



NORTH DAKOTA OFFICE OF THE STATE AUDITOR

State Auditor Joshua C. Gallion

Upper Great Plains Transportation Institute

Audit Report for the Biennium Ended June 30, 2021

Client Code 627





WHAT WE LOOKED AT AND WHY

North Dakota state law (54-10-01) requires that our team perform an audit once every two years. This includes a review of financial transactions and determining that expenses are correct. Our audits report any errors, internal control weaknesses or potential violations of law identified in significant or high-risk functions of the agency.

WHAT WE FOUND

This audit did not identify any areas of concern.

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KEY PERSONNEL

Robyn Hoffmann
CPA, AUDIT MANAGER

Jason Schwartz
LEAD AUDITOR

Alex Mehring
CPA, SENIOR AUDITOR

HAVE QUESTIONS? ASK US.

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Introduction

Upper Great Plains Transportation Institute

February 22, 2022

We are pleased to submit this audit of the Upper Great Plains Transportation Institute for the biennium ended June 30, 2021. This audit resulted from the statutory responsibility of the State Auditor to audit or review each state agency once every two years. The same statute gives the State Auditor the responsibility to determine the contents of these audits.

The primary consideration in determining the contents of these audits is to produce informative audits to improve government. Statutory audit requirements are an important part of these audits and are addressed by our standard audit objective. Whenever possible, additional audit objectives are included to increase responsiveness and effectiveness of state government.

Robyn Hoffmann, CPA was the audit manager. Inquiries or comments relating to this audit may be directed to the audit manager by calling (701) 239-7291. We wish to express our appreciation to the Upper Great Plains Transportation Institute staff for the courtesy, cooperation, and assistance they provided to us during this audit.

Respectfully submitted,

/S/

JOSHUA C. GALLION
NORTH DAKOTA STATE AUDITOR

TERMS USED IN REPORT

Appropriation: Sum of money or total of assets devoted to a special purpose.

ConnectND: The accounting system for North Dakota.

Internal Control: Policies and procedures that ensure reliable financial reporting, safeguard assets, promote accountability and efficiency, and prevent fraud.

Noncompliance: Failure to act in accordance with a wish or command.

North Dakota Century Code (N.D.C.C.): Collection of all the statutes passed by the North Dakota Legislative Assembly.

Performance Audit: Engagements that provide objective analysis, findings, and conclusion to assist management and those charged with governance and oversight to improve program performance and operations, reduce costs, facilitate decision making, and contribute to public accountability.

Session Laws: Published after each regular and special legislative session and contain the laws enacted during that session.



Audit Results

PRIMARY OBJECTIVE

Are there any errors, internal control weaknesses, or potential violations of law for significant and high-risk functions of the agency?

CONCLUSION

No areas of concern were identified.



Audit Procedures

INTERNAL CONTROL

As required by auditing standards, we planned our audit work to assess the effectiveness of those internal controls that were significant to our audit objectives. Specifically, our work related to internal control included the following components and underlying principles based on guidance issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

The specific internal control testing completed for this audit objective is identified below:

- Expenses were properly approved.
- A reconciliation between the purchase card statements and receipts was performed.
- Purchase card reconciliations were properly approved.
- Journal entries were prepared by an appropriate individual relying on adequate support.
- Journal entries were properly approved.

There were no deficiencies identified.

SCOPE

The Upper Great Plains Transportation Institute has operations in the following locations. Each location was included in the audit scope:

- North Dakota State University Campus in Fargo.
- Branch Office in State Department of Transportation building in Bismarck.

METHODOLOGY

To meet this objective, we:

- Interviewed appropriate Upper Great Plains Transportation Institute personnel.
- Analyzed financial data in ConnectND to determine areas of risk.
- Used non-statistical sampling and the results were projected to the population. When applicable, populations were stratified to ensure that an appropriate sample was obtained.
- Inspected documentary evidence.
- Reviewed Upper Great Plains Transportation Institute's policies and procedures.
- Selected a random sample of vouchers to ensure that expenses were properly coded, charged to the proper fiscal year, and made for lawful and official purposes (N.D.C.C. 44-08-05.1).
- Selected a random sample of purchase card transactions to ensure that purchase card expenses were properly coded, charged to the proper fiscal year, and made for lawful and official purposes (N.D.C.C. 44-08-05.1).
- Selected a random sample of journal entries to ensure supporting documentation was valid and the entries were properly coded.

AUTHORITY AND STANDARDS

This biennial audit of the Upper Great Plains Transportation Institute has been conducted by the Office of the State Auditor pursuant to authority within North Dakota Century Code Chapter 54-10.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a

reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The criteria used to evaluate internal control is published in the Committee of Sponsoring Organizations of the Treadway Commission publication Internal Control – Integrated Framework.



Responses to LAFRC Audit Questions

1. WHAT TYPE OF OPINION WAS ISSUED ON THE FINANCIAL STATEMENTS?

Revenues, expenses and appropriation information was not prepared by Upper Great Plains Transportation Institute in accordance with generally accepted accounting principles so an opinion is not applicable. The agency's transactions were tested and included in the North Dakota University System's annual financial report on which an unmodified opinion was issued.

2. WAS THERE COMPLIANCE WITH STATUTES, LAWS, RULES, AND REGULATIONS UNDER WHICH THE AGENCY WAS CREATED AND IS FUNCTIONING?

Yes.

3. WAS INTERNAL CONTROL ADEQUATE AND FUNCTIONING EFFECTIVELY?

Yes. We did not identify any deficiencies in internal control that were significant within the context of our audit objectives.

4. WERE THERE ANY INDICATIONS OF LACK OF EFFICIENCY IN FINANCIAL OPERATIONS AND MANAGEMENT OF THE AGENCY?

No.

5. HAS ACTION BEEN TAKEN ON FINDINGS AND RECOMMENDATIONS INCLUDED IN PRIOR AUDIT REPORTS?

There were no recommendations included in the prior audit report.

6. WAS A MANAGEMENT LETTER ISSUED? IF SO, PROVIDE A SUMMARY BELOW, INCLUDING ANY RECOMMENDATIONS AND THE MANAGEMENT RESPONSES.

No, a management letter was not issued.



LAFRC Audit Communications

7. IDENTIFY ANY SIGNIFICANT CHANGES IN ACCOUNTING POLICIES, ANY MANAGEMENT CONFLICTS OF INTEREST, ANY CONTINGENT LIABILITIES, OR ANY SIGNIFICANT UNUSUAL TRANSACTIONS.

There were no significant changes in accounting policies, management conflicts of interest, contingent liabilities, or significant unusual transactions identified.

8. IDENTIFY ANY SIGNIFICANT ACCOUNTING ESTIMATES, THE PROCESS USED BY MANAGEMENT TO FORMULATE THE ACCOUNTING ESTIMATES, AND THE BASIS FOR THE AUDITOR'S CONCLUSIONS REGARDING THE REASONABLENESS OF THOSE ESTIMATES.

The most significant accounting estimates for the Upper Great Plains Transportation Institute include the useful lives of capital assets, net pension liability and other post-employment benefits liability. Estimated useful lives are used to compute depreciation on capital assets and are based on industry standards and experience. The net pension liability and other post-employment benefits liability is based on the actuary's calculation based on plan provisions and census date for plan participants. We evaluated the key factors and assumptions used to develop the estimated useful lives, net pension liability and other post-employment benefits liability in determining that they are reasonable in relation to the financial statements taken as a whole.

9. IDENTIFY ANY SIGNIFICANT AUDIT ADJUSTMENTS.

Significant audit adjustments were not necessary.

10. IDENTIFY ANY DISAGREEMENTS WITH MANAGEMENT, WHETHER OR NOT RESOLVED TO THE AUDITOR'S SATISFACTION RELATING TO A FINANCIAL ACCOUNTING, REPORTING, OR AUDITING MATTER THAT COULD BE SIGNIFICANT TO THE FINANCIAL STATEMENTS.

None.

11. IDENTIFY ANY SERIOUS DIFFICULTIES ENCOUNTERED IN PERFORMING THE AUDIT.

None.

12. IDENTIFY ANY MAJOR ISSUES DISCUSSED WITH MANAGEMENT PRIOR TO RETENTION.

This is not applicable for audits conducted by the Office of the State Auditor.

13. IDENTIFY ANY MANAGEMENT CONSULTATIONS WITH OTHER ACCOUNTANTS ABOUT AUDITING AND ACCOUNTING MATTERS.

None.

Continued on following page

14. IDENTIFY ANY HIGH-RISK INFORMATION TECHNOLOGY SYSTEMS CRITICAL TO OPERATIONS BASED ON THE AUDITOR'S OVERALL ASSESSMENT OF THE IMPORTANCE OF THE SYSTEM TO THE AGENCY AND ITS MISSION, OR WHETHER ANY EXCEPTIONS IDENTIFIED IN THE SIX AUDIT REPORT QUESTIONS TO BE ADDRESSED BY THE AUDITORS ARE DIRECTLY RELATED TO THE OPERATIONS OF AN INFORMATION TECHNOLOGY SYSTEM.

ConnectND Finance, Human Capital Management (HCM), and Campus Solutions are high-risk information technology systems critical to the Upper Great Plains Transportation Institute. None of the exceptions identified in the six audit report questions are directly related to these systems.

Financials

Revenues and Expenses

REVENUES AND OTHER SOURCES	JUNE 30, 2021	JUNE 30, 2020
Federal Grants and Contracts	\$ 5,762,092	\$ 4,691,649
State Grants and Contracts	361,547	121,254
Nongovernmental Grants and Contracts	128,254	299,358
State Appropriations	2,152,277	2,212,691
Sales and Services of Educational Departments	34,074	64,317
Gifts	34,500	30,500
Total Revenue and Other Sources	\$ 8,472,744	\$ 7,419,769

EXPENSES AND OTHER USES	JUNE 30, 2021	JUNE 30, 2020
Salaries and Wages	\$ 5,324,706	\$ 4,928,439
Operating Expenses	2,659,028	2,308,734
Data Processing	137,828	117,285
Scholarships and Fellowships	7,000	44,472
Depeciation Expense	5,683	27,080
Total Expenses and Other Uses	\$ 8,134,245	\$ 7,426,010

Source: ConnectND Financials

Appropriations

For the Biennium Ended June 30, 2021

EXPENSES BY LINE ITEM	FINAL APPROPRIATION	EXPENSES	UNEXPENDED APPROPRIATIONS
Transportation Institute	\$ 28,545,978	\$ 15,545,033	\$ 13,000,945
Totals	\$ 28,545,978	\$ 15,545,033	\$ 13,000,945

EXPENSES BY SOURCE	FINAL APPROPRIATION	EXPENSES	UNEXPENDED APPROPRIATIONS
General	\$ 4,702,703	\$ 4,364,968	\$ 337,735
Federal	12,704,828	41,618	12,663,210
Special	11,138,447	11,138,447	-
Totals	\$ 28,545,978	\$ 15,545,033	\$ 13,000,945

Source: ConnectND Financials




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