



NORTH DAKOTA OFFICE OF THE STATE AUDITOR

State Auditor Joshua C. Gallion

Williston State College

Audit Report for the Biennium Ended June 30, 2025

Client Code 229





WHAT WE LOOKED AT AND WHY

North Dakota state law 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 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

Lack of Tuition Waiver Procedures and Approval



WSC issued tuition waivers without required procedures or documented approvals.

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HAVE QUESTIONS? ASK US.

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Introduction

Williston State College

April 28, 2026

We are pleased to submit this audit of Williston State College 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 the responsiveness and effectiveness of state government.

Robyn Hoffmann, 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 Williston State College 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

PRIMARY OBJECTIVE

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

CONCLUSION

Except for the finding identified in this report, no errors, internal control weaknesses, or potential violations of law were identified.

FINDING
2025-1

Lack of Tuition Waiver Procedures and Approval

Williston State College (WSC) did not develop procedures for awarding the presidential and athletic tuition waivers. Additionally, there was no evidence of proper approval of the presidential ERE tuition waiver (meant for early entry students) or the athletic tuition waiver.

Presidential Tuition Waiver

WSC awarded \$62,045 in presidential tuition waivers to 15 students during fiscal years 2024 and 2025. The purpose of the waiver is to provide educational opportunity and cultural enrichment to students. WSC did not have documented procedures for eligibility, application requirements, selection criteria, awarding process, and necessary monitoring as required by State Board of Higher Education Policy 820.

We found two of the three students tested were instructed by their coach to email the WSC President to request this waiver. In one instance, the student's request happened after the date of the award letter from the WSC President. The other student was selected by the coach after the WSC President asked the athletics department about individuals needing a waiver. The coach selected the student to continue to receive the waiver in the next semester.

Presidential ERE Tuition Waiver

The purpose of the waiver was to reduce the tuition for early entry students to the high school unsubsidized rate. This waiver was approved by the WSC President for the fall 2023 semester only, however students continued to receive that award into spring of 2024. 222 students received this waiver in fiscal year 2024, with the total amount waived being \$94,248.

Of that total, \$53,832 was awarded for the spring 2024 semester. However, there was no support for the approval of these spring waivers. We also found one instance where the WSC President awarded a student a \$626 waiver for receiving "incorrect information from a former WSC employee". Our team was not given any additional information to explain what happened. This does not align with the purpose of the waiver.

Athletic Tuition Waiver

WSC awarded \$133,054 of athletic tuition waivers to 20 students during fiscal years 2024 and 2025. WSC did not have documented procedures for eligibility, application requirements, selection criteria, awarding process, and necessary monitoring as required by State Board of Higher Education Policy 820.

We found all athletic tuition waivers were set up to waive 100% of the student's tuition, but there was no documentation to support waiving the entire amount.

Waivers reduce the total amount of tuition owed by a student. For all waivers given, the college must find another source of revenue, which could include general fund appropriations to make up for the tuition that was waived. This means taxpayers of North Dakota could be unnecessarily supplementing tuition for waivers that don't have proper policies, guidance, and monitoring being completed at the campus level.



This means **taxpayers of North Dakota** could be **unnecessarily supplementing tuition** for waivers that don't have proper procedures

For all these waivers, without documented procedures and proper approvals, waivers could be improperly or inconsistently awarded to students.

Proper internal controls should be in place to validate the accuracy of transactions through an approval process. (Committee of Sponsoring Organizations of the Treadway Commission's publication on Internal Control).

RECOMMENDATION

We recommend Williston State College develop procedures in accordance with SBHE policy for the presidential and athletic waivers to comply with SBHE Policy.

We also recommend Williston State College maintain supporting documentation of approval of students being awarded a waiver and the amount of the waiver to be given.

WILLISTON STATE COLLEGE RESPONSE

Williston State College (WSC) agrees with the recommendation and is strengthening policies, procedures, and internal controls for Presidential and Athletic waivers to ensure compliance with SBHE Policy and NDUS requirements.

While WSC followed informal procedures, the College is formalizing its waiver eligibility, application, documentation, and approval requirements to support consistent awarding and adequate records.

Oversight of these controls resides within Financial Aid under the Director of Financial Aid. WSC is also centralizing waiver documentation and retention in Perceptive Content to improve recordkeeping and audit trail integrity. Implementation is underway, with full operationalization targeted for the upcoming academic year.

Audit Procedures

Primary 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:

- Examined that employment was authorized and pay was properly supported and approved.
- Ensured that journal entries were properly approved.
- Determined that waivers were properly approved.
- Examined that expenses were properly approved.
- Ensured that tuition and fees were properly approved by the State Board of Higher Education, Williston State College, or the appropriate authorized party.

Deficiencies were identified surrounding approvals of tuition waivers (see Finding 2025-1).

SCOPE

Williston State College's sole location is its campus located in Williston, which was included in the audit scope.

METHODOLOGY

To meet this objective, we:

- Interviewed appropriate agency personnel.
- Observed Williston State College's processes and procedures.

- Analyzed financial data in ConnectND to determine areas of risk.
- Inspected documentary evidence.
- Used non-statistical random sampling and the results were projected to the population. Where applicable, populations were stratified for efficiency and to ensure the population was adequately represented in the samples.
- Reviewed the state contract from North Dakota Department of Public Instruction for fiscal years 2025 and 2024 to provide services for the Adult Learning Center on campus. Grant funding was used to provide to anyone 16 or older basic academic/life skills, a high school equivalency (GED), or English Language program. We selected a random sample of participants at the Adult Learning Center to ensure the participants met the eligibility requirements.
- Determined that Tier II (\$137,947) and Tier III (\$500,000) 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 committee of the legislative assembly (2021 Senate Bill 2003, Chapter 31, Section 6).
- Determined that \$850,000 authorized from the capital building fund for parking lot and infrastructure repair had not been spent during the biennium (2021 Senate Bill 2003, Chapter 31, Section 7).
- Determined that the majority of the one-time funding had been spent on the following projects:
 - o Medical Healthcare building (authority of \$36.6 million, \$26 million spent).
 - o Turf project (\$7.3 million authorized, \$5 million spent). (2023 House Bill 1003, Chapter 3, Section 2).
- Determined that carryover funds were properly reported

to the appropriations committees of the legislative assembly (2023 House Bill 1003, Chapter 3, Section 36).

- Determined that Tier II (\$206,920) and Tier III (\$120,000) funds from the capital building fund were used for extraordinary repairs and deferred maintenance projects for academic and student housing facilities. During the biennium, no Tier II or Tier III funds were spent (2023 House Bill 1003, Chapter 3, Section 11 and N.D.C.C. 15-54.1-02).
- Ensured that Williston State College did not increase tuition rates for resident students during 2023-2024 and 2024-2025 academic years, and for high-cost undergraduate tuition programs, tuition rates were increased by up to one percent for the 2023-2024 and 2024-2025 academic years (2023 House Bill 1003, Chapter 3, Section 45).
- Selected a judgmental sample of higher dollar payroll, separation pay, special pay, and faculty payroll for fiscal year 2025 to ensure that earnings were properly calculated for employees' pay.
- Selected a judgmental sample of journal entries made after the departure of the Controller on March 15, 2025, to ensure proper coding and supporting documentation was valid.
- Selected a judgmental sample of presidential tuition waivers, presidential ERE tuition waivers, cultural diversity tuition waivers, athletic tuition waivers, Resident Assistant housing waivers and Resident Assistant board waivers to ensure that the waivers were awarded to an eligible student for the correct amount based on compliance with the waiver criteria.
- Selected a random sample of noncredit course fees to ensure proper coding and supporting documentation was valid.
- Selected a judgmental sample of higher operating expense vouchers and a random sample of the remaining operating expense vouchers to ensure supporting

documentation was valid, expense was properly coded, charged to proper fiscal year, and was reasonable.

- Selected a judgmental sample of tuition and fees rates to ensure the correct amounts were charged to students.
- Judgmentally selected a sample of purchases for the medical healthcare building and turf project and purchases from fiscal year 2025 that were subject to procurement rules to ensure they were in compliance with procurement laws and procedures (N.D.C.C. 48-01.2, N.D.C.C. 54-44.1, N.D.C.C. 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 Williston State College 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 ADDITIONS	JUNE 30, 2025	JUNE 30, 2024
State Appropriations	\$ 7,175,263	\$ 6,112,261
Gifts	4,890,170	3,886,222
Capital Grants and Gifts	4,438,266	490,611
Sales and Services of Educational Departments	2,664,900	3,259,952
Auxiliary Enterprises	2,397,921	2,009,184
Federal Grants and Contracts	2,110,325	1,771,661
State Appropriations - Capital Assets	1,213,186	1,894,336
Student Tuition and Fees	847,059	831,339
State Grants and Contracts	471,882	1,355,313
Insurance Proceeds	135,020	-
Nongovernmental Grants and Contracts	90,754	27,888
Other	14,681	17,865
Endowment and Investment Income	13,087	8,900
Total Revenue and Other Additions	\$ 26,462,514	\$ 21,665,532

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	\$ 10,218,088	\$ 9,512,886
Operating Expenses	5,035,216	4,262,784
Depreciation	2,818,879	2,893,165
Scholarships and Fellowships	1,209,324	1,411,155
Information Technology	464,426	375,266
Interest on Capital Asset - Related Debt	462,016	468,665
Costs of Sales and Services	454,131	534,693
Loss on Disposal of Capital Assets	30,935	-
Other Nonoperating Expenses	3,364	2,588
Total Expenses and Other Deductions	\$ 20,696,379	\$ 19,461,202
Revenues Over Expenses	\$ 5,766,135	\$ 2,204,330

NET POSITION	JUNE 30, 2025	JUNE 30, 2024
Net Position - Beginning of the Year, as Restated	\$ 64,977,170	\$ 36,990,648
Net Position - End of Year	\$ 70,743,305	\$ 39,194,978

Source: North Dakota University System Annual Financial Report

Appropriations

For the Biennium Ended June 30, 2025

	FINAL APPROPRIATION	EXPENSES	UNEXPENDED APPROPRIATIONS
Expenses by Line Item			
Operating Expenses	\$ 44,238,994	\$ 44,238,994	\$ -
Capital Assets	45,175,907	32,517,600	12,658,307
Plant Improvement-Carryover	50,509	50,509	-
Capital Building Fund	1,411,787	-	1,411,787
Totals	\$ 90,877,197	\$ 76,807,103	\$ 14,070,094
Expenses by Source			
General Fund Authority	\$ 13,535,834	\$ 13,535,834	\$ -
Special Fund Authority	77,341,363	63,271,269	14,070,094
Totals	\$ 90,877,197	\$ 76,807,103	\$ 14,070,094

Source: ConnectND Financials

Status of Prior Recommendations

Definition of Terms

Implemented

The department provided sufficient and appropriate evidence to support all elements of the recommendation.

Partially Implemented

Some evidence was provided, but not all elements of the recommendation were addressed.

Not Implemented

Evidence did not support meaningful movement towards implementation, and/or where no evidence was provided.

Not Implemented - N/A

Circumstances changed to make a recommendation not applicable.

Status of Prior Recommendations

Inadequate Monthly Bank Reconciliations (Finding 2023-01)

Not Implemented - N/A

Recommendation: We recommend that Williston State College ensure that cash is properly recorded, monthly bank reconciliations are performed to a zero-dollar difference for all accounts, and that reconciliations are properly documented and approved.

Status: Not implemented-N/A. Williston State College had a recommendation regarding bank reconciliations in the fiscal years 2024 and 2025 North Dakota University System financial audits; therefore, we determined that no further follow-up will be performed in this audit.

Not Following State Procurement Rules (Finding 2023-02)

Implemented

Recommendation: We recommend that Williston State College properly maintain documentation to ensure commodities are procured in compliance with N.D.C.C. and North Dakota University System procurement procedures.

Status: Implemented. Williston State College provided sufficient and appropriate evidence to support all elements of the recommendation.

Inadequate Controls Surrounding Payroll (Finding 2023-03)

Implemented

Recommendation: We recommend that Williston State College ensure employee pay is properly supported and maintained in the employee's personnel file.

Status: Implemented. Williston State College provided sufficient and appropriate evidence to support all elements of the recommendation.



Office of the
State Auditor


NORTH DAKOTA STATE AUDITOR
JOSHUA C. GALLION

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