

Testimony before Senate Industry and Business

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Rob Pfennig, Chief Financial Officer

Bank of North Dakota

Mr. Chairman and members of the Committee. I am Rob Pfennig, Chief Financial Officer for Bank of North Dakota. I am here today to support Senate Bill 2233. If passed, this bill will remove the 3rd party audit requirement for the legislatively directed loan programs administered by the Bank. The essence of this bill is to save money and gain efficiencies while maintaining accuracy and accountability. This bill does not remove the audit requirement. What it does is allow for these loan programs to be audited by the State's Auditors Office as part of the State's Annual Comprehensive Financial Report. This is the same process followed by many state agencies and a few of the Bank's administered loan programs.

Currently the Bank has 17 individual financial statement audits per year, including the Bank's financial statements. This bill will enable BND to utilize the Auditor's office for 13 of the audits related to the legislatively directed loan programs administered by the Bank. This change will save an estimated \$160,000 a biennium related to audit costs. In addition, it will reduce man hours related to these audits by approximately 50 percent or 250 hours per year. As an example, one loan program, Addiction Counselor Internship loses money due to audit costs.

As these administered loan programs continue to be successful and grow it is important that we seek efficient and effective management of them while maintaining accuracy and accountability and I believe this bill does just that.

I appreciate your consideration of SB 2233 and will stand for any questions.