

Sixty-first  
Legislative Assembly  
of North Dakota

**HOUSE BILL NO.**

Introduced by

Representative Wrangham

1 A BILL for an Act to amend and reenact section 54-10-14 and subsection 5 of section  
2 54-34.3-01 of the North Dakota Century Code, relating to references to regional planning  
3 council; and to repeal chapter 54-40.1 of the North Dakota Century Code, relating to regional  
4 planning councils.

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

6 **SECTION 1. AMENDMENT.** Section 54-10-14 of the North Dakota Century Code is  
7 amended and reenacted as follows:

8 **54-10-14. Political subdivisions - Audits - Fees - Alternative audits and reports.**

9 The state auditor shall audit the following political subdivisions once every two years, except as  
10 provided in this section or otherwise by law:

- 11 1. Counties.
- 12 2. Cities.
- 13 3. Park districts.
- 14 4. School districts.
- 15 5. Firefighters relief associations.
- 16 6. Airport authorities.
- 17 7. Public libraries.
- 18 8. Water resource districts.
- 19 9. Garrison Diversion Conservancy District.
- 20 10. Rural fire protection districts.
- 21 11. Special education districts.
- 22 12. Area career and technology centers.
- 23 13. Correction centers.
- 24 14. Recreation service districts.

- 1           15.   Weed boards.
- 2           16.   Irrigation districts.
- 3           17.   Rural ambulance service districts.
- 4           18.   Southwest water authority.
- 5           19.   ~~Regional planning councils.~~
- 6           20.   Soil conservation districts.

7           The state auditor shall charge the political subdivision an amount equal to the fair value  
8 of the audit and any other services rendered. The fees must be deposited in the state auditor  
9 operating account. The state treasurer shall credit the state auditor operating account with the  
10 amount of interest earnings attributable to the deposits in that account. Expenses relating to  
11 political subdivision audits must be paid from the state auditor operating account, within the  
12 limits of legislative appropriation.

13           In lieu of conducting an audit every two years, the state auditor may require annual  
14 reports from school districts with less than one hundred enrolled students; cities with less than  
15 three hundred population; park districts and soil conservation districts with less than two  
16 hundred thousand dollars of annual receipts; and other political subdivisions subject to this  
17 section, or otherwise provided by law, with less than one hundred thousand dollars of annual  
18 receipts, excluding any federal funds passed through the political subdivision to another entity.  
19 If any federal agency performs or requires an audit of a political subdivision that receives  
20 federal funds to pass through to another entity, the political subdivision shall provide a copy to  
21 the state auditor upon request by the state auditor. The reports must contain the financial  
22 information required by the state auditor. The state auditor also may make any additional  
23 examination or audit determined necessary in addition to the annual report. When a report is  
24 not filed, the state auditor may charge the political subdivision an amount equal to the fair value  
25 of the additional examination or audit and any other services rendered. The state auditor may  
26 charge a political subdivision a fee not to exceed fifty dollars an hour for the costs of reviewing  
27 the annual report.

28           A political subdivision, at the option of its governing body, may be audited by a certified  
29 public accountant or licensed public accountant rather than by the state auditor. The public  
30 accountant shall comply with generally accepted government auditing standards for audits of  
31 political subdivisions. The report must be in the form and content required by the state auditor.

1 The number of copies of the audit report requested by the state auditor must be filed with the  
2 state auditor when the public accountant delivers the audit report to the political subdivision.  
3 The state auditor shall review the audit report to determine if the report is in the required form  
4 and has the required content, and if the audit meets generally accepted government auditing  
5 standards. The state auditor also may periodically review the public accountant's workpapers  
6 to determine if the audit meets generally accepted government auditing standards. If the report  
7 is in the required form and has the required content, and the report and workpapers comply with  
8 generally accepted government auditing standards, the state auditor shall accept the audit  
9 report. The state auditor may charge the political subdivision a fee of up to fifty dollars an hour,  
10 but not to exceed five hundred dollars per review, for the related costs of reviewing the audit  
11 report and workpapers.

12 A political subdivision may not pay a public accountant for an audit until the state auditor  
13 has accepted the audit. However, a political subdivision may make progress payments to the  
14 public accountant. A political subdivision shall retain twenty percent of any progress payment  
15 until the audit report is accepted by the state auditor.

16 The state auditor may require the correction of any irregularities, objectionable  
17 accounting procedures, or illegal actions on the part of the governing board, officers, or  
18 employees of the political subdivision disclosed by the audit report or workpapers, and failure to  
19 make the corrections shall result in audits being resumed by the state auditor until the  
20 irregularities, objectionable accounting procedures, or illegal actions are corrected.

21 **SECTION 2. AMENDMENT.** Subsection 5 of section 54-34.3-01 of the North Dakota  
22 Century Code is amended and reenacted as follows:

- 23 5. Forge a supportive partnership with the Bank of North Dakota, the board of higher  
24 education and the state's institutions of higher education, ~~regional planning~~  
25 ~~councils~~, local development organizations and authorities, the Myron G. Nelson  
26 Fund, Incorporated, the state's nonprofit development corporations, and other  
27 appropriate private and public sector organizations in achieving the economic  
28 goals of the state; and

29 **SECTION 3. REPEAL.** Chapter 54-40.1 of the North Dakota Century Code is  
30 repealed.