

**FIRST ENGROSSMENT
with Conference Committee Amendments
ENGROSSED SENATE BILL NO. 2004**

Introduced by

Appropriations Committee

1 A BILL for an Act to provide an appropriation for defraying the expenses of the state auditor; to
2 amend and reenact sections 54-10-01 and 54-10-10 of the North Dakota Century Code, relating
3 to the powers and duties of the state auditor and the salary of the state auditor; to provide for a
4 report; and to declare an emergency.

5 BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

6 **SECTION 1. APPROPRIATION.** The funds provided in this section, or so much of the funds
7 as may be necessary, are appropriated out of any moneys in the general fund in the state
8 treasury, not otherwise appropriated, and from special funds derived from federal funds and
9 other income, to the state auditor for the purpose of defraying the expenses of the state auditor,
10 for the biennium beginning July 1, 2019, and ending June 30, 2021, as follows:

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>	
11				
12				
13	Salaries and wages	\$11,767,312	\$900,906	\$12,668,218
14	Operating expenses	1,142,783	19,037	1,161,820
15	Capital assets	0	16,000	16,000
16	Information technology consultants	<u>0</u>	<u>450,000</u>	<u>450,000</u>
17	Total all funds	\$12,910,095	\$1,385,943	\$14,296,038
18	Less estimated income	<u>3,411,487</u>	<u>761,691</u>	<u>4,173,178</u>
19	Total general fund	\$9,498,608	\$624,252	\$10,122,860
20	Full-time equivalent positions	56.00	2.00	58.00

21 **SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO SIXTY-**
22 **SEVENTH LEGISLATIVE ASSEMBLY.** The following amounts reflect the 2019-21 biennium
23 one-time funding items included in the appropriation in section 1 of this Act:

1	<u>One-Time Funding Description</u>	<u>2017-19</u>	<u>2019-21</u>
2	Copier replacement	\$0	\$16,000
3	Total general fund	\$0	\$16,000

4 The 2019-21 biennium one-time funding amounts are not a part of the entity's base budget
5 for the 2021-23 biennium. The state auditor shall report to the appropriations committees of the
6 sixty-seventh legislative assembly on the use of this one-time funding for the biennium
7 beginning July 1, 2019, and ending June 30, 2021.

8 **SECTION 3. AMENDMENT.** Section 54-10-01 of the North Dakota Century Code is
9 amended and reenacted as follows:

10 **54-10-01. Powers and duties of state auditor.**

11 The state auditor shall:

- 12 1. Be vested with the duties, powers, and responsibilities involved in performing the
13 postaudit of all financial transactions of the state government, detecting and reporting
14 any defaults, and determining that expenditures have been made in accordance with
15 law and appropriation acts.
- 16 2. Perform or provide for the audit of the general purpose financial statements and a
17 review of the material included in the comprehensive annual financial report of the
18 state and perform or provide for the audits and reviews of state agencies. Except for
19 the annual audit of the North Dakota lottery required by section 53-12.1-03, the state
20 auditor shall audit or review each state agency once every two years. The state
21 auditor shall determine the contents of the audits and reviews of state agencies. The
22 state auditor may conduct any work required by the federal government. The state
23 auditor may not contract for work required by the federal government without the prior
24 approval of the legislative audit and fiscal review committee. The state auditor shall
25 charge an amount equal to the cost of the audit and other services rendered by the
26 state auditor to all agencies that receive and expend moneys from other than the
27 general fund. This charge may be reduced for any agency that receives and expends
28 both general fund and nongeneral fund moneys. State agencies must use nongeneral
29 fund moneys to pay for audits performed by the state auditor. If nongeneral fund
30 moneys are not available, the agency may, upon approval of the legislative assembly,
31 or the budget section if the legislative assembly is not in session, use general fund

1 moneys to pay for audits performed by the state auditor. The budget section reviews
2 and approvals must comply with the new section to chapter 54-35 of the North Dakota
3 Century Code created by section 15 of Senate Bill No. 2055 as adopted by the
4 sixty-sixth legislative assembly. Audits and reviews may be conducted at more
5 frequent intervals if requested by the governor or legislative audit and fiscal review
6 committee.

7 3. Be vested with the authority to determine whether to audit the International Peace
8 Garden at the request of the board of directors of the International Peace Garden.

9 4. Perform or provide for performance audits of state agencies, or the agencies' blended
10 component units or discreetly presented component units, as determined necessary
11 by the ~~state auditor or legislative assembly~~; the legislative audit and fiscal review
12 committee; or the state auditor, subject to approval by the legislative audit and fiscal
13 review committee. A performance audit must be done in accordance with generally
14 accepted auditing standards applicable to performance audits. The state auditor may
15 not hire a consultant to assist with conducting a performance audit of a state agency
16 without the prior approval of the legislative audit and fiscal review committee. The
17 state auditor shall notify an agency of the need for a consultant before requesting
18 approval by the legislative audit and fiscal review committee. The agency that is
19 audited shall pay for the cost of any consultant approved.

20 5. For the audits and reviews the state auditor is authorized to perform or provide for
21 under this section, the audit or review may be provided for by contract with a private
22 certified or licensed public accountant or other qualified professional. If the state
23 auditor determines that the audit or review will be done pursuant to contract, the state
24 auditor, except for occupational or professional boards, shall execute the contract, and
25 any executive branch agency, including higher education institutions, shall pay the
26 fees of the contractor.

27 6. Be responsible for the above functions and report thereon to the governor and the
28 secretary of state in accordance with section 54-06-04 or more often as circumstances
29 may require.

30 7. Perform all other duties as prescribed by law.

1 **SECTION 4. AMENDMENT.** Section 54-10-10 of the North Dakota Century Code is
2 amended and reenacted as follows:

3 **54-10-10. Salary of state auditor.**

4 The annual salary of the state auditor is ~~one hundred two thousand six hundred eighty-nine~~
5 ~~dollars through June 30, 2016, and one hundred five thousand seven hundred seventy dollars~~
6 ~~thereafter~~ one hundred seven thousand eight hundred eighty-five dollars through June 30, 2020,
7 and one hundred ten thousand five hundred eighty-two dollars thereafter.

8 **SECTION 5. AUDIT STAFF UTILIZATION - REPORT TO SIXTY-SEVENTH LEGISLATIVE**
9 **ASSEMBLY.** The state auditor shall monitor the number of audit staff hours dedicated to
10 financial audits, performance audits, mineral resource audits, federal single audit procedures,
11 comprehensive annual financial report procedures, fraud investigation, local government audits,
12 and audits of the institutions of higher education, including financial audits and performance
13 audits. The state auditor shall report to the appropriations committees of the sixty-seventh
14 legislative assembly regarding the number of audit staff hours dedicated to each of these audit
15 functions and any other functions of the state auditor's office during the biennium beginning
16 July 1, 2019, and ending June 30, 2021.

17 **SECTION 6. EMERGENCY.** The sum of \$16,000 provided from the general fund for copier
18 replacement appropriated in section 1 of this Act is declared to be an emergency measure.