

**Testimony to the
LEGISLATIVE AUDIT & FISCAL REVIEW COMMITTEE
Prepared October 21, 2010 by the
North Dakota Association of Counties**

CONCERNING LOCAL POLITICAL SUBDIVISION AUDITS

Mr. Chairman, thank you for the opportunity to address this important issue. As you will recall, county officials were greatly concerned over the closure of the State Auditor's local subdivision audit office in Bismarck and the introduction of legislation that suggested to them the likelihood of the total elimination of this function.

Since that time, there have been some changes to where audits are procured among counties, but more importantly, there is now a better understanding of the expected future of audit services within the Office of State Auditor. With the Legislative changes made to their fee structure and some reduction in the number of required audits, we are under the understanding that the Fargo office will remain open, and in fact, may have some limited capacity to handle additional audits.

Keeping the State Auditor involved in producing these audits is critical to all counties. County officials view the State Auditor's involvement as key to ensuring that every political subdivision, but particularly those smaller and more remote jurisdictions, can always find a vendor and always have vendor that will provide competition, to ensure a reasonable audit fee.

We intend to explore the possibility of a joint bid for audit services through an existing joint powers agreement for purchasing, but have been cautioned by some county officials that the individual circumstances and the desire to "go local" whenever possible, may make this a challenge.

We are however, comfortable with proceeding with the current situation, as long as the Fargo office for political subdivision audits maintains at least its current capacity, and will respond to additional requests as it is capable.

The other issue raised by your Committee, Mr. Chairman, was the fees charged by the State Auditor's office to review private CPA audits and small political subdivision reports. We would be very supportive of the suggestion made at the last meeting that these fees be eliminated and the necessary funds be provided to the State Auditor by the Legislature.

Thank you again for the opportunity to address this issue.