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Sixty-eighth Legislative Assembly of North Dakota

## FIRST ENGROSSMENT with Senate Amendments ENGROSSED HOUSE BILL NO. 1508

Introduced by

Representatives O'Brien, Lefor, Nathe, Sanford, Schreiber-Beck Senators Kreun, Meyer

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

## 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 amended and reenacted as follows:
- 6 54-10-01. Powers and duties of state auditor.
- 7 1. The state auditor shall:

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- a. Be vested with the duties, powers, and responsibilities involved in performing the postaudit of all financial transactions of state government, detecting and reporting any defaults, and determining that expenditures have been made in accordance with law and appropriation acts.
- b. Perform or provide for the audit of the general purpose financial statements and a review of the material included in the comprehensive annual financial report of the state in accordance with government auditing standards.
- c. Perform or provide for audits of state agencies in accordance with government auditing standards and legislative audit and fiscal review committee guidelines developed under section 54-35-02.10. Except for the annual audit of the North Dakota lottery required by section 53-12.1-03, the state auditor shall audit each state agency once every two years. Audits may be conducted at more frequent intervals if requested by the governor or the legislative audit and fiscal review committee. The state auditor shall charge an amount equal to the cost of the audit and other services rendered by the state auditor to all agencies that receive and expend moneys from other than the general fund. This charge may be reduced for an agency that receives and expends both general fund and

1		non	general fund moneys. State agencies shall use nongeneral fund moneys to
2		pay	for the cost of the audit. If nongeneral fund moneys are not available, the
3		age	ncy may, upon approval of the legislative assembly, or the budget section if
4		the	legislative assembly is not in session, use general fund moneys to pay for the
5		aud	it. Any budget section action under this subdivision must comply with section
6		54-3	35-02.9.
7	d.	Perf	form or provide for performance audits of state agencies, or the agencies'
8		bler	ded component units or discreetly presented component units, as
9		dete	ermined necessary by the legislative assembly, or the legislative audit and
10		fisca	al review committee if the legislative assembly is not in session. When
11		dete	ermining the necessity of a performance audit, the legislative audit and fiscal
12		revi	ew committee shall consider:
13		(1)	The potential cost-savings or efficiencies that may be gained as a result of
14			the performance audit;
15		(2)	The staff resources of the state auditor's office and of the state agency
16			being audited which will be required to conduct the audit;
17		(3)	The potential for discovery of noncompliance with state law or legislative
18			intent regarding the program or agency; and
19		(4)	The potential for the performance audit to identify opportunities for program
20			improvements.
21	<u>e.</u>	<u>Rep</u>	ort quarterly to the legislative audit and fiscal review committee regarding:
22		<u>(1)</u>	Communication processes with audited entities and any changes to the
23			processes;
24		<u>(2)</u>	Billing practices and procedures, including the use of cost estimates for
25			audits and itemized invoices;
26		<u>(3)</u>	Information on audits completed, including:
27			(a) Name of the audited organization;
28			(b) Organization type;
29			(c) Audit type;
30			(d) Audit period;
31			(e) Estimated and actual hours and costs; and

1		(f) Total audit cost and the total cost as a percentage of the audited
2		organization's operating budget; and
3		(4) Audit schedule, including audits performed by private firms and audits
4		performed by the auditor's office.
5	<u>e.f.</u>	Report on the functions of the state auditor's office to the governor and the
6		secretary of state in accordance with section 54-06-04 or more often as
7		circumstances may require.
8	<del>f.</del> g.	Perform work on mineral royalties for the federal government in accordance with
9		section 1735(a) of the Mineral Lands and Mining Act [30 U.S.C. 1735 et seq.].
10	<del>g.</del> h.	Perform all other duties as prescribed by law.
11	2. The	e state auditor may:
12	a.	Conduct any work required by the federal government.
13	b.	Within the resources available to the state auditor, perform or provide for
14		performance audits of state agencies as determined necessary by the state
15		auditor.
16	C.	Audit the International Peace Garden at the request of the board of directors of
17		the International Peace Garden.
18	d.	Contract with a private certified public accountant or other qualified professional
19		to conduct or assist with an audit, review, or other work the state auditor is
20		authorized to perform or provide for under this section. Before entering any
21		contract, the state auditor shall present information to the legislative audit and
22		fiscal review committee on the need for the contract and its estimated cost and
23		duration. Except for performance audits conducted under subdivision d of
24		subsection 1 or subdivision b of this subsection and except for audits of
25		occupational or professional boards, the state auditor shall execute the contract
26		and any executive branch agency, including higher education institutions, shall
27		pay the fees of the contractor. For performance audits conducted under
28		subdivision d of subsection 1 or subdivision b of this subsection, the state auditor
29		may charge a state agency for the cost of a contract relating to an audit, subject
30		to approval by the legislative assembly or the legislative audit and fiscal review
31		committee if the legislative assembly is not in session. When considering a

1 request, the legislative audit and fiscal review committee shall consider the effect 2 of the audit cost on the agency being audited, the necessity of the contract, and 3 the potential benefit to the state resulting from the contract. The state auditor 4 shall notify the affected agency of the potential cost before requesting approval 5 from the legislative assembly or the legislative audit and fiscal review committee. 6 **SECTION 2. LEGISLATIVE MANAGEMENT STUDY - VALIDATION OF PETITION** 7 **SIGNATURES.** During the 2023-24 interim, the legislative management shall consider studying 8 the process used to validate signatures submitted on local and statewide petitions and options 9 to improve the validation process, including voter registration. The legislative management shall 10 report its findings and recommendations, together with any legislation required to implement the 11 recommendations, to the sixty-ninth legislative assembly.