

HOUSE BILL NO. 1453

Introduced by

Representative Pollert

Senator Wardner

1 A BILL for an Act to amend and reenact section 54-10-01 of the North Dakota Century Code,
2 relating to the powers and duties of the state auditor.

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

4 **SECTION 1. AMENDMENT.** Section 54-10-01 of the North Dakota Century Code is
5 amended and reenacted as follows:

6 **54-10-01. Powers and duties of state auditor.**

7 ~~The state auditor shall:~~

- 8 1. ~~Be vested with the duties, powers, and responsibilities involved in performing the~~
9 ~~postaudit of all financial transactions of the state government, detecting and reporting~~
10 ~~any defaults, and determining that expenditures have been made in accordance with~~
11 ~~law and appropriation acts.~~
- 12 2. ~~Perform or provide for the audit of the general purpose financial statements and a~~
13 ~~review of the material included in the comprehensive annual financial report of the~~
14 ~~state and perform or provide for the audits and reviews of state agencies. Except for~~
15 ~~the annual audit of the North Dakota lottery required by section 53-12.1-03, the state~~
16 ~~auditor shall audit or review each state agency once every two years. The state~~
17 ~~auditor shall determine the contents of the audits and reviews of state agencies. The~~
18 ~~state auditor may conduct any work required by the federal government. The state~~
19 ~~auditor may not contract for work required by the federal government without the prior~~
20 ~~approval of the legislative audit and fiscal review committee. The state auditor shall~~
21 ~~charge an amount equal to the cost of the audit and other services rendered by the~~
22 ~~state auditor to all agencies that receive and expend moneys from other than the~~
23 ~~general fund. This charge may be reduced for any agency that receives and expends~~
24 ~~both general fund and nongeneral fund moneys. State agencies must use nongeneral~~

- 1 fund moneys to pay for audits performed by the state auditor. If nongeneral fund
2 moneys are not available, the agency may, upon approval of the legislative assembly,
3 or the budget section if the legislative assembly is not in session, use general fund
4 moneys to pay for audits performed by the state auditor. The budget section reviews
5 and approvals must comply with section 54-35-02.9. Audits and reviews may be
6 conducted at more frequent intervals if requested by the governor or legislative audit
7 and fiscal review committee.
- 8 3. Be vested with the authority to determine whether to audit the International Peace
9 Garden at the request of the board of directors of the International Peace Garden.
- 10 4. Perform or provide for performance audits of state agencies, or the agencies' blended
11 component units or discreetly presented component units, as determined necessary
12 by the legislative assembly; the legislative audit and fiscal review committee; or the
13 state auditor, subject to approval by the legislative audit and fiscal review committee. A
14 performance audit must be done in accordance with generally accepted auditing
15 standards applicable to performance audits. The state auditor may not hire a
16 consultant to assist with conducting a performance audit of a state agency without the
17 prior approval of the legislative audit and fiscal review committee. The state auditor
18 shall notify an agency of the need for a consultant before requesting approval by the
19 legislative audit and fiscal review committee. The agency that is audited shall pay for
20 the cost of any consultant approved.
- 21 5. For the audits and reviews the state auditor is authorized to perform or provide for
22 under this section, the audit or review may be provided for by contract with a private
23 certified or licensed public accountant or other qualified professional. If the state
24 auditor determines that the audit or review will be done pursuant to contract, the state
25 auditor, except for occupational or professional boards, shall execute the contract, and
26 any executive branch agency, including higher education institutions, shall pay the
27 fees of the contractor.
- 28 6. Be responsible for the above functions and report thereon to the governor and the
29 secretary of state in accordance with section 54-06-04 or more often as circumstances
30 may require.
- 31 7. Perform all other duties as prescribed by law.

- 1 8. ~~Perform work on mineral royalties for the federal government in accordance with-~~
2 ~~section 1735(a) of the Mineral Lands and Mining Act [30 U.S.C. 1735 et seq.].~~The
3 state auditor shall:
- 4 a. Be vested with the duties, powers, and responsibilities involved in performing the
5 postaudit of all financial transactions of state government, detecting and reporting
6 any defaults, and determining that expenditures have been made in accordance
7 with law and appropriation acts.
- 8 b. Perform or provide for the financial audit of the general purpose financial
9 statements and a review of the material included in the comprehensive annual
10 financial report of the state.
- 11 c. Perform or provide for financial audits of state agencies. Except for the annual
12 audit of the North Dakota lottery required by section 53-12.1-03, the state auditor
13 shall audit each state agency once every two years. Audits may be conducted at
14 more frequent intervals if requested by the governor or the legislative audit and
15 fiscal review committee. The state auditor shall charge an amount equal to the
16 cost of the audit and other services rendered by the state auditor to all agencies
17 that receive and expend moneys from other than the general fund. This charge
18 may be reduced for an agency that receives and expends both general fund and
19 nongeneral fund moneys. State agencies shall use nongeneral fund moneys to
20 pay for the cost of the audit. If nongeneral fund moneys are not available, the
21 agency may, upon approval of the legislative assembly, or the budget section if
22 the legislative assembly is not in session, use general fund moneys to pay for the
23 audit. Any budget section action under this subdivision must comply with section
24 54-35-02.9.
- 25 d. Perform or provide for performance audits of state agencies, or the agencies'
26 blended component units or discreetly presented component units, as
27 determined necessary by the legislative assembly, or the legislative audit and
28 fiscal review committee if the legislative assembly is not in session. When
29 determining the necessity of a performance audit, the legislative audit and fiscal
30 review committee shall consider:

- 1 (1) The potential cost-savings or efficiencies that may be gained as a result of
- 2 the performance audit;
- 3 (2) The staff resources of the state auditor's office and of the state agency
- 4 being audited which will be required to conduct the audit;
- 5 (3) The potential for discovery of noncompliance with state law or legislative
- 6 intent regarding the program or agency; and
- 7 (4) The potential for the performance audit to identify opportunities for program
- 8 improvements.
- 9 e. Report on the functions of the state auditor's office to the governor and the
- 10 secretary of state in accordance with section 54-06-04 or more often as
- 11 circumstances may require.
- 12 f. Perform work on mineral royalties for the federal government in accordance with
- 13 section 1735(a) of the Mineral Lands and Mining Act [30 U.S.C. 1735 et seq.].
- 14 g. Perform all other duties as prescribed by law.
- 15 2. The state auditor may:
- 16 a. Conduct any work required by the federal government.
- 17 b. Within the resources available to the state auditor, perform or provide for
- 18 performance audits of state agencies as determined necessary by the state
- 19 auditor.
- 20 c. Audit the International Peace Garden at the request of the board of directors of
- 21 the International Peace Garden.
- 22 d. Contract with a private certified public accountant or other qualified professional
- 23 to conduct or assist with an audit, review, or other work the state auditor is
- 24 authorized to perform or provide for under this section. Before entering any
- 25 contract, the state auditor shall present information to the legislative audit and
- 26 fiscal review committee on the need for the contract and its estimated cost and
- 27 duration. The state auditor may charge a state agency for the cost of a contract
- 28 relating to an audit, subject to approval by the legislative assembly or the
- 29 legislative audit and fiscal review committee if the legislative assembly is not in
- 30 session. When considering a request, the legislative audit and fiscal review
- 31 committee shall consider the effect of the audit cost on the agency being audited.

1 the necessity of the contract, and the potential benefit to the state resulting from
2 the contract. The state auditor shall notify the affected agency of the potential
3 cost before requesting approval from the legislative assembly or the legislative
4 audit and fiscal review committee.

5 3. For purposes of this section:

6 a. A financial audit means an audit completed in accordance with auditing standards
7 generally accepted in the United States of America and the standards applicable
8 to financial audits contained in government auditing standards issued by the
9 comptroller general of the United States; and

10 b. A performance audit means an audit completed in accordance with performance
11 auditing standards contained in government auditing standards issued by the
12 comptroller general of the United States to provide an independent assessment
13 of the performance and management of a program.