



LEGISLATIVE AUDIT AND FISCAL REVIEW COMMITTEE

Thursday, August 14, 2025
Brynhild Haugland Room, State Capitol
Bismarck, North Dakota

Senator Jeffery J. Magrum, Chairman, called the meeting to order at 10:00 a.m.

Members present: Senators Jeffery J. Magrum, David A. Clemens, Richard Marcellais, Bob Paulson, Chuck Walen, Kent Weston; Representatives Bert Anderson, Jared C. Hagert, Patrick R. Hatlestad, Roger A. Maki, Desiree Morton, Mike Motschenbacher, Emily O'Brien, Austen Schauer, Kelby Timmons, Scott Wagner

Member absent: Representative Mike Nathe

Others present: Senator Brad Bekkedahl, Williston, member of the Legislative Management Shayden Akason, Department of Commerce; Laura Balliet, Mary Kae Kelsch, and Rachel Kmetz, Attorney General's office; Rebecca Binstock, Logan Carpenter, and Patricia Monson, Ethics Commission; Terra Miller Bowley, Haga Kommer Ltd; Dan Cox, Joshua C. Gallion, and Lindsey Slappy, State Auditor's office; Dane Grebel*, Veterans' Home; Deborah Halvorson*, Williston State College; Joseph Heringer, Department of Trust Lands; Amber Hill, Mayville State University; Greg Hoffman, Information Technology Department; Crystal Hoggarth, Office of Management and Budget; Sharon Loiland*, University of North Dakota; Jared Mack, Eide Bailly LLP; Jason Ostroski, UHY LLP; Robin Putnam, North Dakota University System; Jessica Thomasson, Department of Health and Human Services; Lonnie Wangen, Department of Veterans' Affairs; Leslie Wietstock*, Dickinson State University
**Attended remotely*

It was moved by Senator Paulson, seconded by Representative O'Brien, and carried on a voice vote that the minutes of the January 9, 2025, meeting be approved as distributed.

BACKGROUND INFORMATION

Mr. Grant Gader, Fiscal Analyst, Legislative Council, presented a memorandum entitled [Supplementary Rules of Operation and Procedure of the North Dakota Legislative Management](#).

Chairman Magrum provided comments regarding the purpose and history of the Legislative Audit and Fiscal Review Committee. He noted the committee was founded to review appropriations, ensure state funds are expended as intended, urge executive agencies to improve fiscal procedures, and report to the Legislative Assembly with recommendations for statutory changes to promote efficiency in government operations.

Mr. Gader presented a memorandum entitled [Legislative Audit and Fiscal Review Committee - Statutory Duties and Responsibilities for the 2025-27 Biennium](#).

Mr. Gader distributed a memorandum entitled [Summary of Major Items in Audit Reports for the August 14, 2025, Meeting](#), and the State Auditor's office executive summaries ([Appendix A](#)).

STATE AUDITOR'S OFFICE OVERVIEW

Mr. Joshua C. Gallion, State Auditor, provided an overview ([Appendix B](#)) of the State Auditor's office, including the agency's divisions, services, and audit schedule. He noted committee members may share constituent concerns with the State Auditor's office to be considered for review in future audits.

Ms. Lindsey Slappy, Audit Manager, State Auditor's office, presented testimony regarding major changes to government auditing standards. She noted both private firms and the State Auditor's office follow the same governmental auditing standards.

Mr. Dan Cox, Audit Services Director, State Auditor's office, provided an overview of audit processes and procedures. He noted North Dakota is the only state that conducts its single audit on a biennial basis.

Mr. Cox provided information regarding client communications, billings, audits performed, and the audit schedule. He noted the State Auditor's office is no longer billing for state agency audits pursuant to North Dakota Century Code Section 54-10-01 as a result of changes made to the section in Senate Bill No. 2251 (2025).

ANNUAL COMPREHENSIVE FINANCIAL REPORT

Ms. Slappy, 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, 2024](#).

Ms. Crystal Hoggarth, Accounting Manager, Office of Management and Budget, presented a summary ([Appendix C](#)) of the [State of North Dakota Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2024](#). She provided information on the change in the state's net position, major funds, and management's discussion and analysis.

UNIVERSITY SYSTEM ANNUAL FINANCIAL REPORT

Ms. Slappy presented a report entitled [North Dakota University System Governance Communication Including the Report on Internal Control, Compliance, and Other Matters for the Year Ended June 30, 2024](#).

In response to questions from committee members, Sharon Loiland, Controller, University of North Dakota; Deborah Halvorson, Vice President of Business Services, Williston State College; and Leslie Wietstock, Vice President of Finance and Administration, Dickinson State University, indicated bank reconciliations have been an ongoing issue at their respective institutions, primarily due to staffing issues. Both Williston State College and Dickinson State University have memorandums of understanding with the University of North Dakota to aid in performing their bank reconciliations.

Ms. Robin Putnam, Director of Financial Reporting, North Dakota University System, presented the [North Dakota University System Annual Financial Report Fiscal Year Ended June 30, 2024](#). She noted the report for the University System includes the 11 public universities, the University System office, Core Technology Services, and 9 foundations required by government accounting standards to be included as component units of the University System.

AUDITS OF STATE AGENCIES, BOARDS, AND COMMISSIONS

Ms. Terra Miller Bowley, Haga Kommer Ltd, Certified Public Accountants, presented the audit report for the [North Dakota Stockmen's Association \(December 31, 2023 and 2024\)](#).

Mr. Cox presented the following State Auditor's office audit reports:

- [Information Technology Department \(June 30, 2023 and 2024\)](#);
- [Secretary of State \(June 30, 2023 and 2024\)](#);
- [Indian Affairs Commission \(June 30, 2023 and 2024\)](#); and

- [Adjutant General \(June 30, 2023 and 2024\)](#).

Mr. Jason Ostroski, UHY LLP, Certified Public Accountants, presented the following audit reports:

- [Retirement and Investment Office \(June 30, 2023 and 2024\)](#); and
- [Public Employees Retirement System \(June 30, 2023 and 2024\)](#).

Mr. Jared Mack, Eide Bailly LLP, Certified Public Accountants, presented the following audit reports:

- [Comprehensive Health Association of North Dakota \(December 31, 2022 and 2023\)](#);
- [Student loan trust fund \(June 30, 2023 and 2024\)](#);
- [Guaranteed student loan program \(December 31, 2022 and 2023\)](#);
- [North Dakota Development Fund \(June 30, 2023 and 2024\)](#); and
- [Department of Trust Lands \(June 30, 2023 and 2024\)](#).

In response to a question from a committee member, Mr. Shayden Akason, Deputy Director of Economic Development and Finance, Department of Commerce, provided information regarding conflict of interest disclosure requirements and the North Dakota wonder fund.

Ms. Slappy presented the following State Auditor's office audit reports:

- [North Dakota single audit \(June 30, 2023 and 2024\)](#);
- [Mill and Elevator Association \(June 30, 2023 and 2024\)](#); and
- [North Dakota Lottery \(June 30, 2023 and 2024\)](#).

Mr. Gallion presented the following State Auditor's office audit reports:

- [Veterans' Home \(June 30, 2022 and 2023\)](#);
- [Department of Veterans' Affairs \(June 30, 2023 and 2024\)](#);
- [Mayville State University \(June 30, 2022 and 2023\)](#); and
- [Bismarck State College \(June 30, 2023 and 2024\)](#).

In response to questions from committee members, Ms. Amber Hill, Vice President of Business Affairs, Mayville State University, provided information regarding current and prior audit findings and the status of the university's corrective actions.

DEPARTMENT OF HEALTH AND HUMAN SERVICES - STATUS IN ADDRESSING AUDIT FINDINGS

Ms. Jessica Thomasson, Executive Director, Human Services Division, Department of Health and Human Services, presented information ([Appendix D](#)) regarding the status of the department addressing recent audit findings relating to failure to timely contact suspected victims of child abuse and neglect.

BURLINGTON DRIVE PROPERTY LEASE AND RENOVATION - UNRECONCILED FINANCIAL DATA

Ms. Rebecca Binstock, Executive Director, Ethics Commission, provided information ([Appendix E](#)) regarding unreconciled financial data related to the Burlington Drive property lease and renovation identified in a recent Ethics Commission investigation report. She noted, while the commission has completed its review, three unresolved financial questions within the report were referred to the Legislative Audit and Fiscal Review Committee:

- Were the expenditures made by the Attorney General's office for the Burlington property authorized by law?

- Why has no agreed upon reconciliation occurred with the Attorney General's office?
- Does a performance audit need to be conducted since the State Auditor's office could only do an abbreviated review? Does enough documentation exist to do one?

Ms. Patricia Monson, former Special Assistant Attorney General retained by the Ethics Commission, presented testimony regarding the Burlington Drive property lease and renovation unreconciled financial data. She noted the information presented in the Ethics Commission report was based on documentation and interviews cited within the report, and the Ethics Commission referred the three unresolved financial questions to the committee to provide additional transparency to the public.

Ms. Mary Kae Kelsch, Director, Division of General Counsel, Attorney General's office, provided information ([Appendix F](#)) regarding the status of reconciliation of financial data ([Appendix G](#)) related to the Burlington Drive property lease and renovation and the current status of the lease.

Ms. Laura Balliet, Assistant Attorney General, Attorney General's office, provided information regarding lease provisions and reconciliations performed for the Burlington Drive property. She noted:

- The office pays \$15.20 per square foot per year for the Burlington Drive property lease, including \$9.50 in base rent and \$5.70 in common area maintenance.
- Common area maintenance charges are reconciled annually to actual maintenance expenses, with overpayments refunded to the Attorney General's office. After reconciliation, common area maintenance costs have ranged from \$2 to \$3 per square foot.
- The Attorney General's office has recovered \$525,000 through reconciliation of financial data related to the Burlington Drive property lease and renovation.
- In 2022, the Attorney General's office received a reconciliation payment of \$224,855 related to renovation overages, which was \$14,599 less than anticipated.

It was moved by Representative Wagner, seconded by Representative Schauer, and carried on a roll call vote that the committee ask the Attorney General's office to perform a reconciliation of all payments, refunds, and other financial-related transactions and data associated with the Burlington Drive property lease and renovation project, and provide the reconciliation and related information to the committee at its next meeting. Senators Clemens, Marcellais, Paulson, Walen, and Weston and Representatives Anderson, Hagert, Hatlestad, Maki, Morton, Motschenbacher, O'Brien, Schauer, Timmons, and Wagner voted "aye." Senator Magrum voted "nay."

COMMITTEE DISCUSSION AND STAFF DIRECTIVES

It was moved by Representative Hagert, seconded by Representative O'Brien, and carried on a roll call vote that, pursuant to Section 54-35-02.2, the committee accept the following reports reviewed by the committee at its August 14, 2025, meeting:

- 1. North Dakota Annual Comprehensive Financial Report (June 30, 2024)**
- 2. University System Annual Financial Report (June 30, 2024)**
- 3. North Dakota Stockmen's Association (December 31, 2023 and 2024)**
- 4. Information Technology Department (June 30, 2023 and 2024)**
- 5. Secretary of State (June 30, 2023 and 2024)**
- 6. Indian Affairs Commission (June 30, 2023 and 2024)**
- 7. Adjutant General (June 30, 2023 and 2024)**
- 8. Retirement and Investment Office (June 30, 2023 and 2024)**
- 9. Public Employees Retirement System (June 30, 2023 and 2024)**
- 10. Comprehensive Health Association of North Dakota (December 31, 2022 and 2023)**

11. Student loan trust fund (June 30, 2023 and 2024)
12. Guaranteed student loan program (December 31, 2022 and 2023)
13. North Dakota Development Fund (June 30, 2023 and 2024)
14. Department of Trust Lands (June 30, 2023 and 2024)
15. North Dakota single audit (June 30, 2023 and 2024)
16. Mill and Elevator Association (June 30, 2023 and 2024)
17. North Dakota Lottery (June 30, 2023 and 2024)
18. Veterans' Home (June 30, 2022 and 2023)
19. Department of Veterans' Affairs (June 30, 2023 and 2024)
20. Mayville State University (June 30, 2022 and 2023)
21. Bismarck State College (June 30, 2023 and 2024)
22. North Dakota Wheat Commission (June 30, 2023 and 2024)
23. North Dakota Barley Council (June 30, 2023 and 2024)
24. North Dakota Dry Pea and Lentil Council (June 30, 2023 and 2024)
25. North Dakota Ethanol Council (June 30, 2023 and 2024)
26. North Dakota Oilseed Council (June 30, 2023 and 2024)
27. State Seed Department (June 30, 2023 and 2024)
28. North Dakota Soybean Council (June 30, 2024)
29. State Historical Society of North Dakota Foundation (June 30, 2024)

Senators Magrum, Clemens, Marcellais, Paulson, Walen, and Weston and Representatives Anderson, Hagert, Hatlestad, Maki, Morton, Motschenbacher, O'Brien, Schauer, Timmons, and Wagner voted "aye." No negative votes were cast.

No further business appearing, Chairman Magrum adjourned the meeting at 4:51 p.m.

Grant Gader
Fiscal Analyst

Allen H. Knudson
Legislative Budget Analyst and Auditor

ATTACH:7