

2. N.D.C.C. 54-10-14 (4)

Our office has not increased this fee in 12 years. We are proposing an increase of \$10 an hour to change our rate from \$80 an hour to \$90 an hour.

Background on rate: In 1993 the rate was \$50 an hour. Increased to \$80 an hour in 2009.

3. N.D.C.C. 54-10-27

Our office has not increased this fee in two decades. We are proposing an increase of \$40 an hour to update our rate from \$50 an hour to \$90 an hour.

Background on rate: In 2001 the rate was \$50 an hour. The rate has not increased since.

4. N.D.C.C. 54-10-14 (4)

This section allows our office to charge political subdivision a fee, not to exceed \$500, for the costs related to reviewing audit reports and working papers. We are proposing to increase that cap to \$1,000 both to reflect inflation since the cap was established 18 years ago and to allow us to conduct our statutory duty of reviewing working papers.

Background on rate: In 1993 the cap was added at \$500. The rate has not increased since.

Because there have been no adjustments to the cost for the past 18 years, this rate is not keeping up with inflation. Our office will lose money if an audit report is rejected because the cost of re-reviewing a report after a private firm has had to make changes exceeds \$500.

Our office is also charged with the responsibility of reviewing workpapers to ensure private firms are properly following audit standards. If this cap is raised, we would also have the opportunity to provide feedback to local governments where risk is identified. Presently because of lack of funding, our team is unable to conduct these risk assessments.

Right now, our office is limited on resources to ensure the 14 private firms conducting government audits are meeting standards by performing quality audits.

Access to Records

Section 54-10-24.1 would allow our office the ability to request supporting documentation from local school districts when conducting an audit and examining the distribution of state funding.

We encountered this situation in the 2020 Department of Public Instruction audit. The Assistant Attorney Generals assigned to the State Auditor's Office and the Department of Public Instruction determined neither agency had the authority to obtain supporting documentation from school districts for the audit. During this audit, we found state aid payments of \$1.9 billion and transportation payments of \$54 million that were made to school districts during the audit period. These are significant amounts