

Fifty-sixth  
Legislative Assembly  
of North Dakota

ENGROSSED SENATE BILL NO. 2130

Introduced by

Government and Veterans Affairs Committee

(At the request of the State Auditor)

1 A BILL for an Act to amend and reenact sections 11-14-18, 11-22-04, 11-28.3-11, 16.1-14-15,  
2 18-11-22, 23-30-09, 26.1-21-09, 36-15-09, 36-22-09, 44-09-26, 48-02-07, 49-17.2-27,  
3 54-10-03, 54-10-14, 54-10-19, 61-03-03, and 61-03-18 of the North Dakota Century Code,  
4 relating to the duties of the state auditor; and to repeal section 25-07-09 of the North Dakota  
5 Century Code, relating to the collection of clothing account at the school for the deaf.

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

7 **SECTION 1. AMENDMENT.** Section 11-14-18 of the North Dakota Century Code is  
8 amended and reenacted as follows:

9 **11-14-18. Failure of treasurer to make settlement - Auditor to start suit.** If a county  
10 treasurer fails to make return and settlement, or fails to pay over all money with which the  
11 treasurer stands charged, at the time and in the manner prescribed by law, the county auditor,  
12 on receiving instructions for that purpose from the ~~state auditor or from the board of county~~  
13 ~~commissioners of the treasurer's county,~~ shall cause suit to be instituted against the treasurer  
14 and the treasurer's sureties, or any of them.

15 **SECTION 2. AMENDMENT.** Section 11-22-04 of the North Dakota Century Code is  
16 amended and reenacted as follows:

17 **11-22-04. How special funds are disbursed.** Moneys deposited under the provisions  
18 of this chapter shall be disbursed only upon the order of the county auditor based upon the  
19 order of the officer making the deposit or of that officer's successor in office. ~~If any fund~~  
20 ~~deposited is such as is required to be disbursed by warrant or draft drawn by the state auditor,~~  
21 ~~then disbursement thereof shall be made only on such warrant or draft.~~ If the deposit is made  
22 in the form of a check or draft, the county treasurer shall not disburse the fund unless or until  
23 such check or draft is paid.

1           **SECTION 3. AMENDMENT.** Section 11-28.3-11 of the North Dakota Century Code is  
2 amended and reenacted as follows:

3           **11-28.3-11. Funds collected to be deposited.** All funds collected on behalf of the  
4 district through the levy of taxes, all donations, contributions, bequests, or annuities, and all  
5 borrowed money received by or on behalf of the district shall be deposited in a state or national  
6 bank to the credit of the district account and shall be drawn out only by warrant.

7           Claim vouchers shall be authorized by the board of directors and shall bear the  
8 signature of the secretary-treasurer and the countersignature of the president. The  
9 secretary-treasurer of the district shall, at each annual public meeting of the district, present a  
10 financial report concerning the affairs of the district. ~~Once each year at the same time the state~~  
11 ~~auditor examines other county records, the state auditor shall examine the records of the~~  
12 ~~secretary treasurer of the rural ambulance service district, and the cost of such examination~~  
13 ~~shall be paid by the district. The secretary treasurer of the rural ambulance service district shall~~  
14 ~~bring the records of the district to the office of the county auditor for the examination.~~

15           **SECTION 4. AMENDMENT.** Section 16.1-14-15 of the North Dakota Century Code is  
16 amended and reenacted as follows:

17           **16.1-14-15. Costs - Taxation.** The costs of an election contest under the provisions of  
18 this chapter must be taxed under the direction of the board. If two or more cases are heard  
19 together, the costs must be apportioned as the board shall direct. In each case in which the  
20 petitioners do not prevail, the costs must be paid by them, and in each case in which the  
21 petitioners prevail, the costs must be paid by the state. If the costs are required to be paid by  
22 the state, the board shall certify the costs to the ~~state auditor~~ office of management and budget,  
23 ~~who which~~ shall issue ~~the state auditor's~~ a warrant upon the state treasurer in payment of the  
24 same.

25           **SECTION 5. AMENDMENT.** Section 18-11-22 of the North Dakota Century Code is  
26 amended and reenacted as follows:

27           **18-11-22. Examination of relief association records - Report of unauthorized**  
28 **spending to governor - Duty of governor.** The books and accounts of the  
29 secretary-treasurer of each firefighters relief association receiving funds under the provisions of  
30 this chapter must be examined pursuant to section 54-10-14. If the audit report discloses that  
31 the money, or any part of it, has been or is being expended for unauthorized purposes, the

1 state auditor shall report the facts to the governor. Thereupon, the governor shall direct the  
2 ~~state auditor~~ office of management and budget to refuse to issue any warrants for the benefit of  
3 the fire department or relief association of the municipality in which such association is  
4 organized until it appears to the state auditor, who shall report the fact to the governor, that all  
5 moneys wrongfully expended have been replaced. The governor may take such further action  
6 as the emergency may demand.

7 **SECTION 6. AMENDMENT.** Section 23-30-09 of the North Dakota Century Code is  
8 amended and reenacted as follows:

9 **23-30-09. Funds collected to be deposited.** The following must be deposited in a  
10 state or national bank qualified as a depository for public funds to the credit of the district fund  
11 and may be drawn out only by warrant:

- 12 1. All funds collected on behalf of the district through the levy of taxes.
- 13 2. All income and earnings of the district.
- 14 3. All donations, contributions, bequests, or annuities.
- 15 4. All borrowed money received by or on behalf of the district.

16 Such claim voucher must be authorized by the board of directors and must bear the signature  
17 of the treasurer and the countersignature of the president of such district. The  
18 secretary-treasurer of the district shall, at each annual public meeting of the district, present a  
19 financial report concerning the affairs of the district. ~~Once each year at the same time the state~~  
20 ~~auditor examines other county records he shall examine the records of the secretary treasurer~~  
21 ~~of the district, and the cost of such examination must be paid by such district. The~~  
22 ~~secretary treasurer of the district shall bring his records to the office of the county auditor for~~  
23 ~~such examination.~~

24 **SECTION 7. AMENDMENT.** Section 26.1-21-09 of the North Dakota Century Code is  
25 amended and reenacted as follows:

26 **26.1-21-09. Premiums - Amount to whom paid - Minimum.** The premium for a  
27 blanket bond must be determined by the commissioner. Premiums must be paid in advance by  
28 the proper authority of the state, or of the political subdivision of the state, from its treasury, to  
29 the state treasurer who shall keep the same in the fund. The state treasurer shall issue  
30 ~~quadruple~~ receipts ~~therefor~~ in triplicate. The treasurer shall file one of such receipts in the  
31 treasurer's office, and shall mail one to the official making such payment; and one to the

1 commissioner, ~~and one to the state auditor~~. The minimum premium for each bond must be two  
2 dollars and fifty cents per year. Payments must be made for one year or for such longer terms  
3 as the commissioner may prescribe. From and after July 1, 1953, the premiums referred to in  
4 this section must be waived until the reserve fund of the state bonding fund has been depleted  
5 below the sum of two and one-half million dollars. The collection of premiums must be  
6 resumed on the bonds, at the rates herein set forth, whenever the reserve fund is depleted  
7 below the sum of two and one-half million dollars. The premiums must continue to be collected  
8 until the reserve fund reaches a total of three million dollars, at which time all premiums must  
9 again be waived until the reserve fund has been depleted below the sum of two and one-half  
10 million dollars.

11 **SECTION 8. AMENDMENT.** Section 36-15-09 of the 1997 Supplement to the North  
12 Dakota Century Code is amended and reenacted as follows:

13 **36-15-09. Return of appraisal - Payment of claims for diseased animals.** The  
14 return of an appraisal made under this chapter must be in writing and signed by the board  
15 or by the agent thereof which made the appraisal, or by the members of the board of  
16 appraisers if a reappraisal is made after a protest, and by the owner of the condemned  
17 animal. The return must be certified by the commissioner of agriculture to the ~~state auditor~~  
18 office of management and budget, who ~~which~~ shall draw a warrant upon the state treasurer in  
19 favor of the owner of the animal. The amount of indemnity paid by this state, however, must  
20 be, in the case of an animal condemned because it is infected with tuberculosis or  
21 paratuberculosis, one-third of the difference between the appraised value of the animal and the  
22 net value of the salvage received by the owner, however, the indemnity payments may not  
23 exceed twenty-five dollars for each grade animal or fifty dollars for each registered purebred  
24 animal, except, that if the federal government fails to provide an amount of indemnity equal to  
25 that provided by the state, the owner must be paid one-half of the difference between the  
26 appraised value of the animal and the net value of the salvage thereof. Before any indemnity  
27 payment is made for such registered purebred animals, a certificate of registration in a  
28 recognized herdbook must be submitted to the state veterinarian prior to the date set for  
29 slaughter of said animal. This state is not liable for indemnity under this chapter in excess of  
30 the amount appropriated for the payment of such indemnity by the legislative assembly and the

1 state is not liable for indemnity for any animal killed during a biennium after the appropriation  
2 for such biennium has been exhausted.

3 **SECTION 9. AMENDMENT.** Section 36-22-09 of the 1997 Supplement to the North  
4 Dakota Century Code is amended and reenacted as follows:

5 **36-22-09. Audit of stockmen's association.** It is the duty of the board of directors of  
6 the North Dakota stockmen's association to provide for an audit at least once every two years  
7 by a certified public accountant or licensed public accountant. Two copies of each audit report  
8 must be submitted to the ~~state auditor's office~~ legislative council.

9 **SECTION 10. AMENDMENT.** Section 44-09-26 of the North Dakota Century Code is  
10 amended and reenacted as follows:

11 **44-09-26. Court of impeachment - Compensation - Members - Counsel - Payment.**

12 The presiding officer, except the chief justice when presiding, and members of the senate,  
13 while sitting as a court of impeachment, and members of the house of representatives, ~~each~~  
14 ~~shall~~ are entitled to receive his regular per diem compensation and expense reimbursement as  
15 provided in section 54-03-20 and mileage, ~~plus five dollars per day as reimbursement for~~  
16 ~~expenses as provided in section 54-06-09~~, while attending the court of impeachment. The  
17 compensation of the secretary of the senate, sergeant at arms, and all subordinate officers,  
18 clerks, stenographers, and reporters of the court and counsel employed to assist the managers  
19 and counsel selected and employed by accused with respect to ~~his~~ the accused's defense in  
20 ~~his~~ the impeachment trial, must be such amount as must be determined upon by a vote of the  
21 members of such court; provided, however, that the amount paid to the counsel employed to  
22 assist the managers and the amount paid to the counsel employed to assist the accused must  
23 be equal. The ~~state auditor~~ office of management and budget, upon presentation of a  
24 certificate signed by the presiding officer and secretary of the senate, shall ~~draw his warrants~~  
25 ~~upon the state treasurer to pay from the general fund~~ the expense of the senate, and the  
26 compensation of the officers, clerks, stenographers, and reporters and counsel under the  
27 provisions of this chapter.

28 **SECTION 11. AMENDMENT.** Section 48-02-07 of the North Dakota Century Code is  
29 amended and reenacted as follows:

30 **48-02-07. Allowance and payment of estimates - Investment of retainage.** At least  
31 once in each calendar month during the continuance of work upon any public building or

1 erection begun and carried on under the provisions of this chapter, the governing board, or a  
2 committee thereof duly authorized by the board for that purpose, shall meet and receive and  
3 consider estimates furnished by the supervising architect or the superintendent of construction  
4 of such building or erection, and shall allow such estimates in an amount of the estimated value  
5 of the labor and material furnished upon such contract, and of the material then upon the  
6 ground for use in the construction thereof, subject to retentions as follows: ten percent of each  
7 estimate presented until such time as the project is fifty percent completed, with no further  
8 retainage on estimates during the continuance of the contract. The governing board may,  
9 however, upon completion of ninety-five percent of the contract according to the estimates, pay  
10 to the contractor ninety-five percent of the amount retained from previous estimates. The  
11 remaining amount retained shall be paid to the contractor in such amounts and at such times  
12 as are approved by the supervising architect or superintendent of construction, with final  
13 payment of all moneys due to the contractor to be made immediately following completion and  
14 acceptance of the project. If no supervising architect and no superintendent of construction is  
15 employed upon such contract, the contractor, at the end of each calendar month during the  
16 continuance of work under any such contract, may furnish to such board or public body in  
17 charge of such work like estimates which shall be allowed in like manner. Said board or  
18 committee thereof, immediately after considering and allowing any such estimate, shall certify  
19 and forward the same to the ~~state auditor~~, county auditor, city auditor, or other official having  
20 the power to draw warrants, who forthwith shall draw ~~his~~ that official's warrant upon the proper  
21 fund and transmit the same promptly to the contractor entitled thereto. On the amounts of  
22 estimates retained, as provided herein, the governing board, authorized committee, or public  
23 body in charge of such work may invest or deposit said retained amounts in any financial  
24 association or institution in North Dakota, so that the contractor's money will be earning interest  
25 or dividends for the benefit of the contractor. Any amounts so invested or deposited shall  
26 remain in the name of the governing board, authorized committee, or public body in charge of  
27 such work until final payment of all money due to the contractor is to be made. Further, no  
28 contractor shall use such account in any manner whatsoever until released and received by  
29 ~~him~~ the contractor upon completion of the contract.

30 **SECTION 12. AMENDMENT.** Section 49-17.2-27 of the 1997 Supplement to the North  
31 Dakota Century Code is amended and reenacted as follows:

1           **49-17.2-27. Designation of director of department of transportation as agent of**  
2 **authority - Funds held in separate account** ~~—Vouchers and warrants.~~ An authority may  
3 designate the director of the department of transportation as its agent to accept, receive,  
4 receipt for, and disburse federal and state moneys, and other moneys, public or private, made  
5 available by grant or loan or both, to accomplish in whole or in part, any of the purposes of this  
6 chapter. It may designate the director of the department of transportation as its agent to  
7 contract for and supervise the planning, acquisition, development, construction, improvement,  
8 maintenance, equipping, or operation of any railroad or railroad facility.

9           All funds received by the director of the department of transportation pursuant to this  
10 section shall be deposited in the state treasury. Unless otherwise prescribed by the agency  
11 from which such funds were received, the funds shall be kept in separate accounts according to  
12 the purposes for which the funds were made available. Such funds shall be held by the state in  
13 trust for such purposes, and paid ~~on warrants drawn by the state auditor on vouchers~~ out only  
14 when approved by the director of the department of transportation.

15           **SECTION 13. AMENDMENT.** Section 54-10-03 of the North Dakota Century Code is  
16 amended and reenacted as follows:

17           **54-10-03. Official bond.** The state auditor shall ~~execute an official~~ be covered by a  
18 fidelity bond in the sum of at not less than twenty thousand dollars.

19           **SECTION 14. AMENDMENT.** Section 54-10-14 of the 1997 Supplement to the North  
20 Dakota Century Code is amended and reenacted as follows:

21           **54-10-14. Political subdivisions - Audits - Fees - Alternative audits and reports.**

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

- 24           1. Counties.
- 25           2. Cities.
- 26           3. Park districts.
- 27           4. School districts.
- 28           5. Firefighters relief associations.
- 29           6. Airport authorities.
- 30           7. Public libraries.
- 31           8. Water resource districts.

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- 1           9.    Garrison diversion conservancy district.
- 2           10.   Rural fire protection districts.
- 3           11.   Special education districts.
- 4           12.   Area vocational and technology centers.
- 5           13.   Correction centers.
- 6           14.   Recreation service districts.
- 7           15.   Weed boards.
- 8           16.   Irrigation districts.
- 9           17.   Rural ambulance service districts.
- 10          18.   Southwest water authority.
- 11          19.   Regional planning councils.
- 12          20.   Soil conservation districts.

13           The state auditor shall charge the political subdivision an amount equal to the fair value  
14 of the audit and any other services rendered. The political subdivision audited shall pay to the  
15 state treasurer the fees for the audit performed by the state auditor. The state treasurer shall  
16 deposit the fees in the state auditor operating account. The state treasurer shall credit the state  
17 auditor operating account with the amount of interest earnings attributable to the deposits in  
18 that account. Expenses relating to political subdivision audits must be paid from the state  
19 auditor operating account, within the limits of legislative appropriation.

20           In lieu of conducting an audit every two years, the state auditor may require annual  
21 reports from school districts with less than one hundred enrolled students, cities with less than  
22 three hundred population, and other political subdivisions subject to this section, or otherwise  
23 provided by law, with less than one hundred thousand dollars of annual receipts. The reports  
24 must contain the financial information required by the state auditor. The state auditor also may  
25 make any additional examination or audit determined necessary in addition to the annual  
26 report. When a report is not filed, the state auditor may charge the political subdivision an  
27 amount equal to the fair value of the additional examination or audit and any other services  
28 rendered. The state auditor may charge a political subdivision a fee not to exceed fifty dollars  
29 an hour for the costs of reviewing the annual report.

30           A political subdivision, at the option of its governing body, may be audited by a certified  
31 public accountant or licensed public accountant rather than by the state auditor. The public

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

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

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

23 **SECTION 15. AMENDMENT.** Section 54-10-19 of the North Dakota Century Code is  
24 amended and reenacted as follows:

25 **54-10-19. Supervision of books and accounts of public institutions and private**  
26 **institutions with which state has dealings.** The state auditor shall assume and exercise  
27 ~~constant~~ supervision over the books and financial accounts of the several public offices and  
28 institutions which ~~he~~ the state auditor is authorized to examine. ~~He shall prescribe and enforce~~  
29 ~~a correct and uniform method of keeping financial accounts in such offices and institutions;~~  
30 ~~shall recommend a form for warrants or for order checks of all local units of government except~~  
31 ~~school districts which shall conform so far as consistent with statutory requirements and shall~~

1 ~~instruct the proper officer of each of said institutions in the due performance of his duties~~  
2 ~~concerning the same. He shall have authority to~~ The state auditor may examine the books and  
3 accounts of all private institutions with which the state has any dealings so far only as the same  
4 relate to such dealings. If any public officer having control of any such office or institutions fails  
5 or refuses to comply with the directions of the state auditor, the auditor shall report the facts to  
6 the governor and to the manager of the state bonding fund, and such refusal constitutes  
7 grounds for removal from office and cancellation of the bond of such officer.

8         **SECTION 16. AMENDMENT.** Section 61-03-03 of the North Dakota Century Code is  
9 amended and reenacted as follows:

10         **61-03-03. Auditing of claims.** All claims for services rendered, expenses incurred, or  
11 materials or supplies furnished under direction of the state engineer and which are payable  
12 from the funds appropriated for the prosecution of the work under the state engineer's direction  
13 and supervision, shall be approved by the state engineer ~~and properly vouchered and filed in~~  
14 ~~the office of the state auditor.~~

15         **SECTION 17. AMENDMENT.** Section 61-03-18 of the North Dakota Century Code is  
16 amended and reenacted as follows:

17         **61-03-18. Hydrographic survey fund - Use - Payments.** The hydrographic survey  
18 fund, a permanent fund, shall be used only for the payment of the expenses of the surveys  
19 ordered by the court as provided in section 61-03-17. All claims for services rendered,  
20 expenses incurred, or materials or supplies furnished under the direction of the state engineer  
21 in the prosecution of such surveys shall be approved by the state engineer ~~and properly~~  
22 ~~vouchered and filed in the office of the state auditor.~~ The amounts paid by the parties to such  
23 suits, on account of such surveys, shall be paid to the state treasurer, who shall credit the same  
24 to such fund, which shall continue to be available for advancing the expenses of such surveys,  
25 as ordered by the court from time to time.

26         **SECTION 18. REPEAL.** Section 25-07-09 of the North Dakota Century Code is  
27 repealed.