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## ADDITIONAL GUIDANCE FOR EXPENDITURES OF PUBLIC FUNDS

Presented to: Interim Employee Benefit Program Committee

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At its last meeting this committee requested that the State Auditor's Office report back to the committee on types of expenditures the committee may wish to address in a bill draft to provide more guidance to state entities. In order to gather additional perspective I sent an email to approximately ten state entities requesting their input regarding any "gray" areas regarding expenditures.

The majority of the responses from the state entities indicated they felt the current guidance was sufficient and they did not feel there were any "gray" areas regarding expenditures. A couple of agencies cited areas they felt could be clarified. The first was for safety and wellness awards to employees for the programs the agency has in place. The agency contends it requested guidance from OMB and was told that these types of expenditures were not permissible and thus they haven't incurred them. Another suggestion this agency made related to awards such as "employee of the year" award, innovation award or director's award. The agency stated they currently give out these awards to their staff but the recipient's only receive a plaque or certificate.

A second state agency indicated that perhaps additional clarification relating to payments for employees for professional organizations might be beneficial. The agency indicated they turned down an employee request to pay for membership to an organization called "Young Professionals" as they felt uncertain if it met the requirements of the guidance provided in OMB policies.

As we indicated in our prior presentation involving the committee's spreadsheet on discretionary spending, it appears guidance may be needed relating to expenditures for membership in service clubs as well as membership in local and state chambers of commerce. Our discussion with legislators and the committee discussions indicate there appear to be varying opinions as to whether public funds ought to be used to pay for these memberships.

If the committee decides to draft legislation to provide more guidance to agencies we feel that strong consideration should be given to providing flexibility to state entities. An approach of "one size fits all" may result in the guidance placing undue hardship on some state entities. In addition, if the guidance is placed into statute it makes it more difficult to update or modify it than if the guidance was placed in OMB policy or administrative code.

In conclusion, based on our work it appears that most state entities feel that the current guidance in place provides sufficient direction regarding expenditures and no further clarification is necessary. It appears they feel that if additional guidance is necessary they are able to obtain that guidance from OMB. However, the specific types of expenditures that the committee may want to consider providing additional clarification to would include:

- a) Membership dues to service clubs;
- b) Membership dues to local and state chambers of commerce;
- c) Employee membership in professional organizations; and
- d) Individual state entity awards to employees for accomplishments established by the state entity.