

Introduced by

Representatives Drovdal, Pietsch

Senator Andrist

1 A BILL for an Act to amend and reenact section 54-10-14 of the North Dakota Century Code,  
2 relating to political subdivision reports in lieu of audits.

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

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

6 **54-10-14. Political subdivisions - Audits - Fees - Alternative audits and reports.**

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

9 ~~1.~~a. Counties.

10 ~~2.~~b. Cities.

11 ~~3.~~c. Park districts.

12 ~~4.~~d. School districts.

13 ~~5.~~e. Firefighters relief associations.

14 ~~6.~~f. Airport authorities.

15 ~~7.~~g. Public libraries.

16 ~~8.~~h. Water resource districts.

17 ~~9.~~i. Garrison Diversion Conservancy District.

18 ~~10.~~j. Rural fire protection districts.

19 ~~11.~~k. Special education districts.

20 ~~12.~~l. Area career and technology centers.

21 ~~13.~~m. Correction centers.

22 ~~14.~~n. Recreation service districts.

23 ~~15.~~o. Weed boards.

24 ~~16.~~p. Irrigation districts.

1        ~~17.g.~~ Rural ambulance service districts.

2        ~~18.r.~~ Southwest water authority.

3        ~~19.s.~~ Regional planning councils.

4        ~~20.t.~~ Soil conservation districts.

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

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

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

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

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

16 6. 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,  
18 or employees of the political subdivision disclosed by the audit report or workpapers,  
19 and failure to make the corrections must result in audits being resumed by the state  
20 auditor until the irregularities, objectionable accounting procedures, or illegal actions  
21 are corrected.