

## Appendix A

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**List of Recommendations**

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- Recommendation 1-1** We recommend the Centers of Excellence Commission ensure compliance with North Dakota Century Code Section 15-69-04, Subsection 5 and determine whether Centers of Excellence are having the desired economic impact.
- Recommendation 1-2** We recommend the Department of Commerce ensure applications provided to the Centers of Excellence Commission contain budgeted expenditures which are in compliance with state law.
- Recommendation 1-3** We recommend the Centers of Excellence Commission establish formal policies and procedures for the application process. At a minimum, the policies should address:
- a) Definitions of key terms used in the application;
  - b) Submission of revised applications, budgets, and/or other information when recommending a lesser amount than is being requested;
  - c) Submission of information from Centers of Excellence previously receiving funding; and
  - d) Completed applications being forwarded to the Commission.
- Recommendation 1-4** We recommend the Centers of Excellence Commission establish formal policies and procedures for the evaluation of applications. At a minimum, the policies should address:
- a) A process incorporating all elements in North Dakota Century Code for consideration in approving and disapproving applications; and
  - b) Additional elements of consideration on applications from Centers of Excellence which were previously approved.
- Recommendation 1-5** We recommend the Centers of Excellence Commission establish criteria to be used for determining the approved funding amount in applications and analyze the effects of changing requested funding amounts of projects.
- Recommendation 1-6** We recommend the Centers of Excellence Commission establish formal policies and procedures for technical reviews of applications. At a minimum, the policies should address:
- a) A process for identifying proposals requiring a review;
  - b) Selection of a vendor to perform the review; and
  - c) Ensuring sufficient time exists to allow a review to be performed.
- Recommendation 1-7** We recommend the Centers of Excellence Commission review the due diligence requirements and either:
- a) Move the due diligence work to the beginning of the application process; or
  - b) Ensure an adequate amount of time is provided to allow the Department of Commerce to complete the due diligence work.

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- Recommendation 1-8** We recommend the Centers of Excellence Commission enter into formal agreements with approved applicants. At a minimum, the agreements should address:
- a) Criteria for the use of state funds;
  - b) Documentation requirements for payroll expenses; and
  - c) Compliance with applicable purchasing policies.
- Recommendation 1-9** We recommend the Centers of Excellence Commission update the functional review to improve the efficiency and effectiveness of the monitoring and reporting process.
- Recommendation 1-10** We recommend the Centers of Excellence Commission establish formal policies and procedures for monitoring the Centers of Excellence. At a minimum, the policies should address:
- a) Establishing quarterly monitoring requirements;
  - b) Assessing job creation activities;
  - c) Assessing significant variations from the applications;
  - d) Establishing different reviews after the match has been met or after a specified period of time has expired; and
  - e) Establishing the frequency of updates to the Commission and/or holding meetings specifically for monitoring.
- Recommendation 1-11** We recommend the Centers of Excellence Commission monitor compliance with North Dakota Century Code Section 15-69-05, Subsection 2 and ensure annual audits are completed or take appropriate action to modify the requirement for annual audits of Centers of Excellence.
- Recommendation 1-12** We recommend the Centers of Excellence Commission require the Centers of Excellence to establish measurable goals and objectives at least annually.
- Recommendation 1-13** We recommend the Centers of Excellence Commission establish formal policies and procedures addressing actions to be taken when Centers of Excellence are in noncompliance with requirements and when Centers of Excellence are not meeting stated expectations.
- Recommendation 1-14** We recommend the Centers of Excellence Commission establish formal policies and procedures related to matching requirements. At a minimum, the policies should address:
- a) Required documentation to receive Centers of Excellence funds after an application is approved; and
  - b) Requirements for verifying match and leverage amounts are actually received.

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- Recommendation 1-15** We recommend the Centers of Excellence Commission establish a formal orientation training process for its members. At a minimum, the process should include:
- a) Identifying all state law requirements of the Commission; and
  - b) Ensuring compliance with Code of Ethics requirements.
- Recommendation 2-1** We recommend the Department of Commerce establish an effective department-wide monitoring function emphasizing compliance, consolidation of processes and procedures, and efficient operations. If reallocating resources is not possible to establish such a function, the Department should take appropriate action to obtain additional full-time equivalent positions and/or other necessary resources.
- Recommendation 2-2** We recommend the Department of Commerce ensure administrative costs of local recipients paid with Community Development Block Grant funds are reasonable and adequately supported.
- Recommendation 2-3** We recommend the Department of Commerce make improvements to Community Development Block Grant program monitoring processes to increase efficiency and effectiveness. At a minimum, the Department of Commerce should:
- a) Identify information to the grant administrators on their responsibilities and duties;
  - b) No longer accept and review supporting documentation on all Request for Funds; and
  - c) Periodically select various grants and loans to verify adequate support for expenditures is retained.
- Recommendation 2-4** We recommend the Department of Commerce make changes to the contracts entered into with the Regional Planning Councils for scoring and ranking Community Development Block Grant applications. At a minimum, the contracts should:
- a) Identify a maximum amount for subjective scores; and
  - b) Require a Conflict of Interest and/or Code of Conduct statement be developed and signed annually by individuals conducting the scoring and ranking of applications.
- Recommendation 2-5** We recommend the Department of Commerce make improvements to Operation Intern monitoring procedures to increase efficiency and effectiveness. At a minimum, the Department of Commerce should:
- a) No longer require supporting documentation be submitted for all Requests for Funds;
  - b) Periodically select various employers to verify adequate support for expenditures is retained; and
  - c) Eliminate redundant monitoring processes.

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- Recommendation 2-6** We recommend the Department of Commerce include requirements in the Operation Intern contracts to have employers:
- a) Verify student eligibility and maintain documentation confirming eligibility; and
  - b) Provide the midpoint and exit review materials to students at the appropriate time during the internships.
- Recommendation 2-7** We recommend the Department of Commerce make improvements to the Operation Intern program contracts. At a minimum, the Department of Commerce should:
- a) Develop a contract template using recommended language from the Office of the Attorney General's Contract Drafting and Review Manual;
  - b) Develop a contract amendment document;
  - c) Ensure the contract template and amendment are reviewed and approved by legal counsel; and
  - d) Ensure contracts with employers and applicable amendments are executed prior to students beginning work.
- Recommendation 2-8** We recommend the Department of Commerce comply with its policy when evaluating Tourism Infrastructure and Expansion Grant Applications to provide a fair system for all potential applicants.
- Recommendation 2-9** We recommend the Department of Commerce enter into formal agreements with Tourism Infrastructure and Expansion Grant recipients.
- Recommendation 2-10** We recommend the Department of Commerce periodically review applicable North Dakota Century Code sections and ensure compliance with requirements or take appropriate action to make changes.
- Recommendation 2-11** We recommend the Department of Commerce make improvements with the Value-Added Agriculture Promotion Board by either
- a) Ensuring compliance with state law requirements; or
  - b) Taking appropriate action to amend state law.
- Recommendation 2-12** We recommend the Department of Commerce ensure the Commerce Cabinet complies with state law requirements related to meetings of public entities or take appropriate action to modify state laws.
- Recommendation 2-13** We recommend the Department of Commerce ensure contractual payments are made after services have been performed to the department's satisfaction.
- Recommendation 2-14** We recommend the Department of Commerce make improvements to procurement processes to ensure compliance with laws and policies.

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- Recommendation 2-15** We recommend the Department of Commerce make improvements with the monitoring of contracts. At a minimum, the Department of Commerce should:
- a) Centralize contract administration and record keeping; and
  - b) Ensure appropriate insurance certificates or endorsements are obtained.
- Recommendation 2-16** We recommend the Department of Commerce comply with legislative intent for use of line item appropriations and full-time equivalent positions.
- Recommendation 2-17** We recommend the Department of Commerce ensure employees are paid overtime and earn compensatory time only when hours actually worked exceed 40 in a week.
- Recommendation 2-18** We recommend the Department of Commerce establish a consistent and uniform process for hiring employees. At a minimum, the Department of Commerce should:
- a) Centralize the hiring process;
  - b) Establish a standardized scoring system; and
  - c) Ensure compliance with laws and policies.
- Recommendation 2-19** We recommend the Department of Commerce make changes to their cell phone policy. At a minimum, the policy should:
- a) Be consistent with Office of Management and Budget policy; and
  - b) Address the use of state issued cell phones for personal use.
- Recommendation 2-20** We recommend the Department of Commerce ensure programs and services have established policies and procedures which are reviewed and updated periodically.
- Recommendation 2-21** We recommend the Department of Commerce work with the Records Management Division of the Information Technology Department to make improvements to the records management program. At a minimum, actions should be taken to:
- a) Review all operations to identify appropriate records;
  - b) Ensure appropriate records series descriptions and retention periods are identified; and
  - c) Assign State Form Numbers to documents where appropriate.
- Recommendation 2-22** We recommend the Department of Commerce ensure confidential or sensitive information is obtained through secured websites.
- Recommendation 3-1** We recommend the North Dakota Development Fund, Inc. ensure compliance with policies for investments. In instances of exceptions or waivers of policies, reasons should be adequately documented.

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- Recommendation 3-2** We recommend the North Dakota Development Fund, Inc. make improvements with the policies established for investments. At a minimum, the Development Fund, Inc. should:
- a) Review and update current policies;
  - b) Update policies when changes occur to the investment program; and
  - c) Establish a periodic review process.
- Recommendation 3-3** We recommend the North Dakota Development Fund, Inc. ensure all relevant matters concerning investments, including monitoring activities and actions taken, are documented.
- Recommendation 3-4** We recommend the North Dakota Development Fund, Inc. formally establish the authority granted to the staff regarding changes to terms and conditions of investments.
- Recommendation 3-5** We recommend the North Dakota Development Fund, Inc. increase the dollar limit of investments the staff is authorized to approve.
- Recommendation 3-6** We recommend the North Dakota Development Fund, Inc. review, with assistance from the Office of the Attorney General, open meeting law requirements and make appropriate changes to comply with these requirements.
- Recommendation 3-7** We recommend the North Dakota Development Fund, Inc. establish a Code of Ethics to be signed annually by all members of the Board of Directors to guide ethical decision making regarding the use of public funds.
- Recommendation 4-1** We recommend the Agricultural Products Utilization Commission make improvements with the monitoring of requirements in North Dakota Administrative Code Title 95. At a minimum, the Agricultural Products Utilization Commission should:
- a) Ensure compliance with requirements established in rules; and
  - b) Take appropriate action to ensure rules are updated as necessary.
- Recommendation 4-2** We recommend the Agricultural Products Utilization Commission retain scoring documentation for each member of the Board of Directors.
- Recommendation 4-3** We recommend the Agricultural Products Utilization Commission ensure compliance with established guidelines for the grant program.
- Recommendation 4-4** We recommend the Agricultural Products Utilization Commission make improvements with guidelines established for the grant program. At a minimum, the Agricultural Products Utilization Commission should:
- a) Review and update current guidelines;
  - b) Update guidelines when changes occur to the grant program; and
  - c) Establish a periodic review process.

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**Recommendation 4-5**

We recommend the Agricultural Products Utilization Commission make improvements to expenditure monitoring procedures to increase efficiency and effectiveness. At a minimum, the Agricultural Products Utilization Commission should:

- a) No longer require supporting documentation be submitted for all reimbursement requests; and
- b) Periodically select various grantees to verify adequate support for expenditures is retained.

**Recommendation 4-6**

We recommend the Agricultural Products Utilization Commission establish a Code of Ethics to be signed annually by all members of the Board of Directors to guide ethical decision making regarding the use of public funds.