

Department 117 - State Auditor
Senate Bill No. 2004

Executive Budget Comparison to Base Level

	General Fund	Other Funds	Total
2023-25 Executive Budget	\$10,566,501	\$8,266,687	\$18,833,188
2023-25 Base Level	9,119,110	5,826,152	14,945,262
Increase (Decrease)	\$1,447,391	\$2,440,535	\$3,887,926

Selected Budget Changes Recommended in the Executive Budget

	General Fund	Other Funds	Total
1. Adds funding for state employee salary and benefit increases, of which \$1,003,649 is for salary increases and \$259,322 is for health insurance increases	\$755,179	\$507,792	\$1,262,971
2. Adds funding from special funds in the agency's operating fund for 1 FTE local government audit manager position	\$0	\$308,364	\$308,364
3. Adds funding from special funds in the agency's operating fund for 2 FTE local government auditor II positions	\$0	\$415,480	\$415,480
4. Adds funding from special funds in the agency's operating fund for 4 FTE local government auditor I positions	\$0	\$703,940	\$703,940
5. Adds funding, including funding from special funds in the agency's operating fund, for temporary salaries for internships	\$250,000	\$250,000	\$500,000
6. Increases funding, including funding from federal and special funds, for added operating costs related to audit software upgrade	\$54,298	\$61,266	\$115,564
7. Adds funding for a new Capitol space rent model	\$178,228		\$178,228
8. Adds one-time funding for operating expenses related to local government auditor positions	\$21,000		\$21,000
9. Adds one-time funding , including funding from federal and special funds, for travel and professional development inflationary increases	\$44,000	\$37,000	\$81,000
10. Adds one-time funding for costs related to audit software upgrades	\$45,550		\$45,550
11. Adds one-time funding for capital costs related to the replacement of equipment over \$5,000	\$25,000		\$25,000

A summary of the executive budget changes to the agency's base level appropriations is attached as an appendix.

A copy of the draft appropriations bill containing the executive budget recommendations is attached as an appendix.

Selected Bill Sections Recommended in the Executive Budget

Salary of the State Auditor - Section 3 would provide the statutory changes to increase the State Auditor's salary. The State Auditor's annual salary would increase from the current level of \$114,486 to \$121,355, effective July 1, 2023, and to \$126,209, effective July 1, 2024, to reflect recommended salary increases of 6 percent in the 1st year of the biennium and 4 percent in the 2nd year of the biennium.

Continuing Appropriations

There are no continuing appropriations for this agency.

Deficiency Appropriations

There are no deficiency appropriations for this agency.

Significant Audit Findings

The financial audit for the State Auditor's office, conducted by Eide Bailly LLP, Certified Public Accountants (Eide Bailly), for the biennium ended June 30, 2021, revealed two audit findings and related material weaknesses caused by human error, resulting in a misstatement of accounts receivable submitted to Eide Bailly and by a delay in review of payroll expenditures charged to the general and operating funds, resulting in a misstatement of prior period cash funds. Eide Bailly recommended financial statement account reconciliations be checked and reviewed prior to the audit and the State Auditor continue to use the payroll control procedures implemented in January 2020 to ensure that future financial statements are accurate.

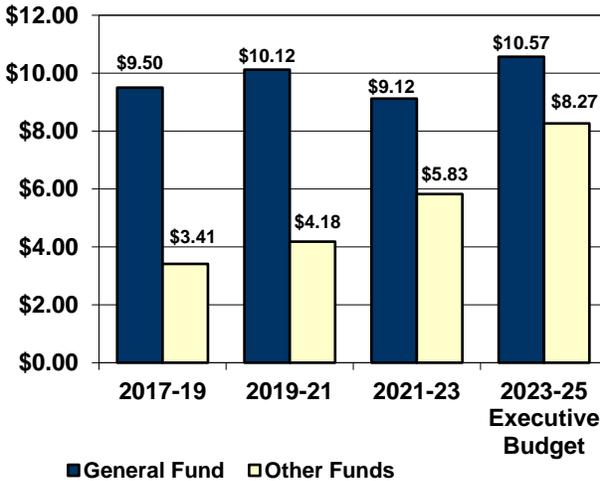
Major Related Legislation

House Bill No. 1129 - Provides the State Auditor may not charge or collect any fee from a firefighters relief association, rural fire protection district, or rural ambulance service district related to the cost or value of an audit, review or examination of audit reports, workpapers, or annual reports, or any other services rendered.

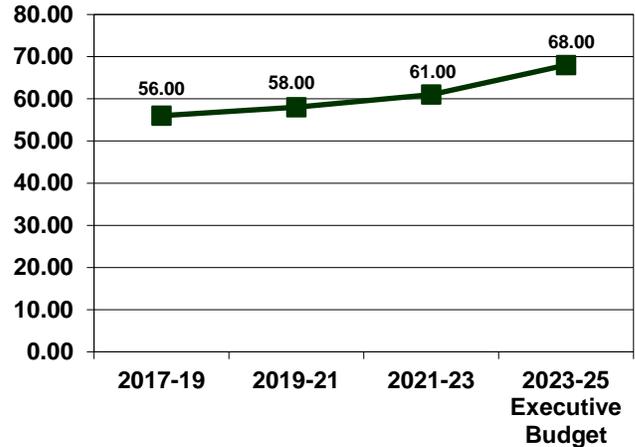
Historical Appropriations Information

Agency Appropriations and FTE Positions

Agency Funding (Millions)



FTE Positions



Ongoing General Fund Appropriations

	2015-17	2017-19	2019-21	2021-23	2023-25 Executive Budget
Ongoing general fund appropriations	\$9,776,582	\$9,498,608	\$10,106,860	\$9,119,110	\$10,430,951
Increase (decrease) from previous biennium	N/A	(\$277,974)	\$608,252	(\$987,750)	\$1,311,841
Percentage increase (decrease) from previous biennium	N/A	(2.8%)	6.4%	(9.8%)	14.4%
Cumulative percentage increase (decrease) from 2015-17 biennium	N/A	(2.8%)	3.4%	(6.7%)	6.7%

Major Increases (Decreases) in Ongoing General Fund Appropriations

2017-19 Biennium

- Restored funding for 4 FTE North Dakota University System audit positions removed by the State Auditor as part of the 2015-17 biennium budget reductions, including salaries and wages of \$611,300 and operating expenses of \$41,392 \$652,692
- Removed 2 FTE University System audit positions, including salaries and wages of \$297,135 and operating expenses of \$12,500 (\$309,635)
- Removed 1 FTE performance audit manager position (\$277,191)
- Removed 0.80 FTE administrative officer II position due to salaries and wages funding reductions \$0
- Reduced funding for operating expenses (\$101,615)
- Removed funding for IT consultants (\$250,000)

2019-21 Biennium

- Added funding for IT reviews of the Information Technology Department and the University System to provide a total of \$450,000 for technology reviews, of which \$300,000 is from special funds from the University System \$150,000

2021-23 Biennium

- Removed 4 FTE Higher Education Division audit positions (\$854,231)
- Removed 1 vacant FTE auditor IV position, including salaries and wages and operating expenses (\$175,525)

2023-25 Biennium (Executive Budget Recommendation)

- Adds \$500,000, of which \$250,000 is from special funds in the agency's operating fund, for temporary salaries for internships \$250,000

- 2. Increases funding for added operating costs related to audit software upgrade \$54,298
- 3. Adds funding for a new Capitol space rent model \$178,228

One-Time General Fund Appropriations

	2015-17	2017-19	2019-21	2021-23	2023-25 Executive Budget
One-time general fund appropriations	\$0	\$0	\$16,000	\$0	\$135,550

Major One-Time General Fund Appropriations

2017-19 Biennium

None \$0

2019-21 Biennium

- 1. Added one-time funding to replace a copier. \$16,000

2021-23 Biennium

None \$0

2023-25 Biennium (Executive Budget Recommendation)

- 1. Adds one-time funding for office furniture related to local government auditor positions \$21,000
- 2. Adds one-time funding for travel and professional development inflationary increases \$44,000
- 3. Adds funding for one-time costs related to audit software upgrade \$45,550
- 4. Adds one-time funding for replacement of equipment over \$5,000 \$25,000

State Auditor - Budget No. 117
Senate Bill No. 2004
Base Level Funding Changes

	Executive Budget Recommendation			
	FTE Positions	General Fund	Other Funds	Total
2023-25 Biennium Base Level	61.00	\$9,119,110	\$5,826,152	\$14,945,262
2023-25 Ongoing Funding Changes				
Cost to continue salary increase		\$63,033	\$23,627	\$86,660
Base budget transfer of \$17,593 from operating expenses to salaries and wages				0
Salary increase		578,161	425,488	1,003,649
Health insurance increase		177,018	82,304	259,322
Adds funding from special funds in the agency's operating fund for 1 FTE local government audit manager position	1.00		308,364	308,364
Adds funding from special funds in the agency's operating fund for 2 FTE local government auditor II positions	2.00		415,480	415,480
Adds funding from special funds in the agency's operating fund for 4 FTE local government auditor I positions	4.00		703,940	703,940
Adds funding, including funding from special funds in the agency's operating fund, for temporary salaries for internships		250,000	250,000	500,000
Adds funding from special funds in the agency's operating fund for operating costs related to additional local government auditors			126,500	126,500
Increases funding, including funding from federal and special funds, for operating costs related to audit software upgrades		54,298	61,266	115,564
Adds funding for operating expenses related to ITD rate increases		11,103	6,566	17,669
Adds funding for operating expenses related to a new Capitol space rent model		178,228		178,228
Total ongoing funding changes	7.00	\$1,311,841	\$2,403,535	\$3,715,376
One-time funding items				
Adds one-time funding for operating expenses related to local government auditor positions		\$21,000		\$21,000
Adds one-time funding, including funding from federal and special funds, for operating expenses related to travel and professional development inflationary increases		44,000	\$37,000	81,000
Adds one-time funding for costs related to audit software upgrades		45,550		45,550
Adds one-time funding for capital costs related to the replacement of equipment over \$5,000		25,000		25,000

Total one-time funding changes	0.00	\$135,550	\$37,000	\$172,550
Total Changes to Base Level Funding	7.00	\$1,447,391	\$2,440,535	\$3,887,926
2023-25 Total Funding	68.00	\$10,566,501	\$8,266,687	\$18,833,188
<i>Federal funds included in other funds</i>			\$1,482,390	
<i>Total ongoing changes as a percentage of base level</i>	11.5%	14.4%	41.3%	24.9%
<i>Total changes as a percentage of base level</i>	11.5%	15.9%	41.9%	26.0%

Other Sections in State Auditor - Budget No. 117

Executive Budget Recommendation

Salary of the State Auditor

Section 2 would provide the statutory changes to increase the State Auditor's salary. The State Auditor's annual salary would increase from the current level of \$114,486 to \$121,355, effective July 1, 2023, and to \$126,209, effective July 1, 2024, to reflect state employee salary increases of up to 6 percent effective July 1, 2023, and 4 percent effective July 1, 2024.

SENATE BILL NO. 2004
(Governor’s Recommendation)

Introduced by

Appropriations Committee

(At the request of the Governor)

A bill for an Act to provide an appropriation for defraying the expenses of the state auditor; and to amend and reenact section 54-10-10 of the North Dakota Century Code, relating to the salary of the state auditor.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. APPROPRIATION. The funds provided in this section, or so much of the funds as may be necessary, are appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, and from special funds derived from federal funds and other income, to the state auditor for the purpose of defraying the expenses of the state auditor, for the biennium beginning July 1, 2023, and ending June 30, 2025, as follows:

	Legislative Base Level	Adjustments or Enhancements	Appropriation
Salaries and Wages	\$13,123,559	\$ 3,295,008	\$16,418,567
Operating Expenses	1,371,703	522,368	1,894,071
Capital Assets	0	70,550	70,550
Information Technology Consultants	<u>450,000</u>	<u>0</u>	<u>450,000</u>
Total All Funds	\$14,945,262	\$ 3,887,926	\$18,833,188
Less Estimated Income	<u>5,826,152</u>	<u>2,440,535</u>	<u>8,266,687</u>
Total General Fund	\$ 9,119,110	\$ 1,447,391	\$10,566,501
Full-time Equivalent Positions	61.00	7.00	68.00

SECTION 2. ONE-TIME FUNDING. The following amounts reflect the 2023-25 biennium one-time funding items included in the appropriation in section 1 of this Act:

<u>One-Time Funding Description</u>	<u>2021-23</u>	<u>2023-25</u>
Inflationary Increases for Travel and Professional Development	\$0	\$81,000
TeamMate+ Migration and Setup	0	45,550
Asset Replacement	0	25,000
Office Furniture	<u>0</u>	<u>21,000</u>
Total All Funds	\$0	\$172,550
Less Estimated Income	<u>0</u>	<u>37,000</u>
Total General Fund	\$0	\$135,550

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

54-10-10. Salary of state auditor. The annual salary of the state auditor is ~~one hundred twelve thousand two hundred forty one dollars through June 30, 2022, and one hundred fourteen thousand four hundred eighty six dollars~~ one hundred twenty-one thousand three hundred fifty-five dollars through June 30, 2024, and one hundred twenty-six thousand two hundred nine dollars thereafter.