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## Performance audit draws rebuke from lawmaker

NICK SMITH Bismarck Tribune 19 hrs ago

The state land commissioner defended the work of the North Dakota Department of Trust Lands during a legislative committee review of a performance audit that highlighted a series of errors in accounting practices and noncompliance with the department's code of ethics.

On Thursday, the interim Legislative Audit and Fiscal Review Committee reviewed the performance audit at the state Capitol. Officials with the office of state auditor provided 29 recommendations in its audit with the accounting and ethics concerns drawing the most discussion and a terse rebuke from one lawmaker.

Audit manager Jason Wahl said part of the review found that tracts of land overseen by the department didn't have documentation attaching the correct trust funds to the designated tracts of land.

The audit reviewed 40 tracts of surface acreage owned by the state and found them to be assigned properly. When reviewing corresponding subsurface mineral acres in the tracts, one was found to be assigned incorrectly.

"We then attempted to perform a comparison of the trusts assigned to the surface tracts and the trusts assigned to the corresponding mineral tract," Wahl said. "Due to differences in the two databases and the difference in the number of surface and mineral acres, our comparison was limited. We identified five mineral tracts that were apparently assigned to the wrong trust. None of the five had a lease for oil and gas."

Of those five tracts, the errors were in assigning them to the department's Youth Correctional Center trust rather than to the Ellendale trust. The issue stemmed from confusion over the trust names from decades ago.

"Once we were aware of Ellendale tracts being assigned to the YCC trust, we reviewed 20 of the 120 leased mineral tracts assigned to the YCC trust. We identified seven had the wrong trust assigned," Wahl said. "Based on information provided by the Department on the seven tracts, approximately \$2.8 million had been incorrectly credited to the YCC trust."

State Land Commissioner Lance Gaebe told the committee the department is committed to fixing the error, which will likely require legislative action. He said the department will get guidance from the attorney general's office.

"We will agree that we've made mistakes," Gaebe said.

Gaebe also admitted that, in meeting with the auditors to go over the audit draft and responses to their recommendations, it was a bit contentious at times.

"We had hopes that the audit could lead to constructive suggestions for solutions and ideas. However, at the end of a long, costly process, we received generalized, subjective recommendations," Gaebe said.

This drew a sharp rebuttal from Rep. Bob Skarphol, R-Tioga.

"I don't think you should feel sorry for yourself," Skarphol said. "I don't find it acceptable, and I don't accept the excuses."

He said in recent weeks the land department has begun the process of hiring a private firm to do a business systems analysis of their operations in order to attain ways to improve.

Wahl said concerns over employee compliance with ethics were also found.

“We identified instances of employees being paid for meal per diems when a contractor had provided the employees the meal being claimed,” Wahl said.

In another instance, two employees put in for a quarterly meal reimbursement for meals that were part of a registration fee at a conference, which can’t be claimed under state law.

“Essentially, double-dipping,” Committee Chairman Sen. Jerry Klein, R-Fessenden, said.

Wahl said that was correct. The department also used public funds for an office coffee machine as well as the purchase of a refrigerator and dishwasher using public funds.

Gaebe said the buck stops with him and his office is committed to working to address the recommendations outlined in the audit.

“We are going to fix it,” Gaebe said.

*(Reach Nick Smith at 701-250-8255 or 701-223-8482 or at [nick.smith@bismarcktribune.com](mailto:nick.smith@bismarcktribune.com).)*

## Nick Smith

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