

made therefrom by the state auditor or the auditor's employees except when otherwise directed by judicial order, or as is otherwise provided by law.

2. The state auditor, the auditor's employees, or an agent of the auditor may not divulge any information relating to a matter forwarded to the attorney general or a state's attorney for further investigation until the attorney general or state's attorney has made a determination as to whether there is probable cause to believe a violation of law has occurred.

3. An individual who violates this section is guilty of a class C felony.

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

Audit findings - Review period.

The state auditor shall provide any audit findings to the audited state entity, political subdivision, or occupational or professional board thirty days before the state auditor publishes the audit findings. The state auditor shall provide all audit findings to the legislative audit and fiscal review committee.

SECTION 8. A new section to chapter 54-10 of the North Dakota Century Code is created and enacted as follows:

Criminal history background checks - Employees.

Each employee of the state auditor hired after June 30, 2001, shall complete a state and national criminal history check as provided under section 12-60-24. The state auditor is responsible for all costs associated with a state and nationwide criminal history record check.

SECTION 9. RETROACTIVE APPLICATION - AUDIT FEES - INSTITUTIONS OF HIGHER EDUCATION. ~~Subsection 3 of section 1 of this~~ This Act applies retroactively to all audit fees assessed to North Dakota institutions of higher education after July 31, 2021. The state auditor shall reimburse all audit fees paid by each respective institution during the 2021-23 biennium.

SECTION 10. RETROACTIVE APPLICATION - AUDIT FEES - RURAL FIRE DISTRICTS AND RURAL AMBULANCE DISTRICTS - FIREFIGHTERS RELIEF ASSOCIATION. This Act applies retroactively to all audit fees assessed to rural fire districts, rural ambulance districts, and firefighter relief associations after December 31, 2017. The state auditor shall reimburse all audit fees paid by each entity since the 2017-18 biennium.

1 auditor must be filed with the state auditor when the public accountant delivers the
2 audit report to the political subdivision. The state auditor shall review the audit report
3 to determine if the report is in the required form and has the required content, and if
4 the audit meets generally accepted government auditing standards. The state auditor
5 also may periodically review the public accountant's workpapers to determine if the
6 audit meets generally accepted government auditing standards. If the report is in the
7 required form and has the required content, and the report and workpapers comply
8 with generally accepted government auditing standards, the state auditor shall accept
9 the audit report. ~~The state auditor may charge the political subdivision a fee of up to~~
10 ~~eighty-six dollars an hour, but not to exceed seven hundred fifty dollars per review, for~~
11 ~~the related costs of reviewing the audit report and workpapers.~~

12 5.4. A political subdivision may not pay a public accountant for an audit until the state
13 auditor has accepted the audit. However, a political subdivision may make progress
14 payments to the public accountant. A political subdivision shall retain twenty percent of
15 any progress payment until the audit report is accepted by the state auditor.

16 6.5. The state auditor may require the correction of any irregularities, objectionable
17 accounting procedures, or illegal actions on the part of the governing board, officers,
18 or employees of the political subdivision disclosed by the audit report or workpapers,
19 and failure to make the corrections must result in audits being resumed by the state
20 auditor until the irregularities, objectionable accounting procedures, or illegal actions
21 are corrected.

22 **SECTION 4. AMENDMENT.** Subsection 1 of section 54-10-15 of the North Dakota Century
23 Code is amended and reenacted as follows:

- 24 1. The state auditor, by duly appointed deputy auditors or other authorized agents, shall
25 audit or review the books, records, and financial accounts of any political subdivision
26 when ordered by the governor or the legislative audit and fiscal review committee,
27 requested by the governing board, or upon petition of at least thirty-five percent of the
28 qualified electors of any political subdivision enumerated in section 54-10-14 voting for
29 the office of governor at the preceding general election or, in the case of school
30 districts, upon petition of at least thirty-five percent of the qualified electors voting at
31 the preceding school board election, or upon the request of the state court

1 shall notify the affected agency of the potential cost before requesting approval
2 from the legislative assembly or the legislative audit and fiscal review committee.

3 ~~3. Notwithstanding subdivision c of subsection 1 and subdivision d of subsection 2, the~~
4 ~~state auditor may not charge audit fees to an institution of higher education under the~~
5 ~~control of the state board of higher education. The auditor may not reject an audit~~
6 ~~report of an audit performed by a certified public accountant or licensed public~~
7 ~~accountant which meets generally accepted auditing standards.~~

8 4. All audits performed by the state auditor must be reviewed and approved by a certified
9 public accountant.

10 **SECTION 3. AMENDMENT.** Section 54-10-14 of the North Dakota Century Code is
11 amended and reenacted as follows:

12 **54-10-14. Political subdivisions - Audits - ~~Fees~~ - Alternative audits and reports.**

13 1. The state auditor shall audit the following political subdivisions once every two years,
14 except as provided in this section or otherwise by law:

- 15 a. Counties.
- 16 b. Cities, and when a city is audited, to include any political subdivision that was
17 created by the city and has bonding authority.
- 18 c. Park districts.
- 19 d. School districts.
- 20 e. Firefighters relief associations.
- 21 f. Airport authorities.
- 22 g. Public libraries.
- 23 h. Water resource districts.
- 24 i. Garrison Diversion Conservancy District.
- 25 j. Rural fire protection districts.
- 26 k. Special education districts.
- 27 l. Area career and technology centers.
- 28 m. Correction centers.
- 29 n. Recreation service districts.
- 30 o. Weed boards.
- 31 p. Irrigation districts.

- 1 c. Perform or provide for audits of state agencies in accordance with government
2 auditing standards and legislative audit and fiscal review committee guidelines
3 developed under section 54-35-02.10. Except for the annual audit of the North
4 Dakota lottery required by section 53-12.1-03, the state auditor shall audit each
5 state agency once every two years. Audits may be conducted at more frequent
6 intervals if requested by the governor or the legislative audit and fiscal review
7 committee. ~~The state auditor shall charge an amount equal to the cost of the~~
8 ~~audit and other services rendered by the state auditor~~ one thousandth of one
9 ~~percent of the agency's total biennial operating budget to all agencies that~~
10 ~~receive and expend moneys from other than the general fund. This charge may~~
11 ~~be reduced for an agency that receives and expends both general fund and~~
12 ~~nongeneral fund moneys. State agencies shall use nongeneral fund moneys to~~
13 ~~pay for the cost of the audit. If nongeneral fund moneys are not available, the~~
14 ~~agency may, upon approval of the legislative assembly, or the budget section if~~
15 ~~the legislative assembly is not in session, use general fund moneys to pay for the~~
16 ~~audit. Any budget section action under this subdivision must comply with section~~
17 ~~54-35-02.9.~~
- 18 d. Perform or provide for performance audits of state agencies, or the agencies'
19 blended component units or discreetly presented component units, as
20 determined necessary by the legislative assembly, or the legislative audit and
21 fiscal review committee if the legislative assembly is not in session. When
22 determining the necessity of a performance audit, the legislative audit and fiscal
23 review committee shall consider:
- 24 (1) The potential cost-savings or efficiencies that may be gained as a result of
25 the performance audit;
- 26 (2) The staff resources of the state auditor's office and of the state agency
27 being audited which will be required to conduct the audit;
- 28 (3) The potential for discovery of noncompliance with state law or legislative
29 intent regarding the program or agency; and
- 30 (4) The potential for the performance audit to identify opportunities for program
31 improvements.