



LEGISLATIVE AUDIT AND FISCAL REVIEW COMMITTEE

Wednesday, December 8, 2021
Room 327B, State Capitol
Bismarck, North Dakota

Senator Jerry Klein, Chairman, called the meeting to order at 9:30 a.m.

Members present: Senators Jerry Klein, David A. Clemens, Joan Heckaman, Jordan Kannianen, Judy Lee; Representatives Mary Adams, Cole Christensen, Keith Kempenich, Gary Kreidt, Scott Louser, Jeffery J. Magrum, Mike Nathe, Emily O'Brien

Members absent: Representatives Mary Johnson, Jim Schmidt, Wayne A. Trottier

Others present: See [appendix](#)

It was moved by Representative Kempenich, seconded by Representative Nathe, and carried on a voice vote that the minutes of the August 19, 2021, meeting be approved as distributed.

At the request of Chairman Klein, Mr. Chris J. Kadrmaz, Senior Fiscal Analyst, Legislative Council, provided audit summaries entitled [Summary of Major Items in Audit Reports to be Presented at the December 8, 2021, Meeting](#).

AUDITS OF STATE AGENCIES, BOARDS, AND COMMISSIONS

Representatives of the State Auditor's office presented the following audit reports:

- [Minot State University Audit Report for the Two-Year Period Ended June 30, 2020](#);
- [University of North Dakota Audit Report for the Two-Year Period Ended June 30, 2020](#);
- [Dakota College at Bottineau Audit Report for the Two-Year Period Ended June 30, 2020](#);
- [North Dakota University System office Audit Report for the Two-Year Period Ended June 30, 2020](#);
- [Adjutant General Audit Report for the Two-Year Period Ended June 30, 2020](#);
- [Highway Patrol Audit Report for the Two-Year Period Ended June 30, 2020](#);
- [Mill and Elevator Association Audit Report for the Two-Year Period Ended June 30, 2021](#); and
- [Public Service Commission Audit Report for the Two-Year Period Ended June 30, 2021](#).

Chairman Klein called on Ms. Mindy Piatz, Brady, Martz & Associates, PC, Certified Public Accountants, who presented the following reports:

- [North Dakota Building Authority, North Dakota Audited Financial Statements for the Years Ended June 30, 2021 and 2020](#);
- [Housing Incentive Fund, North Dakota Audited Financial Statements for the Years Ended June 30, 2021 and 2020](#);
- [Housing Finance Agency, North Dakota Audited Financial Statements for the Years Ending June 30, 2021 and 2020](#); and
- [North Dakota Public Finance Authority, North Dakota Audited Financial Statements for the Years Ending December 31, 2020 and 2019](#).

Chairman Klein called on Ms. Barb Aasen, Eide Bailly LLP, Certified Public Accountants, who presented the following audit reports:

- [Financial Statements June 30, 2021 and 2020 Small Employer Loan Fund \(SELF\);](#)
- [Financial Statements June 30, 2021 and 2020 North Dakota Student Loan Trust;](#)
- [Financial Statements June 30, 2021 and 2020 COVID-19 Partnership in Assisting Community Expansion \(PACE\) Loan Program;](#)
- [Financial Statements June 30, 2021 and 2020 Ag PACE Fund;](#)
- [Financial Statements June 30, 2021 and 2020 Rebuilders Loan Program;](#)
- [Financial Statements June 30, 2021 and 2020 Medical Facility Infrastructure Loan Fund;](#)
- [Financial Statements June 30, 2021 and 2020 Infrastructure Revolving Loan Fund;](#)
- [Financial Statements June 30, 2021 and 2020 Addiction Counselor Internship Loan Program;](#)
- [Financial Statements June 30, 2021 and 2020 North Dakota Department of Trust Lands;](#)
- [Financial Statements September 30, 2020 North Dakota State Fair Association;](#)
- [Financial Statements June 30, 2021 and 2020 Workforce Safety & Insurance;](#)
- [Financial Statements June 30, 2021 and 2020 North Dakota Legislative Assembly;](#) and
- [Financial Statements June 30, 2021 and 2020 North Dakota Legislative Council.](#)

It was moved by Representative Magrum, seconded by Representative Christensen, and carried on a roll call vote that, pursuant to North Dakota Century Code Section 54-35-02.2, the committee accept the following reports reviewed by the committee at its December 8, 2021, meeting:

1. Minot State University (June 30, 2019 and 2020)
2. University of North Dakota (June 30, 2019 and 2020)
3. Dakota College at Bottineau (June 30, 2019 and 2020)
4. North Dakota University System office (June 30, 2019 and 2020)
5. Adjutant General (June 30, 2019 and 2020)
6. Highway Patrol (June 30, 2019 and 2020)
7. Mill and Elevator Association (June 30, 2020 and 2021)
8. Public Service Commission (June 30, 2020 and 2021)
9. North Dakota Building Authority (June 30, 2020 and 2021)
10. Housing incentive fund (June 30, 2020 and 2021)
11. Housing Finance Agency (June 30, 2020 and 2021)
12. North Dakota Public Finance Authority (December 31, 2019 and 2020)
13. Small employer loan fund (SELF) (June 30, 2020 and 2021)
14. Student loan trust fund (June 30, 2020 and 2021)
15. COVID-19 partnership in assisting community expansion (PACE) loan program (June 30, 2020 and 2021)
16. Ag PACE fund (June 30, 2020 and 2021)
17. Rebuilders loan program (June 30, 2020 and 2021)
18. Medical facility infrastructure loan fund (June 30, 2020 and 2021)
19. Infrastructure revolving loan fund (June 30, 2020 and 2021)
20. Addiction counselor internship loan program (June 30, 2020 and 2021)
21. Department of Trust Lands (June 30, 2020 and 2021)
22. North Dakota State Fair Association (September 30, 2020)

23. Workforce Safety and Insurance (June 30, 2020 and 2021)
24. Legislative Assembly (June 30, 2020 and 2021)
25. Legislative Council (June 30, 2020 and 2021)
26. State Historical Society of North Dakota Foundation (June 30, 2021)
27. North Dakota Beef Commission (June 30, 2020 and 2021)
28. North Dakota Soybean Council (June 30, 2020 and 2021)

Senators Klein, Clemens, Heckaman, Kannianen, and Lee and Representatives Adams, Christensen, Kempenich, Kreidt, Louser, Magrum, Nathe, and O'Brien voted "aye." No negative votes were cast.

CONTENTS OF AUDIT REPORTS

Mr. Dan Cox, Quality Control Manager, State Auditor's office, explained to the committee that when the audit questions and communications were implemented, the majority of audits were financial audits and now that the audits are primarily performance audits those audit questions are not relevant.

Ms. Piatz recommended question six, regarding the issuance of a management letter, be removed on the basis that management letters are issued as required by auditing standards. She recommended question eight, regarding the identification of any high-risk information technology systems, only be included if necessary as it is not relevant for most audits.

Ms. Aasen recommended an executive summary of audits be considered in place of the 14 questions currently required by the Legislative Audit and Fiscal Review Committee, which could include a schedule of findings. She suggested the State Auditor provide a compliance guide similar to the guide developed by the Minnesota State Auditor's office for auditors to use when conducting audits of state and local government entities.

Mr. Cox indicated the State Auditor's office is developing compliance guides for audits as suggested by Ms. Aasen.

No further business appearing, Chairman Klein adjourned the meeting at 11:55 a.m.

Chris J. Kadrmas
Senior Fiscal Analyst

Allen H. Knudson
Legislative Budget Analyst and Auditor

ATTACH:1