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## LEGISLATIVE AUDIT AND FISCAL REVIEW COMMITTEE

Thursday, March 31, 2022  
Roughrider Room, State Capitol  
Bismarck, North Dakota

Senator Jerry Klein, Chairman, called the meeting to order at 9:33 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, Jim Schmidt

**Members absent:** Representatives Mary Johnson, Wayne A. Trottier

**Others present:** Representative Kim Koppelman, West Fargo, member of the Legislative Management  
See [Appendix A](#) for additional persons present.

**It was moved by Representative Nathe, seconded by Representative Kempenich, and carried on a voice vote that the minutes of the December 8, 2021, meeting be approved as distributed.**

Mr. Chris J. Kadrmaz, Senior Fiscal Analyst, Legislative Council, distributed audit summaries entitled [Summary of Major Items in Audit Reports to be Presented at the March 31, 2022, Meeting](#).

### AUDITS OF STATE AGENCIES, BOARDS, AND COMMISSIONS

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

- [North Dakota School for the Deaf Audit Report for the Two-Year Period Ended June 30, 2021](#);
- [Aeronautics Commission Audit Report for the Two-Year Period Ended June 30, 2021](#);
- [Office of the Attorney General Audit Report for the Two-Year Period Ended June 30, 2020](#);
- [Ethics Commission Audit Report for the Two-Year Period Ended June 30, 2021](#); and
- [Department of Environmental Quality Audit Report for the Two-Year Period Ended June 30, 2021](#).

### UNIVERSITY SYSTEM INTERNAL CONTROL AND COMPLIANCE REPORT

Mr. Dan Cox, Quality Assurance Manager, State Auditor's office, presented a report entitled [North Dakota University System Governance Communication Including the Report on Internal Control, Compliance, and Other Matters](#).

### UNIVERSITY SYSTEM ANNUAL FINANCIAL REPORT

Ms. Robin Putnam, Director of Financial Reporting, North Dakota University System, presented a report entitled [Annual Financial Report for the University System for the Fiscal Year Ended June 30, 2021](#).

### ANNUAL COMPREHENSIVE FINANCIAL REPORT INTERNAL CONTROL AND COMPLIANCE REPORT

Mr. Cox presented a report entitled [Annual Comprehensive Financial Report State of North Dakota Governance Communication Including the Report on Internal Control, Compliance, and Other Matters for the Year Ended June 30, 2021](#).

## ANNUAL COMPREHENSIVE FINANCIAL REPORT

Ms. Crystal Hoggarth, Accounting Manager, Office of Management and Budget, presented a summary ([Appendix B](#)) of a report entitled [State of North Dakota Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2021](#).

### AUDITS OF STATE AGENCIES, BOARDS, AND COMMISSIONS

Mr. Paul Niedermuller, CliftonLarsonAllen LLP, Certified Public Accountants, presented the following reports:

- [North Dakota Retirement and Investment Office Bismarck, Financial Statements for the Years Ended June 30, 2021 and 2020](#);
- [North Dakota Retirement and Investment Office - North Dakota Teachers' Fund for Retirement for the Year Ended June 30, 2021](#);
- [North Dakota Public Employees Retirement System, Financial Statements for the Years Ended June 30, 2021 and 2020](#);
- [North Dakota Public Employees Retirement System, Schedules of Employer Allocations and OPEB Amounts by Employer for the Year Ended June 30, 2021](#); and
- [North Dakota Public Employees Retirement System, Schedules of Employer Allocations and Pension Amounts by Employer for the Year Ended June 30, 2021](#).

Mr. Jared Mack, Eide Bailly LLP, Certified Public Accountants, presented a report entitled [Office of the State Auditor Audit Report for the Two-Year Period Ended June 30, 2021](#).

Mr. Joshua C. Gallion, State Auditor, presented information regarding the federal Do Not Pay Program. He notified the committee of his office's intent to utilize the program.

Committee members expressed concern regarding recent increases in the cost of audits.

Chairman Klein requested the State Auditor's office to provide information on the cost of audits to the committee at the next committee meeting.

Mr. Allen Knudson, Legislative Budget Analyst and Auditor, Legislative Council, reviewed a memorandum entitled [Audit Report Communications and Contents](#).

Chairman Klein requested the State Auditor's office to provide options for presenting information on assets and liabilities in operational audit reports at the next committee meeting.

A committee member expressed concern regarding the variance in auditing standards and lack of audits for water boards.

Mr. Cox noted the State Auditor's office is identifying political subdivisions required to have an audit, reviewing the current audit status, and plans to follow up with the political subdivisions that have not submitted an audit report.

### COMMITTEE DISCUSSION AND STAFF DIRECTIVES

It was moved by Representative O'Brien, seconded by Representative Adams, 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 March 31, 2022, meeting:

1. North Dakota School for the Deaf (June 30, 2020 and 2021)
2. Aeronautics Commission (June 30, 2020 and 2021)
3. Attorney General's office (June 30, 2019 and 2020)
4. Ethics Commission (June 30, 2020 and 2021)
5. Department of Environmental Quality (June 30, 2020 and 2021)
6. North Dakota University System (June 30, 2020 and 2021)
7. North Dakota Annual Comprehensive Financial Report (June 30, 2021)
8. Retirement and Investment Office (June 30, 2020 and 2021)

9. Retirement and Investment Office - Teachers' Fund for Retirement (June 30, 2021)
10. Public Employees Retirement System (June 30, 2020 and 2021)
11. Public Employees Retirement System - Schedules of Employer Allocations and OPEB Amounts by Employer (June 30, 2021)
12. Public Employees Retirement System - Schedules of Employer Allocations and Pension Amounts by Employer (June 30, 2021)
13. State Auditor's office (June 30, 2020 and 2021)

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

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

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Chris J. Kadrmas  
Senior Fiscal Analyst

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Allen H. Knudson  
Legislative Budget Analyst and Auditor

ATTACH:2