

Sixty-sixth  
Legislative Assembly  
of North Dakota

## ENGROSSED SENATE BILL NO. 2004

Introduced by

Appropriations Committee

1 A BILL for an Act to provide an appropriation for defraying the expenses of the state auditor; to  
2 amend and reenact ~~section~~sections 54-10-01 and 54-10-10 of the North Dakota Century Code,  
3 relating to the powers and duties of the state auditor and the salary of the state auditor; to  
4 provide for a report; and to declare an emergency.

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

6 **SECTION 1. APPROPRIATION.** The funds provided in this section, or so much of the funds  
7 as may be necessary, are appropriated out of any moneys in the general fund in the state  
8 treasury, not otherwise appropriated, and from special funds derived from federal funds and  
9 other income, to the state auditor for the purpose of defraying the expenses of the state auditor,  
10 for the biennium beginning July 1, 2019, and ending June 30, 2021, as follows:

	Base Level	Adjustments or Enhancements	Appropriation
13 <del>Salaries and wages</del>	<del>\$11,767,312</del>	<del>\$988,446</del>	<del>\$12,755,758</del>
14 <del>Operating expenses</del>	<del>1,142,783</del>	<del>261,893</del>	<del>1,404,676</del>
15 <del>Capital assets</del>	<del>0</del>	<del>16,000</del>	<del>16,000</del>
16 <del>Information technology consultants</del>	<del>0</del>	<del>450,000</del>	<del>450,000</del>
17 <del>Total all funds</del>	<del>\$12,910,095</del>	<del>\$1,716,339</del>	<del>\$14,626,434</del>
18 <del>Less estimated income</del>	<del>3,411,487</del>	<del>800,807</del>	<del>4,212,294</del>
19 <del>Total general fund</del>	<del>\$9,498,608</del>	<del>\$915,532</del>	<del>\$10,414,140</del>
20 <del>Full-time equivalent positions</del>	<del>56.00</del>	<del>5.00</del>	<del>61.00</del>
21 <u>Salaries and wages</u>	<u>\$11,767,312</u>	<u>\$900,906</u>	<u>\$12,668,218</u>
22 <u>Operating expenses</u>	<u>1,142,783</u>	<u>19,037</u>	<u>1,161,820</u>
23 <u>Capital assets</u>	<u>0</u>	<u>16,000</u>	<u>16,000</u>
24 <u>Information technology consultants</u>	<u>0</u>	<u>450,000</u>	<u>450,000</u>

1	<u>Total all funds</u>	<u>\$12,910,095</u>	<u>\$1,385,943</u>	<u>\$14,296,038</u>
2	<u>Less estimated income</u>	<u>3,411,487</u>	<u>761,691</u>	<u>4,173,178</u>
3	<u>Total general fund</u>	<u>\$9,498,608</u>	<u>\$624,252</u>	<u>\$10,122,860</u>
4	<u>Full-time equivalent positions</u>	<u>56.00</u>	<u>2.00</u>	<u>58.00</u>

5       **SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO SIXTY-**

6       **SEVENTH LEGISLATIVE ASSEMBLY.** The following amounts reflect the 2019-21 biennium  
7 one-time funding items included in the appropriation in section 1 of this Act:

8	<u>One-Time Funding Description</u>	<u>2017-19</u>	<u>2019-21</u>
9	Copier replacement	<u>\$0</u>	<u>\$16,000</u>
10	Total general fund	<u>\$0</u>	<u>\$16,000</u>

11       The 2019-21 biennium one-time funding amounts are not a part of the entity's base budget  
12 for the 2021-23 biennium. The state auditor shall report to the appropriations committees of the  
13 sixty-seventh legislative assembly on the use of this one-time funding for the biennium  
14 beginning July 1, 2019, and ending June 30, 2021.

15       **SECTION 3. AMENDMENT.** Section 54-10-01 of the North Dakota Century Code is  
16 amended and reenacted as follows:

17       **54-10-01. Powers and duties of state auditor.**

18       The state auditor shall:

- 19       1. Be vested with the duties, powers, and responsibilities involved in performing the  
20       postaudit of all financial transactions of the state government, detecting and reporting  
21       any defaults, and determining that expenditures have been made in accordance with  
22       law and appropriation acts.
- 23       2. Perform or provide for the audit of the general purpose financial statements and a  
24       review of the material included in the comprehensive annual financial report of the  
25       state and perform or provide for the audits and reviews of state agencies. Except for  
26       the annual audit of the North Dakota lottery required by section 53-12.1-03, the state  
27       auditor shall audit or review each state agency once every two years. The state  
28       auditor shall determine the contents of the audits and reviews of state agencies. The  
29       state auditor may conduct any work required by the federal government. The state  
30       auditor may not contract for work required by the federal government without the prior  
31       approval of the legislative audit and fiscal review committee. The state auditor shall

1 charge an amount equal to the cost of the audit and other services rendered by the  
2 state auditor to all agencies that receive and expend moneys from other than the  
3 general fund. This charge may be reduced for any agency that receives and expends  
4 both general fund and nongeneral fund moneys. State agencies must use nongeneral  
5 fund moneys to pay for audits performed by the state auditor. If nongeneral fund  
6 moneys are not available, the agency may, upon approval of the legislative assembly,  
7 or the budget section if the legislative assembly is not in session, use general fund  
8 moneys to pay for audits performed by the state auditor. The budget section reviews  
9 and approvals must comply with the new section to chapter 54-35 of the North Dakota  
10 Century Code created by section 15 of Senate Bill No. 2055 as adopted by the  
11 sixty-sixth legislative assembly. Audits and reviews may be conducted at more  
12 frequent intervals if requested by the governor or legislative audit and fiscal review  
13 committee.

- 14 3. Be vested with the authority to determine whether to audit the International Peace  
15 Garden at the request of the board of directors of the International Peace Garden.
- 16 4. Perform or provide for performance audits of state agencies, or the agencies' blended  
17 component units or discreetly presented component units, as determined necessary  
18 by the ~~state auditor or~~ legislative assembly; the legislative audit and fiscal review  
19 committee; or the state auditor, subject to approval by the legislative audit and fiscal  
20 review committee. A performance audit must be done in accordance with generally  
21 accepted auditing standards applicable to performance audits. The state auditor may  
22 not hire a consultant to assist with conducting a performance audit of a state agency  
23 without the prior approval of the legislative audit and fiscal review committee. The  
24 state auditor shall notify an agency of the need for a consultant before requesting  
25 approval by the legislative audit and fiscal review committee. The agency that is  
26 audited shall pay for the cost of any consultant approved.
- 27 5. For the audits and reviews the state auditor is authorized to perform or provide for  
28 under this section, the audit or review may be provided for by contract with a private  
29 certified or licensed public accountant or other qualified professional. If the state  
30 auditor determines that the audit or review will be done pursuant to contract, the state  
31 auditor, except for occupational or professional boards, shall execute the contract, and

1 any executive branch agency, including higher education institutions, shall pay the  
2 fees of the contractor.

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

6 7. Perform all other duties as prescribed by law.

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

9 **54-10-10. Salary of state auditor.**

10 The annual salary of the state auditor is ~~one hundred two thousand six hundred eighty-nine~~  
11 ~~dollars through June 30, 2016, and one hundred five thousand seven hundred seventy dollars~~  
12 ~~thereafter~~ one hundred seven thousand eight hundred eighty-five dollars through June 30, 2020,  
13 ~~and one hundred eleven thousand one hundred twenty two dollars thereafter~~ one hundred  
14 seven thousand eight hundred eighty-five dollars through June 30, 2020, and one hundred ten  
15 thousand five hundred eighty-two dollars thereafter.

16 **SECTION 5. AUDIT STAFF UTILIZATION - REPORT TO SIXTY-SEVENTH LEGISLATIVE**

17 **ASSEMBLY.** The state auditor shall monitor the number of audit staff hours dedicated to  
18 financial audits, performance audits, mineral resource audits, federal single audit procedures,  
19 comprehensive annual financial report procedures, fraud investigation, local government audits,  
20 and audits of the institutions of higher education, including financial audits and performance  
21 audits. The state auditor shall report to the appropriations committees of the sixty-seventh  
22 legislative assembly regarding the number of audit staff hours dedicated to each of these audit  
23 functions and any other functions of the state auditor's office during the biennium beginning  
24 July 1, 2019, and ending June 30, 2021.

25 **SECTION 6. EMERGENCY.** The sum of \$16,000 provided from the general fund for copier  
26 replacement appropriated in section 1 of this Act is declared to be an emergency measure.