NORTH DAKOTA
OFFICE OF THE STATE AUDITOR

State Auditor Joshua C. Gallion

North Dakota State University

Audit Report for the Biennium Ended June 30, 2025

Client Code 235

This audit has been conducted by the Office of the State Auditor pursuant to the authority within North Dakota Century Code Chapter 54-10

Office of the State Auditor

North Dakota State University

Audit Report for the Biennium Ended June 30, 2025 | *Client Code 235*

WHAT WE LOOKED AT AND WHY

North Dakota state law requires that our team perform an audit once every two to four years. This included a review of financial transactions and determining that expenses are correct. Our audit reports 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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HAVE QUESTIONS? ASK US

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Introduction

North Dakota State University

July 22, 2026

We are pleased to submit this audit of North Dakota State University for the biennium that ended June 30, 2025. 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 Hoffman, CPA, was the audit manager on this engagement. 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 North Dakota State University's 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: An amount authorized by the North Dakota Legislative Assembly to be spent for a specific 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 conclusions 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

OBJECTIVE

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

CONCLUSION

No errors, internal control weaknesses, or potential violations of law were identified.

Audit Procedures

Objective

INTERNAL CONTROL

We obtained an understanding of internal control through inquiries, observations, and inspection of documentations and electronic data records. We planned our audit work to assess the design, implementation, and operating effectiveness of those internal controls that were significant to our audit objectives.

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

- Verified tuition and fees were properly approved by the State Board of Higher Education, North Dakota State University, or the appropriate authorizing party.
- Verified that employment was authorized and that pay was properly approved.
- Ensured expenses were properly approved.
- Verified that a reconciliation was performed between the purchasing card statement and the receipts, and that the purchasing card reconciliation was approved by an appropriate individual.
- Determined that waivers were properly approved.

There were no significant deficiencies identified.

SCOPE

North Dakota State University has several locations across Fargo, including its main campus and a downtown campus. The Upper Great Plains Transportation Institute has operations on North Dakota State University's main campus in Fargo and a branch office in Bismarck. The Forest Service has operations on North Dakota State University's main campus in Fargo and in the following locations: state headquarters in Bottineau, State Nursery in Towner, and field offices in Bottineau, Bismarck, Carrington, Lisbon, and Walhalla. The North Dakota Agricultural Experiment Stations, North Dakota State University Extension Service, and Northern Crops Institute have the following locations:

North Dakota Agricultural Experiment Stations

- Main Research Center – North Dakota State University main campus – Fargo
- Agronomy Seed Farm – Casselton
- Carrington Research Extension Center – Carrington
- Central Grasslands Research Extension Center – Streeter
- Dickinson Research Extension Center – Dickinson
- Hettinger Research Extension Center - Hettinger
- Langdon Research Extension Center – Langdon
- North Central Research Extension Center – Minot
- Williston Research Extension Center – Williston

North Dakota State University Extension Service

- In all 53 North Dakota counties
- North Dakota State University main campus – Fargo

Northern Crops Institute

- North Dakota State University main campus – Fargo

All locations were included in the scope of this audit.

METHODOLOGY

To meet this objective, we:

- Interviewed appropriate agency personnel.
- Inspected documentary evidence.
- Observed the North Dakota State University's processes and procedures.
- Analyzed financial data in ConnectND to determine areas of risk.
- Used non-statistical random sampling, and the results were projected to the population. Where applicable, populations were stratified to ensure the population was adequately represented in the samples.
- Determined that one-time funding was properly spent on the following projects:
    - Music building (authority of $20 million, $6.3 spent).
    - Sudro Hall expansion buildings (authority of $3 million, $0 spent).
    - Center for engineering, automation and autonomous system building (authority of $97 million, $29.5 spent).

  (2023 House Bill 1003, Chapter 3, Section 2).
- Determined that the Tier II ($4,349,394) and the Tier III ($2,250,000) funds from the capital building fund were used for extraordinary repairs and deferred maintenance projects for academic and student housing facilities and were reported to the appropriations committees of the legislative assembly (2023 House Bill 1003, Chapter 3, Section 11 and N.D.C.C. 15-54.1-02).
- Determined that carryover funds for both the North Dakota State University and North Dakota Forest Service were properly reported to the appropriations committees of the legislative assembly (2023 House Bill 1003, Chapter 3, Section 36).
- Ensured that North Dakota State University did not increase tuition rates for resident students and high-cost undergraduate tuition programs during the 2023-2024 and 2024-2025 academic years (2023 House Bill 1003, Chapter 3, Section 45).
- Determined that the Main Research Center one-time funding was properly spent on the following projects:
    - Storage sheds (authority of $1.9 million, $1.4 million spent).
    - Deferred maintenance (authority of $500,000, $500,000 spent).
    - Waldron Hall replacement (authority of $97 million, $39.1 million spent).
    - Nesson Valley Irrigation Research Site (authority of $1.7 million, $122,177 spent).
    - Branch research centers (authority of $2.9 million, $2.9 million spent).
    - Hettinger Research Center land purchase (Authority of $1.038 million, $1.038 million spent).

  (2023 House Bill 1020, Chapter 20, Section 2).
- Determined that the Upper Great Plains Transportation Institute's one-time funding of

$432,000 was spent on the transportation data intelligence center project (2023 House Bill 1020, Chapter 20, Section 2).

- Determined that the Tier II ($2,899,596) and Tier III ($2,250,000) funds were used for capital projects (2021 Senate Bill 2003, Chapter 31, Section 6).

- Determined that federal funds from the state fiscal recovery fund were spent on the following projects.

    - Carrington Research Center capital projects - $446,000

    - Central Grasslands Research Center capital projects - $1,963,000

    - Dickinson Research Center capital projects - $2,200,000

    - Hettinger Research Center capital projects - $3,420,000

  (2021 Senate Bill 2345, Chapter 550, Section 1 (6)).

- Selected a random sample of tuition to ensure proper coding and the correct amounts were charged to students.

- Selected a random sample of other services revenues for the Northern Crops Institute, Extension diagnostic lab, pesticide certification training, emerging wildlands fire suppression and veterinary diagnostic lab to ensure proper coding and supporting documentation was valid.

- Selected a judgmental sample of higher dollar faculty payroll, random sample of the remaining faculty payroll and a judgmental sample of payroll for special projects, awards, bonuses, incentive awards and other earnings to ensure that the earnings were properly calculated for the employee's pay.

- Selected a judgmental sample of higher operating expense vouchers and a random sample of the remaining operating expense vouchers that were stratified among North Dakota State University, Upper Great Plains Transportation Institute, Forest Service, and North Dakota Agricultural Experiment Stations, North Dakota State University Extension Service, and Northern Crops Institute, to ensure supporting documentation was valid, expense was properly coded, and the expense was reasonable.

- Judgmentally selected a sample of North Dakota State University's purchase card expenses for gift cards and selected a random sample of the remaining purchase card expenses that were stratified among Upper Great Plains Transportation Institute, Forest Service, and North Dakota Agricultural Experiment Stations, North Dakota State University Extension Service, and Northern Crops Institute, to ensure receipts were valid to support the charge, expense was properly coded, and the expense was reasonable.

- Judgmentally selected a sample of waivers (international exchange, national student exchange, presidential honor, presidential, provost, international student, cultural diversity, international undergraduate, graduate international affiliate) to ensure that the waivers were awarded to eligible students for the correct amounts and were in compliance with the wavier criteria.

- Judgmentally selected a sample of purchases subject to procurement rules to ensure compliance with procurement laws and procedures (N.D.C.C. 48-01.2, 54-44.4, 54-44.7, State Board of Higher Education policy 803.1, North Dakota University System procedure 803.1.

AUTHORITY AND STANDARDS

This biennial audit of the North Dakota State University 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 standards used to evaluate internal control are issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Financials

Revenues, Expenses, and Changes in Net Position

REVENUES AND OTHER SOURCES	JUNE 30, 2025	JUNE 30, 2024
State Appropriations	$149,397,179	$144,193,704
Student Tuition and Fees	101,263,431	111,158,652
Federal Grants and Contracts	100,584,223	91,808,452
State Appropriations - Capital Assets	72,327,814	42,263,480
Auxiliary Enterprises	49,282,532	47,292,199
Sales and Services of Educational Departments	43,182,975	39,882,417
Gifts	31,576,218	24,534,591
Capital Grants and Gifts	18,577,345	17,356,537
State Grants and Contracts	13,031,673	9,494,842
Nongovernmental Grants and Contracts	10,839,256	10,402,597
Federal Appropriations	8,746,139	7,515,704
Endowment and Investment Income	5,589,597	4,923,947
Tax Revenues	500,000	500,000
Other	376,985	412,799
Insurance Proceeds	271,446	269,514
Other Nonoperating Revenues	0	312,616
Total Revenues and Other Sources	**$605,546,813**	**$552,322,051**

Source: North Dakota University System Annual Financial Report

Continued on the following page

Financials

Revenues, Expenses, and Changes in Net Position

EXPENSES AND OTHER DEDUCTIONS	JUNE 30, 2025	JUNE 30, 2024
Salaries and Wages	$330,295,890	$319,036,000
Operating Expenses	111,451,933	103,381,566
Depreciation Expenses	35,411,366	32,309,170
Scholarships and Fellowships	10,076,204	7,940,498
Cost of Sales and Services	9,248,367	8,977,493
Information Technology	5,749,922	5,591,435
Interest on Capital Asset - Related Debt	4,042,198	4,382,781
Other Nonoperating Expenses	954,329	0
Loss on Disposal of Capital Assets	408,721	604,604
Transfer to Industrial Commission	0	248,256
Total Expenses and Other Deductions	**$507,638,930**	**$482,471,803**
Revenues Over Expenses	**$97,907,883**	**$69,850,248**

NET POSITION	JUNE 30, 2025	JUNE 30, 2024
Net Position - Beginning of the Year, as Restated	$771,355,580	$634,242,139
Net Position - End of Year	**$869,263,463**	**$704,092,387**

Source: North Dakota University System Annual Financial Report

Appropriations

For the Biennium Ended June 30, 2025

North Dakota State University

EXPENSES BY LINE ITEM	FINAL APPROPRIATION	EXPENSES	UNEXPENDED APPROPRIATIONS
Operating Expenses	$971,437,160	$753,405,480	$218,031,680
Capital Assets	128,196,732	41,871,960	86,324,772
Capital Assets-Carryover	15,962,560	15,962,560	0
Capital Improvements - Off System	35,065,687	33,170,807	1,894,880
Capital Projects - Off System - Carryover	47,474,250	5,017,857	42,456,393
Capital Building Fund	27,334,405	20,082,593	7,251,812
Minimum Amount Payable Adjustment	4,800,000	4,800,000	0
Research Network	2,500,000	2,500,000	0
Operating Carryover	2,889	2,889	0
Totals	**$1,232,773,683**	**$876,814,146**	**$355,959,537**

EXPENSES BY SOURCE	FINAL APPROPRIATION	EXPENSES	UNEXPENDED APPROPRIATIONS
General Fund Authority	$184,509,325	$183,790,180	$719,145
Federal Fund Authority	2,889	2,889	0
Special Fund Authority	1,048,261,469	693,021,077	355,240,392
Totals	**$1,232,773,683**	**$876,814,146**	**$355,959,537**

Source: ConnectND Financials

Appropriations

For the Biennium Ended June 30, 2025

Forest Service

EXPENSES BY LINE ITEM	FINAL APPROPRIATION	EXPENSES	UNEXPENDED APPROPRIATIONS
Operating Expenses	$24,874,803	$14,922,644	$9,952,159
Capital Assets	118,728	118,728	0
Biennium Carryover	484,617	484,617	0
Totals	**$25,478,148**	**$15,525,989**	**$9,952,159**

EXPENSES BY SOURCE	FINAL APPROPRIATION	EXPENSES	UNEXPENDED APPROPRIATIONS
General Fund Authority	$6,336,207	$5,471,637	$864,570
Special Fund Authority	19,141,941	10,054,352	9,087,589
Totals	**$25,478,148**	**$15,525,989**	**$9,952,159**

Source: ConnectND Financials

Appropriations

For the Biennium Ended June 30, 2025

Upper Great Plains Transportation Institute

EXPENSES BY LINE ITEM	FINAL APPROPRIATION	EXPENSES	UNEXPENDED APPROPRIATIONS
Transportation Institute	$25,978,745	$17,947,706	$8,031,039
Totals	**$25,978,745**	**$17,947,706**	**$8,031,039**

EXPENSES BY SOURCE	FINAL APPROPRIATION	EXPENSES	UNEXPENDED APPROPRIATIONS
General Fund Authority	$5,965,004	$5,016,814	$948,190
Federal Fund Authority	12,572,811	11,647,135	925,676
Special Fund Authority	7,440,930	1,283,757	6,157,173
Totals	**$25,978,745**	**$17,947,706**	**$8,031,039**

Source: ConnectND Financials

Appropriations

For the Biennium Ended June 30, 2025

Extension Service

EXPENSES BY LINE ITEM	FINAL APPROPRIATION	EXPENSES	UNEXPENDED APPROPRIATIONS
NDSU - Extension Service	$61,968,749	$59,744,547	$2,224,202
Soil Conservation Committee	1,361,520	1,361,520	0
Totals	**$63,330,269**	**$61,106,067**	**$2,224,202**

EXPENSES BY SOURCE	FINAL APPROPRIATION	EXPENSES	UNEXPENDED APPROPRIATIONS
General Fund Authority	$33,882,036	$33,882,036	$0
Special Fund Authority	29,448,233	27,224,031	2,224,202
Totals	**$63,330,269**	**$61,106,067**	**$2,224,202**

Source: ConnectND Financials

Appropriations

For the Biennium Ended June 30, 2025

Main Research Station

EXPENSES BY LINE ITEM	FINAL APPROPRIATION	EXPENSES	UNEXPENDED APPROPRIATIONS
Main Research Center	$233,874,272	$196,822,324	$37,051,948
Totals	**$233,874,272**	**$196,822,324**	**$37,051,948**

EXPENSES BY SOURCE	FINAL APPROPRIATION	EXPENSES	UNEXPENDED APPROPRIATIONS
General Fund Authority	$65,148,652	$63,355,329	$1,793,323
Federal Fund Authority	8,095,957	8,095,957	0
Special Fund Authority	160,629,663	125,371,038	35,258,625
Totals	**$233,874,272**	**$196,822,324**	**$37,051,948**

Source: ConnectND Financials

Appropriations

For the Biennium Ended June 30, 2025

Dickinson Research Station

EXPENSES BY LINE ITEM	FINAL APPROPRIATION	EXPENSES	UNEXPENDED APPROPRIATIONS
Dickinson Research Center	$7,666,699	$5,066,692	$2,600,007
Totals	**$7,666,699**	**$5,066,692**	**$2,600,007**

EXPENSES BY SOURCE	FINAL APPROPRIATION	EXPENSES	UNEXPENDED APPROPRIATIONS
General Fund Authority	$4,179,965	$4,179,965	$0
Special Fund Authority	3,486,734	886,727	2,600,007
Totals	**$7,666,699**	**$5,066,692**	**$2,600,007**

Source: ConnectND Financials

Appropriations

For the Biennium Ended June 30, 2025

Central Grasslands Research Center

EXPENSES BY LINE ITEM	FINAL APPROPRIATION	EXPENSES	UNEXPENDED APPROPRIATIONS
Central Grasslands Research Center	$3,697,802	$3,478,916	$218,886
Totals	**$3,697,802**	**$3,478,916**	**$218,886**

EXPENSES BY SOURCE	FINAL APPROPRIATION	EXPENSES	UNEXPENDED APPROPRIATIONS
General Fund Authority	$2,259,789	$2,259,789	$0
Special Fund Authority	1,438,013	1,219,127	218,886
Totals	**$3,697,802**	**$3,478,916**	**$218,886**

Source: ConnectND Financials

Appropriations

For the Biennium Ended June 30, 2025

Hettinger Research Center

EXPENSES BY LINE ITEM	FINAL APPROPRIATION	EXPENSES	UNEXPENDED APPROPRIATIONS
Hettinger Research Center	$5,497,837	$4,139,364	$1,358,473
Totals	**$5,497,837**	**$4,139,364**	**$1,358,473**

EXPENSES BY SOURCE	FINAL APPROPRIATION	EXPENSES	UNEXPENDED APPROPRIATIONS
General Fund Authority	$2,610,946	$2,610,946	$0
Special Fund Authority	2,886,891	1,528,418	1,358,473
Totals	**$5,497,837**	**$4,139,364**	**$1,358,473**

Source: ConnectND Financials

Appropriations

For the Biennium Ended June 30, 2025

Langdon Research Center

EXPENSES BY LINE ITEM	FINAL APPROPRIATION	EXPENSES	UNEXPENDED APPROPRIATIONS
Langdon Research Center	$3,404,841	$3,280,803	$124,038
Totals	**$3,404,841**	**$3,280,803**	**$124,038**

EXPENSES BY SOURCE	FINAL APPROPRIATION	EXPENSES	UNEXPENDED APPROPRIATIONS
General Fund Authority	$1,984,589	$1,984,589	$0
Special Fund Authority	1,420,252	1,296,214	124,038
Totals	**$3,404,841**	**$3,280,803**	**$124,038**

Source: ConnectND Financials

Appropriations

For the Biennium Ended June 30, 2025

North Central Research Center

EXPENSES BY LINE ITEM	FINAL APPROPRIATION	EXPENSES	UNEXPENDED APPROPRIATIONS
North Central Research	$5,441,581	$4,251,360	$1,190,221
Totals	**$5,441,581**	**$4,251,360**	**$1,190,221**

EXPENSES BY SOURCE	FINAL APPROPRIATION	EXPENSES	UNEXPENDED APPROPRIATIONS
General Fund Authority	$2,260,177	$2,260,177	$0
Special Fund Authority	3,181,404	1,991,183	1,190,221
Totals	**$5,441,581**	**$4,251,360**	**$1,190,221**

Source: ConnectND Financials

Appropriations

For the Biennium Ended June 30, 2025

Williston Research Center

EXPENSES BY LINE ITEM	FINAL APPROPRIATION	EXPENSES	UNEXPENDED APPROPRIATIONS
Williston Research Center	$5,685,482	$4,948,413	$737,069
Totals	**$5,685,482**	**$4,948,413**	**$737,069**

EXPENSES BY SOURCE	FINAL APPROPRIATION	EXPENSES	UNEXPENDED APPROPRIATIONS
General Fund Authority	$3,230,700	$3,230,700	$0
Special Fund Authority	2,454,782	1,717,713	737,069
Totals	**$5,685,482**	**$4,948,413**	**$737,069**

Source: ConnectND Financials

Appropriations

For the Biennium Ended June 30, 2025

Carrington Research Center

EXPENSES BY LINE ITEM	FINAL APPROPRIATION	EXPENSES	UNEXPENDED APPROPRIATIONS
Carrington Research Center	$10,751,432	$9,715,136	$1,036,296
Totals	**$10,751,432**	**$9,715,136**	**$1,036,296**

EXPENSES BY SOURCE	FINAL APPROPRIATION	EXPENSES	UNEXPENDED APPROPRIATIONS
General Fund Authority	$4,654,537	$4,654,537	$0
Special Fund Authority	6,096,895	5,060,599	1,036,296
Totals	**$10,751,432**	**$9,715,136**	**$1,036,296**

Source: ConnectND Financials

Appropriations

For the Biennium Ended June 30, 2025

Agronomy Seed Farm

EXPENSES BY LINE ITEM	FINAL APPROPRIATION	EXPENSES	UNEXPENDED APPROPRIATIONS
Agronomy Seed Farm	$1,632,722	$1,177,369	$455,353
Totals	**$1,632,722**	**$1,177,369**	**$455,353**

EXPENSES BY SOURCE	FINAL APPROPRIATION	EXPENSES	UNEXPENDED APPROPRIATIONS
Special Fund Authority	$1,632,722	$1,177,369	$455,353
Totals	**$1,632,722**	**$1,177,369**	**$455,353**

Source: ConnectND Financials

Appropriations

For the Biennium Ended June 30, 2025

Northern Crop Institute

EXPENSES BY LINE ITEM	FINAL APPROPRIATION	EXPENSES	UNEXPENDED APPROPRIATIONS
Northern Crop Institute	$9,683,408	$8,364,359	$1,319,049
Totals	**$9,683,408**	**$8,364,359**	**$1,319,049**

EXPENSES BY SOURCE	FINAL APPROPRIATION	EXPENSES	UNEXPENDED APPROPRIATIONS
General Fund Authority	$2,242,292	$2,242,292	$0
Special Fund Authority	7,441,116	6,122,067	1,319,049
Totals	**$9,683,408**	**$8,364,359**	**$1,319,049**

Source: ConnectND Financials

Office of the State Auditor

NORTH DAKOTA STATE AUDITOR
JOSHUA C. GALLION

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