

Good morning, Mr. Chairman and members of the House Appropriations Committee.

My name is Austen Schauer, District 13, West Fargo.

SB 2251, the 3000 Version, removes the requirement of the State Auditor's Office to bill state agencies for their audits.

Currently, state law only allows agencies to be billed on a percentage of their special funds.

Last session, the law was updated to exempt the University System from these charges, allowing them to keep more money for their operations.

As a result, total revenue from state agency audits, which is deposited directly into the general fund, dropped to about \$340 thousand for the 23-25 biennium, with \$68 thousand coming from the State Mill & Elevator.

SB 2251 extends the same benefits to all state agencies including commodities, allowing them to use their funds for operations.

These changes can be found in the deletion of **lines 2-16**, on **page 2**.

Other changes include codifying existing billing practices for federal work on **page 3, lines 28-30**.

The Federal Single Audit is conducted every two years with the federal government picking up the cost of \$1.25 million dollars which is deposited into the general fund.

Two other changes can be found on **page 5, line 5**.

This is a reduction from **20 percent to 5 percent** in what local governments can **retain** while waiting for the final approval of an audit by the State Auditor's office.

This adjustment was requested by private CPA firms to assist them with their cash flow.

One other change comes on **page 6, line 10**. It increases the audit threshold for occupational and professional boards from **200 thousand to two million dollars**.

This allows smaller boards to submit financial reports instead of a full audit while maintaining the option for an audit.

This aligns with other state audit thresholds reducing unnecessary costs for smaller boards.

Special Fund Agencies such as the Insurance Department were in full support of **SB 2251**.

Mr. Chairman, committee members, we now ask for your support of **SB 2251**.

The State Auditor is here to address any questions you may have.

Thank you!