



TESTIMONY TO SENATE GOVERNMENT & VETERANS AFFAIRS

HB 1453

325/2021

Good afternoon, Chairman Vedaa, members of the committee, my name is Joshua Gallion, and I serve as North Dakota's State Auditor.

As you are aware, the State Auditor is a constitutional state official elected by North Dakota citizens. My job is to lead the way in providing truthful, objective, and independent information to you and the citizens of North Dakota and because of that, I am here today to provide neutral testimony how House Bill 1453 will affect our office.

From where this bill started to where it is today being presented to you, it has been through many changes and amendments. I thought it would be easiest to walk you through section by section and explain how each section will pertain to the Auditor's Office and give my remarks.

Section 1

I support this section as it allows employees to report issues to the Auditor's Office and remain confidential.

Section 2

This section clarifies expectations between the State Auditor and Legislature acting through the legislative audit and fiscal review committee for audits conducted by the SAO or outsourced and contracted by the SAO. It allows us to continue performing the 2-year audits using the same standards to best meet our clients' needs and maintains the ability for us to order performance audits if necessary.

Section 3

This section keeps identifiable information and records confidential for anyone who reports potential violations of law.

Section 4

Section 4 added this statement “Any other draft audit report released to the governing body or management of the audited entity is confidential until the final audit report is presented to the legislative audit and fiscal review committee at which time the audit report becomes public information.” What I would like to know is how do you define “presented”?

We understand what is trying to be accomplished by this section and we think have a concept that we can both meet the wants of the Legislature and also meet the Standards. NDCC 54-10-26 allows confidential draft audit reports to be released to the governing body or management. Our current process gives audit clients one week to respond to confidential audit reports with no findings and two weeks for audit reports with findings and recommendations. If we were to incorporate LAFRC into this process, you’d have one to two weeks to review confidential audit reports prior to their public release.

Section 5

This requires LAFRC to meet at least quarterly which is a legislative decision and does not directly impact the SAO other than additional meetings/presentations. Ultimately, I think more communication is better and I hope this leads to a better understanding between the two separate branches of government.

Section 6

As long as this section cannot take precedence over GAGAS, which I have been assured by Rep. Mock that that is not the intention, I support the additional guidance to make sure the information the SAO is providing to the committee

helps improve their evaluation of government programs and use of funding. The legislature is one of our significant stakeholders and being responsive to them is just as important as communicating with the citizens.

That concludes my remarks and I am happy to answer any questions you may have.