

SENATE BILL NO. 2047

Introduced by

Legislative Council

(Legislative Audit and Fiscal Review Committee)

(Senators Solberg, Mutch)
(Representatives Byerly, Maragos, Nichols, Timm)

1 A BILL for an Act to amend and reenact sections 54-10-14 and 54-40.1-05 of the North Dakota
2 Century Code, relating to audits of regional planning councils and the submission of regional
3 planning council audit reports to the legislative audit and fiscal review committee.

4 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

5 **SECTION 1. AMENDMENT.** Section 54-10-14 of the 1995 Supplement to the North
6 Dakota Century Code is amended and reenacted as follows:

7 **54-10-14. Political subdivisions - Audits - Fees - Alternative audits and reports.**

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

- 10 1. Counties.
- 11 2. Cities.
- 12 3. Park districts.
- 13 4. School districts.
- 14 5. Firemen's relief associations.
- 15 6. Airport authorities.
- 16 7. Public libraries.
- 17 8. Water resource districts.
- 18 9. Garrison Diversion Conservancy District.
- 19 10. Rural fire protection districts.
- 20 11. Special education districts.
- 21 12. Area vocational and technology centers.
- 22 13. Correction centers.
- 23 14. Recreation service districts.
- 24 15. Weed boards.

- 1 16. Irrigation districts.
- 2 17. Rural ambulance service districts.
- 3 18. West river water supply district.
- 4 19. Southwest water authority.
- 5 20. Regional planning councils.

6 The state auditor shall charge the political subdivision an amount equal to the fair value
7 of the audit and any other services rendered. ~~Fees~~ The political subdivision audited shall pay
8 to the state treasurer the fees for the audit performed by the state auditor ~~must be paid to the~~
9 ~~state treasurer by the political subdivision audited.~~ The state treasurer shall deposit the fees
10 ~~must be deposited~~ in the state auditor operating account. Expenses relating to political
11 subdivision audits must be paid from the state auditor operating account, within the limits of
12 legislative appropriation.

13 ~~The state auditor may in~~ In lieu of conducting an audit every two years, the state auditor
14 may require annual reports from school districts with less than one hundred enrolled students,
15 cities with less than three hundred population, and other political subdivisions subject to this
16 section, or otherwise provided by law, with less than one hundred thousand dollars of annual
17 receipts. The reports must contain the financial information required by the state auditor. The
18 state auditor ~~may~~ also may make ~~such~~ any additional examination or audit ~~as deemed~~
19 determined necessary in addition to the annual report. When a report is not filed, the state
20 auditor may charge the political subdivision an amount equal to the fair value of the additional
21 examination or audit and any other services rendered. The state auditor may charge a political
22 subdivision a fee not to exceed fifty dollars an hour for the costs of reviewing the annual report.

23 A Except as otherwise provided by law, a political subdivision ~~may~~, at the option of its
24 governing body, may be audited by a certified public accountant or licensed public accountant
25 rather than by the state auditor. The public accountant shall comply with generally accepted
26 government auditing standards for audits of political subdivisions. The report must be in the
27 form and content required by the state auditor. The number of copies of the audit report
28 requested by the state auditor must be filed with the state auditor when the public accountant
29 delivers the audit report to the political subdivision. The state auditor shall review the audit
30 ~~reports~~ report to determine if the ~~reports are~~ report is in the required form and ~~have~~ has the
31 required content, and if the audit meets generally accepted government auditing standards.

1 The state auditor ~~may~~ also may periodically review the public accountant's workpapers to
2 determine if the audit meets generally accepted government auditing standards. If the ~~reports~~
3 ~~are~~ report is in the required form and ~~have~~ has the required content, and the ~~reports~~ report and
4 workpapers comply with generally accepted government auditing standards, the state auditor
5 shall accept the audit report. The state auditor may charge the political subdivision a fee of up
6 to fifty dollars an hour, but not to exceed five hundred dollars per review, for the related costs of
7 reviewing the audit report and workpapers.

8 A political subdivision may not pay a public accountant for an audit until the state auditor
9 has accepted the audit. However, a political subdivision may make progress payments to the
10 public accountant. A political subdivision shall retain twenty percent of any progress payment
11 until the audit report is accepted by the state auditor.

12 The state auditor may require the correction of any irregularities, objectionable
13 accounting procedures, or illegal actions on the part of the governing board, officers, or
14 employees of the political subdivision disclosed by the audit report or workpapers, and failure to
15 make the corrections shall result in audits being resumed by the state auditor until the
16 irregularities, objectionable accounting procedures, or illegal actions are corrected.

17 **SECTION 2. AMENDMENT.** Section 54-40.1-05 of the 1995 Supplement to the North
18 Dakota Century Code is amended and reenacted as follows:

19 **54-40.1-05. Reports - Audits.** Each regional council shall prepare an annual report
20 within sixty days after the end of each fiscal year. ~~Copies~~ The regional council shall submit
21 copies of the report ~~must be submitted~~ to the participating units of general local government, to
22 the governor or the governor's designee, and to members of the legislative assembly in each
23 region. To the extent practicable, the report must include projects completed or in progress and
24 sources of funding. The state auditor shall prepare an annual audit report on each regional
25 council. The state auditor shall submit copies of the annual audit report on each regional
26 council to the participating units of general local government, to the governor or the governor's
27 designee, to the legislative audit and fiscal review committee, and to members of the legislative
28 assembly in each region.