

Fifty-fifth
Legislative Assembly
of North Dakota

SENATE BILL NO. 2066

Introduced by

Appropriations Committee

(At the request of the State Auditor)

1 A BILL for an Act to amend and reenact section 54-10-01 of the North Dakota Century Code,
2 relating to payment of state auditor contracts and performance audit standards.

3 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

4 **SECTION 1. AMENDMENT.** Section 54-10-01 of the 1995 Supplement to the North
5 Dakota Century Code is amended and reenacted as follows:

6 **54-10-01. Powers and duties of state auditor.** The state auditor shall:

- 7 1. Be vested with the duties, powers, and responsibilities involved in performing the
8 postaudit of all financial transactions of the state government, detecting and
9 reporting any defaults, and determining that expenditures have been made in
10 accordance with law and appropriation acts.
- 11 2. Perform or provide for the audit of the general purpose financial statements and a
12 review of the material included in the comprehensive annual financial report of the
13 state and perform or provide for the audits and reviews of state agencies, including
14 occupational or professional boards provided for by law. The state auditor shall
15 audit or review each state agency once every two years. The state auditor shall
16 determine the contents of the audits and reviews of state agencies. The state
17 auditor may conduct any work required by the federal government. The state
18 auditor shall charge an amount equal to the cost of the audit and other services
19 rendered by the state auditor to all agencies that receive and expend moneys from
20 other than the general fund. This charge may be reduced for any agency that
21 receives and expends both general fund and nongeneral fund moneys. ~~The state~~
22 ~~auditor shall require any agency in the executive branch of government, which~~

1 ~~includes an institution of higher education, to pay for a contract for the audit or~~
2 ~~review of that agency. Except for an audit or review of an occupational or~~
3 ~~professional board, the state auditor shall execute any contract under this~~
4 ~~subsection.~~ The governing board of any occupational or professional board shall
5 provide for an audit once every two years by a certified public accountant or
6 licensed public accountant who shall submit the audit report to the state auditor's
7 office. If the report is in the form and style as prescribed by the state auditor, the
8 state auditor may not audit that board. Alternatively, an occupational or
9 professional board may request the state auditor to do its audit, and if the state
10 auditor agrees to do so, the state auditor shall deposit the fees charged to the
11 occupational or professional board into the state auditor operating account. Audits
12 and reviews may be conducted at more frequent intervals if requested by the
13 governor or legislative audit and fiscal review committee.

- 14 3. Perform or provide for performance audits of state agencies as determined
15 necessary by the state auditor or the legislative audit and fiscal review committee.
16 A performance audit ~~must include reviewing elements of compliance, economy and~~
17 ~~efficiency, and program results to determine whether an agency is complying with~~
18 ~~applicable laws and legislative intent and is managing its resources efficiently, and~~
19 ~~whether the agency's programs are achieving desired results~~ must be done in
20 accordance with generally accepted auditing standards applicable to performance
21 audits.

- 22 4. For the audits and reviews the state auditor is authorized to perform or provide for
23 under this section, the audit or review may be provided for by contract with a
24 private certified or licensed public accountant or other qualified professional. If the
25 state auditor determines that the audit or review will be done pursuant to contract,
26 the state auditor, except for occupational or professional boards, shall execute the
27 contract, and any executive branch agency, including higher education institutions,
28 shall pay the fees of the contractor.

- 29 5. Be responsible for the above functions and report thereon to the governor and the
30 secretary of state in accordance with section 54-06-04 or more often as
31 circumstances may require.

- 1 ~~5.~~ 6. Perform all other duties as prescribed by law.