



Office of the
State Auditor

SB 2180

OFFICE OF THE STATE AUDITOR





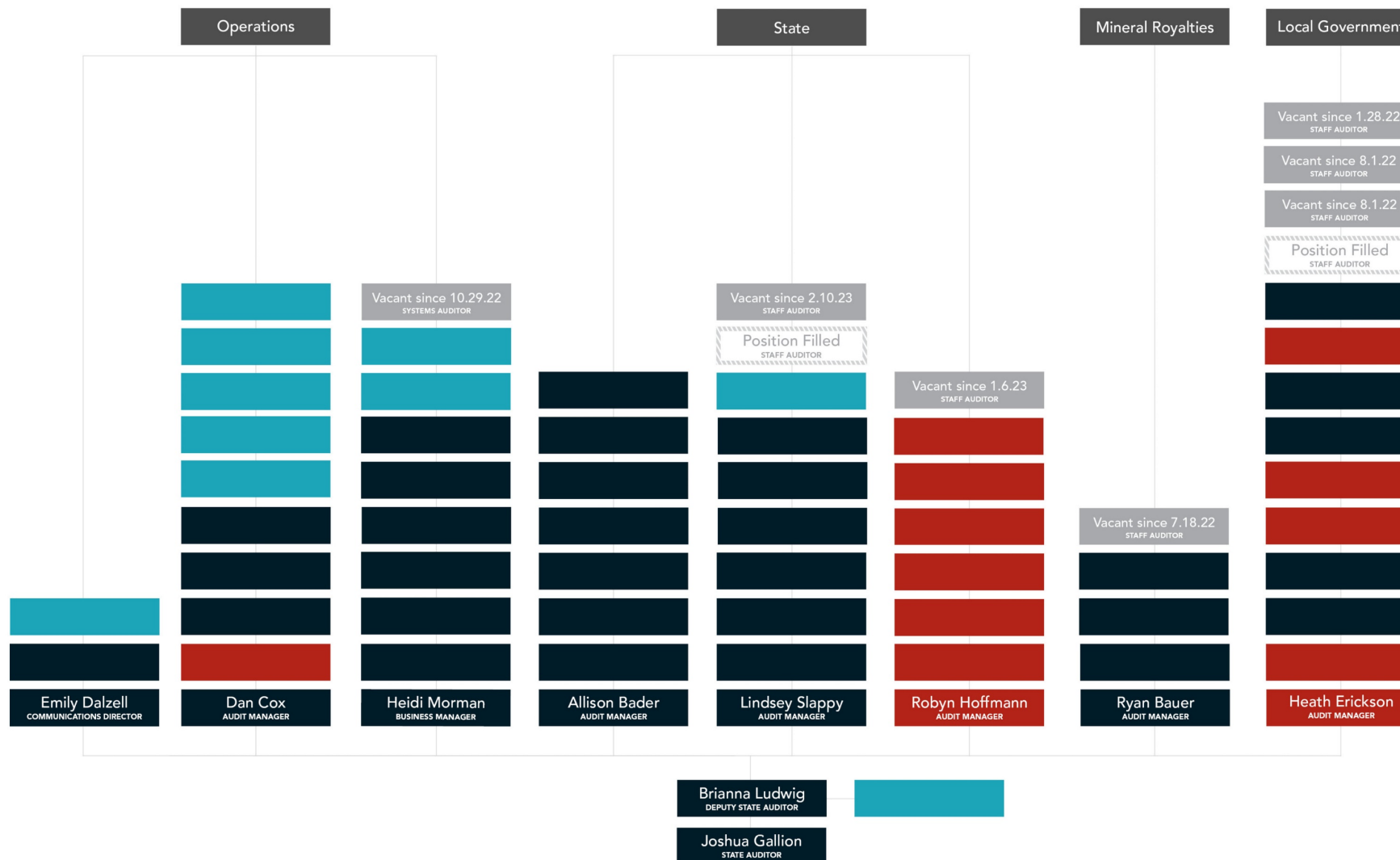
BACKGROUND



Intern

Fargo
TEAM

Bismarck
TEAM





STATE AGENCY AUDITS - GENERAL FUNDED

**Audits all state agencies once
every two years, including
higher education**





STATE AGENCY AUDITS ARE PERFORMANCE AUDITS

WE LOOK AT:

- Emergency Commission requests
- Any overspending of appropriations
- New laws and regulations from the previous session
- Procurement laws
- Special fund restrictions, if applicable
- When time allows, we'll look at an operational area



ANNUAL COMPREHENSIVE FINANCIAL REPORT

STATE AGENCY DIVISION



11,000 hour audit



**26 staff members
and 3 full months**



**Audits the State's
financial statements**



FEDERAL SINGLE AUDIT

STATE AGENCY DIVISION



16,000 hour audit



**26 staff members
and 7 full months**

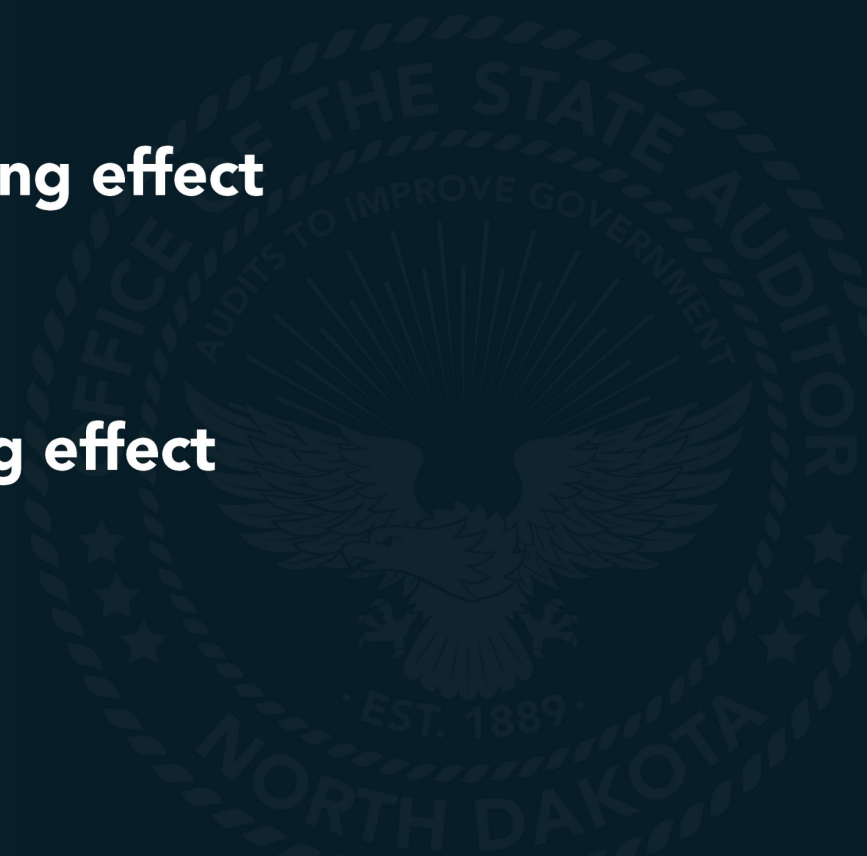


**Audits the State's
use of federal dollars**



LOCAL GOVERNMENT DIVISIONS - AUDITS

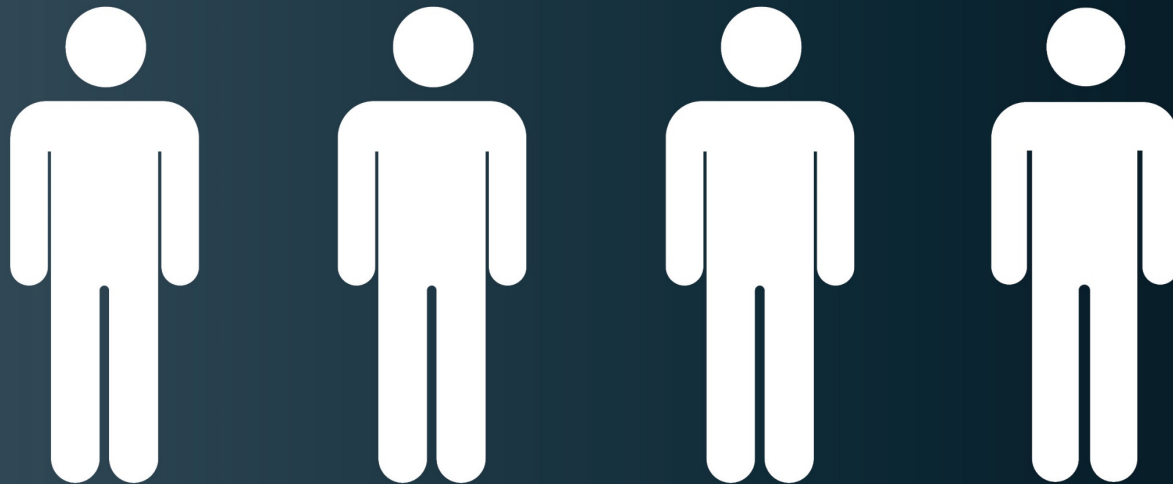
- Conducts audits on political subdivisions that have above \$300,000 in annual receipts
- Was increased to \$750,000 in the last session, taking effect January 1, 2022
- SB 2180 increases to \$2 million retroactively taking effect January 1, 2022





QUALITY ASSURANCE TEAM - REVIEWS

If an entity receives less than \$300,000 (now \$750,000) in receipts, they can submit an annual financial report instead of an audit





QUALITY ASSURANCE TEAM

Allows for oversight and accountability by:

- **Making sure the financial statements tie together**
- **That financial statements agree with the bank statements**
- **That transfers between funds balance**
- **Checking that different funds are used correctly**

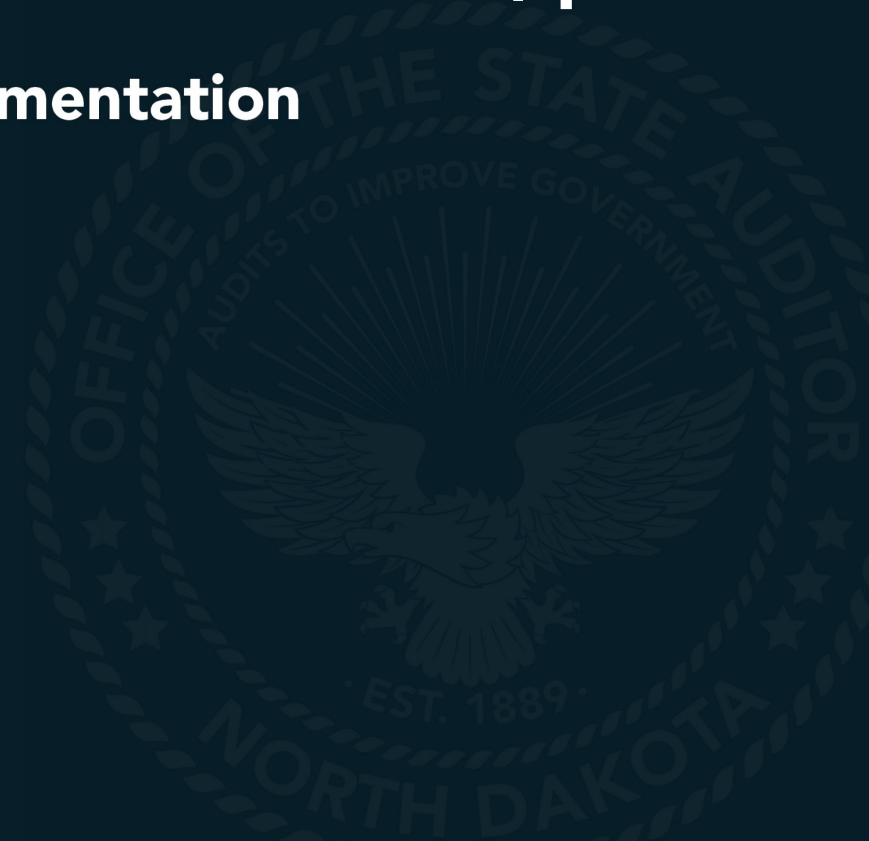




QUALITY ASSURANCE TEAM EXTENDED REVIEWS

These reviews cover all that regular reviews would look at, plus:

- **A review of expenditures and supporting documentation**
- **Reviewing the budget process**
- **Making sure payroll taxes were filed properly**
- **Bidding requirements**
- **Reviews meeting minutes**
- **Revenues deposited into the correct funds**





CHANGING CAFR TO ACFR



CHANGING SOME LOW-RISK STATE AGENCY AUDITS FROM EVERY TWO YEARS TO FOUR YEARS



**Eliminates
red tape**



**Effects 10% of state
agency audits**

CONDUCTING EXTENDED REVIEWS INSTEAD OF ONE-TIME AUDITS



- **38 local governments in this situation totaling 60 audits**
- **Average cost of an audit = \$17,500**
- **Average cost of an extended review = \$1,500**
- **Total savings is over \$960,000 for these smaller districts**



AUDIT THRESHOLD

- Was \$300,000 - increased to \$750,000 in the previous session
- Proposing an increase to \$2,000,000
- Would retroactively apply to January 1, 2022 audits



AUDIT THRESHOLD (CONTINUED)



- **55 Cities would no longer need an audit**
- **Results in savings of over \$1,000,000 per biennium**



- **17 School districts would no longer need an audit**
- **Results in savings of almost \$500,000 per biennium**



- **41 Districts would no longer need an audit**
- **Results in savings of almost \$651,000 per biennium**



STRUCTURAL CHANGE

Suggested by Legislative Council for increased readability



\$86 HOUR TO \$90 HOUR

- Asked for \$90 last session - it was raised to \$86 hour
- Told to come back this session to ask for \$90 hour



**\$4
more**





ANNUAL REGISTRATION FOR INDEPENDENT PUBLIC ACCOUNTANT'S

- Private firms register annually by providing information to our office
- There would be no fee
- Allows the Auditor's Office to have an understanding of who is conducting local government audits within the State





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CHANGE "SHALL" TO "MAY" FOR PETITION AUDITS

**This does not change the power of
LAFRC to order an audit**



QUESTIONS?



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