

Seventieth
Legislative Assembly
of North Dakota

BILL NO.

Introduced by

Representative Motschenbacher

1 A BILL for an Act to create and enact a new section to chapter 54-10 of the North Dakota
2 Century Code, relating to recurring audit findings of occupational and professional boards; to
3 amend and reenact section 54-10-27 of the North Dakota Century Code, relating to audits of
4 occupational and professional boards; and to provide a penalty.

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

6 **SECTION 1.** A new section to chapter 54-10 of the North Dakota Century Code is created
7 and enacted as follows:

8 **Occupational and professional boards - Recurring audit findings - Penalty.**

9 1. If the state auditor, in the course of an audit of an occupational or professional board
10 under section 54-10-27, determines that an audit finding identified in the most recent
11 audit report of an occupational or professional board also was identified in the
12 immediately preceding audit report of that occupational or professional board, the
13 state auditor may recommend to the attorney general, tax commissioner, and governor
14 the occupational or professional board be assessed a penalty.

15 2. Upon a recommendation from the state auditor under subsection 1, the attorney
16 general, tax commissioner, and governor, upon a majority vote, may assess a penalty
17 against the occupational or professional board. The penalty may not exceed five
18 percent of the total revenues received by the occupational or professional board
19 during the most recent fiscal year included in the most recent audit report.

20 3. Any penalty collected under this section must be deposited in the state general fund.

21 **SECTION 2. AMENDMENT.** Section 54-10-27 of the North Dakota Century Code is
22 amended and reenacted as follows:

1 **54-10-27. Occupational and professional boards - Audits and reports.**

2 The governing board of any occupational or professional board shall provide for an audit
3 once every two years by a certified public accountant or licensed public accountant. The
4 accountant conducting the audit shall submit the audit report to the state auditor's office. If the
5 report is in the form and style prescribed by the state auditor, the state auditor may not audit
6 that board. An occupational or professional board may request the state auditor to conduct its
7 audit, and if the state auditor agrees to conduct the audit, the state auditor shall deposit the fees
8 charged to the occupational or professional board into the state auditor operating account.
9 Instead of providing for an audit every two years, an occupational or professional board that has
10 less than two million dollars of annual receipts may submit an annual report to the state auditor.
11 The report must contain the information required by the state auditor. The state auditor also may
12 make any additional examination or audit determined necessary in addition to the annual report.
13 When a report is not filed, the state auditor may charge the occupational or professional board
14 an amount equal to the fair value of the additional examination or audit and any other services
15 rendered. The state auditor may charge an occupational or professional board a fee not to
16 exceed ninety dollars an hour for the costs of reviewing the annual report. An occupational or
17 professional board for which an audit finding is identified in two consecutive audit reports may
18 be subject to a penalty under section 1 of this Act.