



LEGISLATIVE AUDIT AND FISCAL REVIEW COMMITTEE

Thursday, January 9, 2025
Roughrider Room, State Capitol
Bismarck, North Dakota

Representative Emily O'Brien, Chairman, called the meeting to order at 3:33 p.m.

Members present: Representatives Emily O'Brien, Bert Anderson, Dan Ruby, Mike Nathe, Scott Wagner, Austen Schauer; Senators Josh Boschee, David A. Clemens, Jerry Klein, Judy Lee, Jeffery J. Magrum, Scott Meyer

Members absent: Representatives Dick Anderson, Scott Louser

Others present: Rhonda Allery, Kirsten Hansen, Jessica Thomasson, and Eduardo Yabut, Department of Health and Human Services; Joshua C. Gallion, State Auditor; W. Charles Johnson Jr. And Chris Ricchiuto, Forvis Mazars LLP.

It was moved by Senator Boschee and seconded by Representative Wagner that the minutes of the December 3, 2024, meeting be approved with a change to reflect the motion made by Senator Clemens, if approved, would have directed the committee to send a letter of reprimand to the Department of Health and Human Services regarding delayed responses to suspected child abuse cases. The motion to approve the minutes as amended passed on a roll call vote. Representatives O'Brien, B. Anderson, Nathe, and Wagner and Senators Boschee, Clemens, Klein, Lee, Magrum, and Meyer voted "aye." No negative votes were cast.

PERFORMANCE REVIEW OF THE STATE AUDITOR'S OFFICE

Chairman O'Brien called on Mr. Chris Ricchiuto, Partner, Forvis Mazars LLP, who discussed the performance review of the State Auditor's office, as contracted by the Legislative Management. He noted the performance review included an evaluation of operations for fiscal years 2020 through 2023 and included limited assessments of workpapers and invoicing documentation for fiscal year 2024.

Chairman O'Brien called on Mr. W. Charles Johnson Jr., Director, Forvis Mazars LLP, who presented ([Appendix A](#)) the [Performance Review of North Dakota State Auditor's Office](#). He noted:

- Current processes and documentation demonstrate compliance with required standards, including annual quality control system reviews and quality assurance reviews of completed audits.
- The hours to complete audits were determined to be reasonable and audit engagement monitoring and oversight mechanisms are in place.
- Prior to January 2024, invoices lacked detailed itemization of hours worked, staff rates, and services rendered; however, the State Auditor's office charged appropriate fees on all audits sampled. In addition, no formal processes existed for cost proposals or change orders. Beginning in January 2024, the Auditor's office changed invoicing processes to incorporate these missing details and procedures were implemented to provide clients with cost proposals, change orders, estimated maximum audit costs, and itemized invoices. The performance review recommends the State Auditor's office continue providing detailed audit cost proposals, itemized invoices, and change orders.
- In June 2024, the State Auditor's office ceased charging for Independent Public Accountant (IPA) reviews. If charges for IPA reviews resume, the performance review recommends cost proposals and itemized invoices be provided.

- A stakeholder survey completed by 105 respondents indicated opportunities for improvement regarding communications throughout the audit process, invoicing practices, timeliness of audit completion, and assistance with form completion.

In response to a question from a committee member, Mr. Johnson noted the audit did not identify any instances of improper billing by the State Auditor's office, and in the sample of audits tested, the amounts billed were substantiated by costs incurred.

It was moved by Senator Magrum that the Legislative Audit and Fiscal Review Committee meet at later date to consider acceptance of the performance review of the State Auditor's office, citing insufficient time to review the report. The motion failed for lack of a second.

Chairman O'Brien called on Mr. Josh Gallion, State Auditor, who noted the State Auditor's office will continue to provide detailed audit cost proposals and invoices outlining services and costs, including written communication when additional services and associated costs are necessary.

It was moved Representative Wagner, Seconded by Representative B. Anderson, and carried on a roll call vote that, pursuant to Section 54-35-02.2, the committee accept the performance review of the State Auditor's office. Representatives O'Brien, B. Anderson, Ruby, Schauer, and Wagner and Senators Boschee, Clemens, Klein, Lee, and Meyer voted "aye." Senator Magrum voted "nay."

DEPARTMENT OF HEALTH AND HUMAN SERVICES RESPONSE TO AUDIT FINDINGS

Chairman O'Brien called on Dr. Eduardo Yabut, Medical Director, North Dakota State Hospital, who provided information ([Appendix B](#)) in response to an audit finding of weak controls over controlled substances at the State Hospital included in the June 30, 2022, and 2023, Department of Health and Human Services (DHHS) audit report. He noted the State Hospital has improved controlled substance procedures since the audit period, including implementing automated dispensing cabinets, requiring dual signatures, and eliminating the use of half tablets.

Chairman O'Brien called on Ms. Jessica Thomasson, Executive Director, Human Services Division, DHHS, who presented information ([Appendix C](#)) regarding the department's response to the audit findings relating to workforce retention grants and failure to timely contact suspected victims of child abuse and neglect included in the DHHS audit report. She noted:

- The audit identified instances in which workforce retention grants were issued to noneligible employees and payments exceeded the maximum allowable award amount of \$2,100. In response, DHHS reviewed all payments issued to the three largest providers cited for noncompliance and all payments issued to noneligible employees and all payments in excess of the maximum allowable amount were repaid, totaling \$4,418.
- The audit did not adequately account for case-specific exceptions regarding the timely contact of children in suspected abuses cases audit finding ([Appendix D](#)). Case-specific exceptions are permitted under departmental policy and align with the department's child welfare practice model. The State Auditor's office could not review these exceptions, resulting in the timely contact of children in suspected abuses cases audit finding. Timeliness rates have been an area of focus since the department implemented a federal performance improvement plan in 2019. Timely visit rates increased from 40 percent in 2021 to 68 percent in 2024, with the department targeting a 90 percent timely visit rate.

In response to questions from committee members, Ms. Kirsten Hansen, Prevention and Protection Administrator, DHHS, noted various factors affecting timeliness rates of face-to-face visits, including:

- Difficulties in locating children due to transient living situations.
- Families not responding to child protective services staff.
- Unknown child identities.
- In criminal cases, the need to coordinate visits at children's advocacy centers and law enforcement requests to delay visits.

Ms. Hanson noted safety plans are implemented even when timely visits cannot occur and children's safety is verified through non-offending caregivers whenever possible.

Chairman O'Brien called on Ms. Rhonda Allery, Mountain Lakes Human Service Zone Director, DHHS, who noted the State Auditor's office review process did not adequately consider case narratives explaining delays in face-to-face visits ([Appendix E](#)). She noted that in cases of sexual abuse or serious injury, if a child is not visited within the required 24 hour period, safety measures and documentation of exceptions are put in place to ensure child protection.

Mr. Gallion provided comments regarding the State Auditor's office audit procedures. He noted a sample of narratives, notes, and exceptions were reviewed during the audit process and the State Auditor's office works to collaborate with clients to ensure accurate reporting of information.

No further business appearing, Chairman O'Brien adjourned the meeting at 6:08 p.m.

Grant Gader
Fiscal Analyst

Allen H. Knudson
Legislative Budget Analyst and Auditor

ATTACH:5