the year ended June 30, 2016 as compared to \$4,143,614 for the year ended June 30, 2015.

Total expenditures and other uses for the State Historical Society were \$11,590,592 for the year ended June 30, 2016 as compared to \$14,645,058 for the prior year. The decrease in total expenditures for the audited period reflects primarily the Heritage Center expansion project being completed in fiscal year 2015. There was an increase in salaries and benefits with the addition of 9 full time equivalents (FTEs) in the 2015 - 2017 biennium. All other expenditures remained fairly constant.

Analysis of Significant Changes in Operations

The Historical Society began work during fiscal year 2011 on the Heritage Center Expansion project. Pursuant to House Bill 1481 of the 61st Legislative Assembly, \$51.7 million was appropriated to the Historical Society for the completion of this project. This project was completed during fiscal year 2015.

Analysis of Significant Variances - Budgeted and Actual Expenditures

The Historical Society had approximately 75% remaining appropriations over actual expenditures for the biennium ended June 30, 2015 in the Grants line item. The State Historical Society's appropriation authority exceeded what the Federal government authorized under the Historic Preservation Fund grant program.

Other Matters

The Historical Society is involved with litigation relating to the construction of the Heritage Center. The contractor is suing the State of North Dakota, through the Historical Society, for amounts in excess of \$1.8 million. A jury trial is scheduled for the Fall of 2017. Currently it is not possible to predict the outcome of the law suit.

Financial Statements

Statement of Revenues and Expenditures

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
<u>Revenues and Other Sources:</u>		
Federal Revenue	\$ 815,234	\$ 956,254
Admissions and Concessions	794,085	877,584
Donations	546,730	2,104,465
Leases, Rents, and Royalties	84,880	62,471
Copier Revenue	44,169	39,245
Permits	43,689	47,357
Miscellaneous Revenue	30,285	24,032
Transfers In		32,206
Total Revenues and Other Sources	\$ 2,359,072	\$ 4,143,614
<u>Expenditures and Other Uses:</u>		
Salaries and Benefits	\$ 6,936,399	\$ 6,149,885
Professional Services	1,531,835	2,543,307
Land and Buildings		2,455,396
Repairs	606,151	532,700
Supplies	507,689	566,069
Operating Fees and Services	416,176	444,906
Grants	295,764	333,419
IT Services	196,346	160,455
Travel	126,499	164,365
Rentals and Leases	115,135	18,053
Equipment	91,818	469,553
Miscellaneous Expenditures	71,251	111,577
Transfers Out	695,529	695,373
Total Expenditures and Other Uses	\$ 11,590,592	\$ 14,645,058

Statement of Appropriations

For the Fiscal Year Ended June 30, 2016

Expenditures by Line Item:	<u>Original Appropriation</u>	<u>Adjustments</u>	<u>Final Appropriation</u>	<u>Expenditures</u>	<u>Unexpended Appropriation</u>
Salaries and Benefits	\$ 13,812,287	\$ 9,228	\$ 13,821,515	\$ 6,489,957	\$ 7,331,558
Operating Expenses	4,341,624	5,772	4,347,396	1,218,295	3,129,101
Capital Improvements	4,389,544		4,389,544	1,348,865	3,040,679
Construction Carryover		369,053	369,053	315,404	53,649
Double Ditch Historic Site	3,500,000		3,500,000	548,167	2,951,833
Project Pool	900,000		900,000	137,492	762,508
Cultural Heritage Grants	298,007		298,007	162,272	135,735
Veterans' Oral Historic Project	251,000		251,000	53,416	197,584
Totals	<u>\$ 27,492,462</u>	<u>\$ 384,053</u>	<u>\$ 27,876,515</u>	<u>\$ 10,273,868</u>	<u>\$ 17,602,647</u>
Expenditures by Source:					
General Fund	\$ 20,717,561	\$ 384,053	\$ 21,101,614	\$ 9,420,649	\$ 11,680,965
Other Funds	6,774,901		6,774,901	853,219	5,921,682
Totals	<u>\$ 27,492,462</u>	<u>\$ 384,053</u>	<u>\$ 27,876,515</u>	<u>\$ 10,273,868</u>	<u>\$ 17,602,647</u>

Appropriation Adjustments:

The increase of \$9,228 in the Salaries and Benefits line item and \$5,772 in the Operating Expenses line item was approved by the Emergency Commission for state agency energy development impact funding pool appropriation as authorized by Senate Bill 2015, section 5 of the 2015 Session Laws. The transfer from the Office of Management and Budget to the State Historical Society was for employee housing rental assistance for employees affected by energy development, specifically for the site supervisors at Fort Buford/Missouri-Yellowstone Confluence Interpretive Center and the Chateau de Mores.

The \$369,053 increase in the Construction Carryover line item was authorized by section 54-44.1-11 of the North Dakota Century Code that allows the State Historical Society to carry forward unexpended appropriations from one biennium to the next. The purpose of this carryover was for historic site repairs and exhibits.

Expenditures Without Appropriations of Specific Amounts:

State Historical Revolving Fund has a continuing appropriation authorized by North Dakota Century Code section 55-03-04 (\$23,818 of expenditures for this fiscal year).

Insurance Recoveries Property Fund has a continuing appropriation authorized by North Dakota Century Code section 54-44.1-09.1 (\$3,565 of expenditures for this fiscal year).

Historical Society Gift and Bequest Fund has a continuing appropriation authorized by North Dakota Century Code section 55-01-04 (\$408,034 of expenditures for this fiscal year).

Concession fund has a continuing appropriation authorized by North Dakota Century Code section 55-02-04 (\$881,307 of expenditures for this fiscal year).

Statement of Appropriations

For the Biennium Ended June 30, 2015

Expenditures by Line Item:	<u>Original Appropriation</u>	<u>Adjustments</u>	<u>Final Appropriation</u>	<u>Expenditures</u>	<u>Unexpended Appropriation</u>
Salaries and Benefits	\$ 11,517,710	\$ 87,892	\$ 11,605,602	\$ 11,087,408	\$ 518,194
Accrued Leave Payments	211,332		211,332	49,423	161,909
Operating Expenses	2,766,016	62,381	2,828,397	2,690,135	138,262
Capital Assets Construction	1,749,725		1,749,725	1,622,378	127,347
Carryover		146,466	146,466	146,466	
Heritage Center Carryover		5,492,213	5,492,213	5,492,213	
Project Pool	950,000		950,000	869,018	80,982
Grants	1,000,000		1,000,000	257,184	742,816
Cultural Heritage Grants	504,500		504,500	449,905	54,595
Yellow-Missouri-Ft Union	4,492		4,492		4,492
Totals	<u>\$ 18,703,775</u>	<u>\$ 5,788,952</u>	<u>\$ 24,492,727</u>	<u>\$ 22,664,130</u>	<u>\$ 1,828,597</u>
Expenditures by Source:					
General Fund	\$ 15,481,811	\$ 5,788,952	\$ 21,270,763	\$ 20,881,710	\$ 389,053
Other Funds	3,221,964		3,221,964	1,782,420	1,439,544
Totals	<u>\$ 18,703,775</u>	<u>\$ 5,788,952</u>	<u>\$ 24,492,727</u>	<u>\$ 22,664,130</u>	<u>\$ 1,828,597</u>

Appropriation Adjustments:

The \$87,892 increase in the Salaries and Benefits line item consists of the following adjustments:

- \$38,500 – Approved by the Emergency Commission for state agency energy development impact funding pool appropriation as authorized by House Bill 1015, section 6 of the 2013 Session Laws. The transfer from the Office of Management and Budget to the State Historical Society was for temporary salary increases for employees affected by energy development, specifically for the site supervisors at Fort Bufford/Missouri-Yellowstone Confluence Interpretive Center and the Chateau de Mores.
- \$49,392 – House Bill 1015, section 11 of the 2013 Session Laws for general fund appropriation transferred from the Office of Management and Budget to provide internships in the State Archives division of the State Historical Society.

The \$62,381 increase in the Operating Expenses line item consists of the following adjustments:

- \$12,381 – Approved by the Emergency Commission for state agency energy development impact funding pool appropriation as authorized by House Bill 1015, section

6 of the 2013 Session Laws. The transfer from the Office of Management and Budget to the State Historical Society was for employee housing rental assistance for employees affected by energy development, specifically for the site supervisors at Fort Bufford/Missouri-Yellowstone Confluence Interpretive Center and the Chateau de Mores.

- \$50,000 – Authorized by section 54-44.1-11 of the North Dakota Century Code that allows the State Historical Society to carry forward unexpended appropriations from one biennium to the next. The purpose of this carryover was for the state's 125th centennial celebration.

The \$146,466 increase in the Construction Carryover line item was authorized by section 54-44.1-11 of the North Dakota Century Code that allows the State Historical Society to carry forward unexpended appropriations from one biennium to the next. The purpose of this carryover was for equipment, building repairs, and exhibits.

The \$5,492,213 increase in the Heritage Center Carryover line item was authorized by section 54-44.1-11 of the North Dakota Century Code that allows the State Historical Society to carry forward unexpended appropriations from one biennium to the next. The purpose of this carryover was for the Heritage Center expansion program.

Expenditures Without Appropriations of Specific Amounts:

State Historical Revolving Fund has a continuing appropriation authorized by North Dakota Century Code section 55-03-04 (\$113,303 of expenditures for this biennium).

Insurance Recoveries Property Fund has a continuing appropriation authorized by North Dakota Century Code section 54-44.1-09.1 (\$15,175 of expenditures for this biennium).

Historical Society Gift and Bequest Fund has a continuing appropriation authorized by North Dakota Century Code section 55-01-04 (\$6,495,218 of expenditures for this biennium).

Concession fund has a continuing appropriation authorized by North Dakota Century Code section 55-02-04 (\$1,449,834 of expenditures for this biennium).

Internal Control

In our audit for the two-year period ended June 30, 2016, we identified the following areas of the State Historical Society's internal control as being the highest risk:

Internal Controls Subjected to Testing:

- Controls surrounding the processing of revenues collected for admissions, concessions, and donations at the historical sites that collect revenue.
- Controls surrounding the Museum Store operations, which includes the purchase, maintenance, and sales of inventory.
- Controls effecting the safeguarding of assets.
- Controls surrounding the Heritage Center expansion.
- Controls relating to compliance with legislative intent
- Controls surrounding the ConnectND (PeopleSoft) system.

The criteria used to evaluate internal control is 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). Agency management must establish and maintain effective internal control in accordance with policy of the Office of Management and Budget (OMB Policy 216) and, for programs receiving Federal funds, the Code of Federal Regulation as set forth by the Federal Government (2 CFR 200.303).

We gained an understanding of internal control surrounding these areas and concluded as to the adequacy of their design. We also tested the operating effectiveness of those controls we considered necessary based on our assessment of audit risk. We concluded internal control was adequate.

Auditors are required to report deficiencies in internal control that are significant within the context of the objectives of the audit. A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect: (1) misstatements in financial or performance information; (2) violations of laws and regulations; or (3) impairments of effectiveness or efficiency of operations, on a timely basis. Considering both qualitative and quantitative factors, we did not identify any significant deficiencies in internal control. However, we noted other matters involving internal control that we have reported to management of the State Historical Society in a management letter dated April 11, 2017.

Compliance with Legislative Intent

In our audit for the two-year period ended June 30, 2016, we identified and tested State Historical Society's compliance with legislative intent for the following areas we determined to be significant and of higher risk of noncompliance:

- Compliance with House Bill 1481, section 1 of the 2009 Session Laws. \$39,700,000 appropriated from general fund and \$12,000,000 appropriated from federal or special funds to be raised by the State Historical Society for the purpose of a Heritage Center addition. North Dakota Century Code section 54-44.1-11 allows the State Historical Society to carryover unexpended appropriations.
- Compliance with Senate Bill 2018, sections 5 – 7 of the 2015 Session Laws. \$250,000 appropriated from general fund and \$2,000,000 from the state disaster relief fund for Double Ditch historic site repairs. Authorization to obtain a loan from the Bank of North Dakota not to exceed \$1,250,000, which is appropriated for the Double Ditch historic site repairs. A contingency to obtain assistance to contract with the adjutant general.
- Compliance with Senate Bill 2018, section 8 of the 2015 Session Laws. \$25,000 from general fund and \$50,000 from other funds for the Whitestone Hill native memorial.
- Final payments were not made on the Heritage Center addition prior to the approval of the architect or engineer; completion of all work; acceptance of the project by the governing body; and the provision of necessary releases, as applicable in accordance with North Dakota Century Code 48-01.2-13.
- Proper procurement procedures followed for public improvements greater than \$100,000 in accordance with North Dakota Century Code 48-01.2-02.
- Proper authorization of expenditures without appropriations of specific amounts:
 - Historical Society Gift and Bequest Fund (NDCC 55-01-04)
 - Concession Fund (NDCC 55-02-04)
 - State Historical Revolving Fund (NDCC 55-03-04)
- Compliance with appropriations (2013 North Dakota Session Laws chapter 18 and 2015 North Dakota Session Laws chapter 52).
- Compliance with OMB's Purchasing Procedures Manual.
- Expenditures without appropriations were authorized.
- Proper use of outside bank accounts.
- Proper use of the Bank of North Dakota as a depository for credit card revenue in accordance with NDCC 54-06-08.2.
- Adequate blanket bond coverage of employees (NDCC section 26.1-21-08).
- Compliance with payroll-related laws including statutory salaries for applicable elected and appointed positions, and certification of payroll.

The criteria used to evaluate legislative intent are the laws as published in the *North Dakota Century Code* and the *North Dakota Session Laws*.

Government Auditing Standards requires auditors to report all instances of fraud and illegal acts unless they are inconsequential within the context of the audit objectives. Further, auditors are

required to report significant violations of provisions of contracts or grant agreements, and significant abuse that has occurred or is likely to have occurred.

The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards*. The finding is described below. Other than this finding, we concluded there was compliance with the legislative intent identified above. We also noted an inconsequential instance of noncompliance that we have reported to management of the State Historical Society in a management letter dated April 11, 2017.

Noncompliance with Public Improvement Laws (Finding 16-1)

Condition:

The State Historical Society did not properly bid public improvement projects in accordance with North Dakota Century Code (NDCC) section 48-01.2-02.1. The amount spent on the public improvements to the Stutsman County Courthouse (\$450,189) and Fort Totten (\$220,240) exceeded the \$100,000 threshold requiring the projects to be bid.

Criteria:

North Dakota Century Code 48-01.2-02.1 states, "The threshold for bidding construction of a public improvement is one hundred thousand dollars. The threshold for procuring plans, drawings, and specifications from an architect or engineer for construction of a public improvement is one hundred fifty thousand dollars."

Cause:

The State Historical Society entered into multiple individual contracts, which were each under the \$100,000 threshold. However, the total of each public improvement project exceeded the NDCC requirement for bidding.

Effect or Potential Effect:

If public improvement requirements are not followed, a contractor may not receive a competitive opportunity for the service or the state may not receive the best pricing option available.

Recommendation:

We recommend the State Historical Society ensure compliance with bidding thresholds for public improvements in accordance with North Dakota Century Code, section 48-01.2-02.1.

State Historical Society Response:

The State Historical Society of North Dakota agrees with the finding. As suggested by the State Auditor's Office, we will work with the Office of Management and Budget to ensure compliance with North Dakota Century Code, section 48-01.2-02.1.

Operations

This audit did not identify areas of State Historical Society's operations where we determined it was practical at this time to help to improve efficiency or effectiveness.

Management Letter (Informal Recommendations)

April 11, 2017

Ms. Claudia Berg, Director
State Historical Society
612 E Boulevard Avenue
Bismarck, ND 58505

Dear Ms. Berg:

We have performed an audit of the State Historical Society for the two-year period ended June 30, 2016, and have issued a report thereon. As part of our audit, we gained an understanding of the State Historical Society's internal control structure to the extent we considered necessary to achieve our audit objectives. We also performed tests of compliance as described in the same report.

Our audit procedures are designed primarily to enable us to report on our objectives including those related to internal control and compliance with laws and regulations and may not bring to light all weaknesses in systems and procedures, or noncompliance with laws and regulations which may exist. We aim, however, to use our knowledge of your organization gained during our audit to make comments and suggestions which we hope will be useful to you.

In connection with the audit, gaining an understanding of the internal control structure, and tests of compliance with laws and regulations referred to above, we noted certain conditions we did not consider reportable within the context of your audit report. These conditions relate to areas of general business practice or control issues that have no significant bearing on the administration of federal funds. We do, however, want to present our recommendations to you for your consideration and whatever follow-up action you consider appropriate. During the next audit we will determine if these recommendations have been implemented, and if not, we will reconsider their status.

The following present our informal recommendations.

REVENUE

Informal Recommendation 16-1: We recommend the Historical Society ensure independent individuals are performing a reconciliation of the daily cash register sales on the Retail Pro System to cash and credit card receipts.

EXPENDITURES

Informal Recommendation 16-2: We recommend the State Historical Society properly code expenditure transactions.

LEGISLATIVE INTENT

Informal Recommendation 16-3: We recommend the Historical Society ensure compliance with Office of Management and Budget state procurement policies.

Management of the State Historical Society agreed with these recommendations.

I encourage you to call me or an audit manager at 328-2241 if you have any questions about the implementation of recommendations included in your audit report or this letter.

Sincerely,

Andrea Wike

Andrea Wike
Auditor in-charge

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Division of State Audit

Office of the State Auditor
600 East Boulevard Avenue – Department 117
Bismarck, ND 58505-0060

(701) 328-2241