

**State Auditor
Budget No. 117
House Bill No. 1004; Senate Bill No. 2396**

	FTE Positions	General Fund	Other Funds	Total
2025-27 legislative appropriation	59.00	\$12,426,959 ¹	\$6,008,340	\$18,435,299
2023-25 legislative appropriation	<u>65.00</u>	<u>10,412,399</u>	<u>6,523,821</u>	<u>16,936,220</u>
2025-27 appropriation increase (decrease) to 2023-25 appropriation	(6.00)	\$2,014,560	(\$515,481)	\$1,499,079

¹This amount includes \$300,200 of one-time funding. Excluding this amount, the agency's ongoing General Fund appropriation is \$12,126,759.

Item Description

Full-time equivalent changes - The Legislative Assembly approved 59 FTE positions for the State Auditor for the 2025-27 biennium, a decrease of 6 FTE positions from the 2023-25 biennium authorized level of 65 FTE positions. The Legislative Assembly added 1 FTE mineral royalty audit position in the 2nd year of the biennium. The Legislative Assembly removed 7 FTE local government audit positions due to less demand for local government audits and adjusted the funding source for 2 FTE local government audit positions from special funds to the General Fund, at a cost of \$412,845, to allow the State Auditor to review local government annual financial reports at no cost to the local government.

New and vacant FTE pool - The Legislative Assembly transferred \$626,476 for the new and vacant FTE pool line item for the State Auditor for 1 new FTE mineral royalty audit position (\$89,717) and estimated savings from vacant positions (\$536,759).

One-time funding - The Legislative Assembly appropriated \$314,000 of one-time funding to the State Auditor for the 2025-27 biennium as follows:

	General Fund	Other Funds	Total
Cost related to new FTE mineral royalty auditor position		\$3,000	\$3,000
Peer review	\$25,000		25,000
Audit software migration	25,200	10,800	36,000
Performance audit of the North Dakota Development Fund	250,000		250,000
Total	\$300,200	\$13,800	\$314,000

Status/Result

The State Auditor will not fill the 1 FTE mineral royalty audit position until it is authorized by the federal government and funding becomes available. The State Auditor has removed 7 FTE local government audit positions. The local government audit positions are vacant and funded with special funds from audit fees. These positions will not be filled unless local government audit engagements increase and funding becomes available. The State Auditor has indicated the 2 FTE local government audit positions, now funded by the General Fund, have been reclassified and are now part of the Quality Assurance Division.

Through January 2026, the State Auditor estimated vacant FTE position savings of \$426,541. The department used \$30,407 for accrued leave payouts, extra salary increases, and extra overtime funding. The State Auditor had 5 or 6 vacant FTE positions from July 2025 through January 2026 with an average vacant position rate of 5.43 FTE positions. Through March 2026, the department has not requested a transfer of appropriation authority from the new and vacant FTE pool line item to the salaries and wages line item for the new FTE position.

The following is a summary of the status of the State Auditor's one-time funding items:

Cost related to new FTE mineral royalty auditor position	These costs will not be incurred until the new FTE mineral royalty auditor position is filled. The position is available for the 2 nd year of the biennium, and the State Auditor will not fill the position until it is authorized by the federal government and funding becomes available.
Peer review	The State Auditor has indicated the peer review will take place in June 2026, and it is anticipated that the full amount will be used. The final cost will not be known until travel costs are submitted by peer review staff.

<p>Audit software migration</p>	<p>The funding was provided to support two servers as the State Auditor transitioned from TeamMate AM to TeamMate+. TeamMate+ has been implemented and the remaining two audits in TeamMate AM are anticipated to be complete by June 2026. The State Auditor estimates migration funding needed through June 2026, will total \$29,040, of which \$24,300 is from the General Fund.</p>
<p>Performance audit of the North Dakota Development Fund</p>	<p>See North Dakota Development Fund performance audit section below.</p>

North Dakota Development Fund performance audit - The Legislative Assembly, in Senate Bill No. 2396, provided one-time funding of \$250,000 from the General Fund for the State Auditor to contract for a performance audit of the North Dakota Development Fund.

The State Auditor contracted with Eide Bailly LLP, in October 2025, to perform the audit at a cost of \$224,200. A draft report is due to the State Auditor by May 31, 2026. The State Auditor indicated the audit is on schedule to provide a final report by the August 1, 2026, deadline.