

Department 117 - State Auditor  
Senate Bill No. 2004

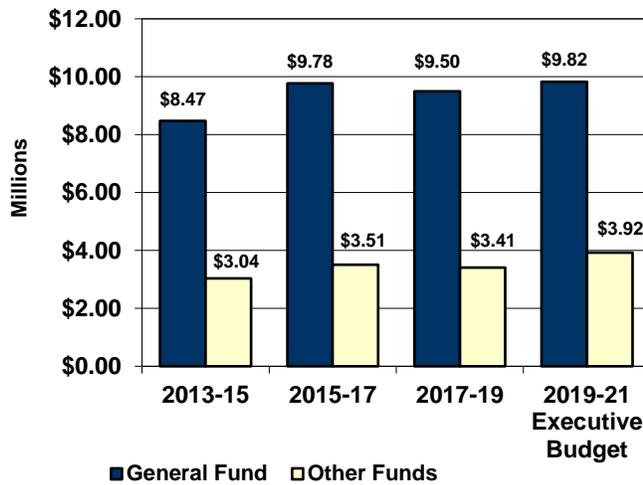
**Executive Budget Comparison to Prior Biennium Appropriations**

	FTE Positions	General Fund	Other Funds	Total
2019-21 Executive Budget	56.00	\$9,820,758	\$3,919,753	\$13,740,511
2017-19 Legislative Appropriations	56.00	9,498,608	3,411,487	12,910,095
Increase (Decrease)	0.00	\$322,150	\$508,266	\$830,416

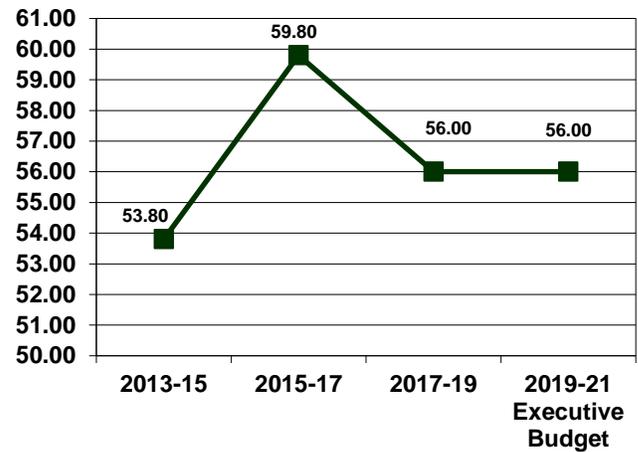
**Ongoing and One-Time General Fund Appropriations**

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2019-21 Executive Budget	\$9,820,758	\$0	\$9,820,758
2017-19 Legislative Appropriations	9,498,608	0	9,498,608
Increase (Decrease)	\$322,150	\$0	\$322,150

**Agency Funding**



**FTE Positions**



**Executive Budget Comparison to Base Level**

	General Fund	Other Funds	Total
2019-21 Executive Budget	\$9,820,758	\$3,919,753	\$13,740,511
2019-21 Base Level	9,498,608	3,411,487	12,910,095
Increase (Decrease)	\$322,150	\$508,266	\$830,416

**First House Action**

Attached is a comparison worksheet detailing first house changes to base level funding and the executive budget.

**Executive Budget Highlights  
(With First House Changes in Bold)**

- |   | General Fund | Other Funds | Total       |
|---|--------------|-------------|-------------|
| 1. Adds funding for state employee salary and benefit increases, of which \$508,936 is for salary increases, \$219,183 is for health insurance increases, and \$66,346 is for retirement contribution increases. <b>The Senate added funding for salary adjustments of 2 percent for the 1<sup>st</sup> year of the biennium and 3 percent in the 2<sup>nd</sup> year and increases in health insurance premiums from \$1,241 to \$1,427 per month. The Senate did not add funding for retirement contribution increases.</b> | \$587,411    | \$207,054   | \$794,465   |
| 2. Removes 1 FTE local government division position, 1 FTE state audit division position, and underfunds salaries and wages. <b>The Senate removed the 2 FTE positions, underfunded salaries</b>  | (\$725,229)  | (\$2)       | (\$725,231) |

**and wages, but also added 3 FTE state audit division auditors to audit the North Dakota University System.**

3. Adds 2 FTE local government division positions, including operating expenses of \$30,000. <b>The Senate added 4 FTE local government division positions.</b>	\$0	\$366,742	\$366,742
4. Adds funding for an information technology review of the Information Technology Department and the North Dakota University System	\$450,000	\$0	\$450,000

### **Other Sections in Senate Bill No. 2004**

**Salary of the State Auditor** - Section 3 provides the statutory changes to increase the State Auditor's salary. The State Auditor's annual salary would increase from the current level of \$105,770 to \$107,885, effective July 1, 2019, and to \$111,122, effective July 1, 2020, to reflect salary adjustments of 2 percent for the 1<sup>st</sup> year and 3 percent in the 2<sup>nd</sup> year of the 2019-21 biennium.

**Emergency** - Section 4 provides the one-time funding from the general fund for copier replacement is an emergency measure.

### **Continuing Appropriations**

There are no continuing appropriations for this agency.

### **Deficiency Appropriation**

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, for the biennium ended June 30, 2017, revealed one audit finding related to an error in the State Auditor's work in process worksheet. Eide Bailly LLP, recommended the work in process and accounts receivable worksheets be appropriately reviewed to ensure correct formulas and to prevent balances from being duplicated.

### **Major Related Legislation**

**House Bill No. 1077** - Requires the State Auditor to perform work on mineral royalties for the federal government.

**House Bill No. 1079** - Allows the State Auditor to seek the assistance of the Attorney General for legal issues affecting the State Auditor and requires the State Auditor to seek the assistance of the Attorney General for issues of the State Auditor involving litigation. The bill also provides the State Auditor may request an opinion from the Attorney General as provided in North Dakota Century Code Section 54-12-01.

**House Bill No. 1191** - Requires the State Auditor to notify the Legislative Audit and Fiscal Review Committee of any significant audit findings that have been reported in two or more consecutive state agency, department, or institution audits and allows the committee to reduce the appropriation of the agency, department, or institution if the same finding is identified in three or more audit reports.

**Senate Bill No. 2150** - Allows regional education associations to contract with the State Auditor for audits.

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

	<b>Executive Budget Recommendation</b>				<b>Senate Version</b>			
	<b>FTE Position</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>	<b>FTE Position</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
<b>2019-21 Biennium Base Level</b>	56.00	\$9,498,608	\$3,411,487	\$12,910,095	56.00	\$9,498,608	\$3,411,487	\$12,910,095
<b>2019-21 Ongoing Funding Changes</b>								
Base payroll changes		\$13,589	(\$68,186)	(\$54,597)		\$13,589	(\$68,186)	(\$54,597)
Salary increase		376,291	132,645	508,936		264,455	92,003	356,458
Health insurance increase		162,064	57,119	219,183		189,638	69,162	258,800
Retirement contribution increase		49,056	17,290	66,346				0
Removes 1 FTE local government division position, 1 FTE state audit division position, and underfunds salaries and wages	(2.00)	(725,229)	(2)	(725,231)	(2.00)	(725,229)	(2)	(725,231)
Adds 2 FTE local government division positions, including operating expenses of \$30,000	2.00		366,742	366,742	4.00		705,172	705,172
Adds 3 FTE state audit division auditors to audit the NDUS				0	3.00	560,700		560,700
Reduces base budget for operating expenses		(3,621)	2,658	(963)		(3,621)	2,658	(963)
Adds funding for an information technology review of the Information Technology Department and the North Dakota University System		450,000		450,000		450,000		450,000
Adds funding for consulting fees				0		150,000		150,000
Total ongoing funding changes	0.00	\$322,150	\$508,266	\$830,416	5.00	\$899,532	\$800,807	\$1,700,339
<b>One-time funding items</b>								
Adds one-time funding for copier replacement				0		\$16,000		\$16,000
Total one-time funding changes	0.00	\$0	\$0	\$0	0.00	\$16,000	\$0	\$16,000
<b>Total Changes to Base Level Funding</b>	0.00	\$322,150	\$508,266	\$830,416	5.00	\$915,532	\$800,807	\$1,716,339
<b>2019-21 Total Funding</b>	56.00	\$9,820,758	\$3,919,753	\$13,740,511	61.00	\$10,414,140	\$4,212,294	\$14,626,434

**Other Sections for State Auditor - Budget No. 117**

**Executive Budget Recommendation**

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Salary of the State Auditor

Section 2 would provide the statutory changes to increase the State Auditor's salary by 4 percent on July 1, 2019, and by 2 percent on July 1, 2020.

Emergency

**Senate Version**

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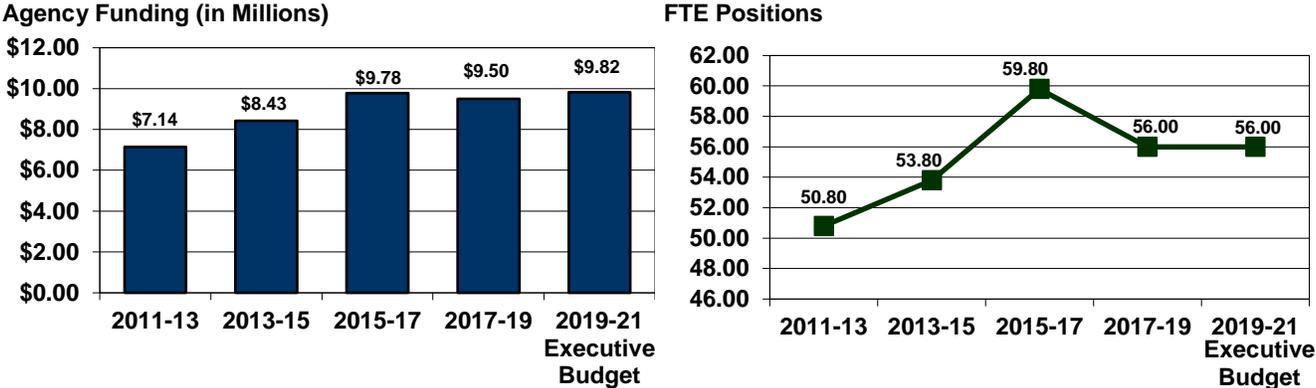
Section 3 provides the statutory changes to increase the State Auditor's salary by 2 percent on July 1, 2019, and by 3 percent on July 1, 2020.

Section 4 provides the one-time funding from the general fund for copier replacement is an emergency measure.

Department 117 - State Auditor

# Historical Appropriations Information

## Ongoing General Fund Appropriations Since 2011-13



Ongoing General Fund Appropriations					
	2011-13	2013-15	2015-17	2017-19	2019-21 Executive Budget
Ongoing general fund appropriations	\$7,143,808	\$8,428,489	\$9,776,582	\$9,498,608	\$9,820,758
Increase (decrease) from previous biennium	\$531,579	\$1,284,681	\$1,348,093	(\$277,974)	\$322,150
Percentage increase (decrease) from previous biennium	N/A	18.0%	16.0%	(2.8%)	3.4%
Cumulative percentage increase (decrease) from 2011-13 biennium	N/A	18.0%	36.9%	33.0%	37.5%

### Major Increases (Decreases) in Ongoing General Fund Appropriations

**2013-15 Biennium**

- 1. Added 2 FTE financial auditor positions \$248,734
- 2. Increased funding for state information technology vulnerability testing to provide a total of \$250,000 \$100,000
- 3. Added funding for temporary salaries related to the *Comprehensive Annual Financial Report* \$70,000
- 4. Increased funding for lease costs \$100,000

**2015-17 Biennium**

- 1. Added funding for 6 FTE auditor positions and related operating expenses to provide audit services to the State Board of Higher Education and its institutions (This item was affected by the August 2016 budget reductions) \$1,221,914

**2017-19 Biennium**

- 1. 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
- 2. Removed 2 FTE University System audit positions, including salaries and wages of \$297,135 and operating expenses of \$12,500 (\$309,635)
- 3. Removed 1 FTE performance audit manager position (\$277,191)
- 4. Removed a 0.80 FTE administrative officer II position due to salaries and wages funding reductions \$0
- 5. Reduced funding for operating expenses (\$101,615)
- 6. Removed funding for information technology consultants (\$250,000)

**2019-21 Biennium (Executive Budget Recommendation)**

- 1. Removes 1 FTE local government division position, 1 FTE state audit division position, and underfunds salaries and wages. **The Senate removed the 2 FTE positions, underfunded salaries and wages, but added 3 FTE state audit division auditors to audit the North Dakota University System.** (\$725,229)
- 2. Adds funding for an information technology review of the Information Technology Department and the University System. \$450,000

**GOVERNOR'S RECOMMENDATION FOR THE  
STATE AUDITOR AS SUBMITTED  
BY THE OFFICE OF MANAGEMENT AND BUDGET**

**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, 2019, and ending June 30, 2021, as follows:

	<u>Base level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Salaries and wages	\$11,767,312	\$351,379	\$12,118,691
Operating expenses	1,142,783	29,037	1,171,820
Information technology consultants	<u>0</u>	<u>450,000</u>	<u>450,000</u>
Total all funds	\$12,910,095	\$830,416	\$13,740,511
Less estimated income	<u>3,411,487</u>	<u>508,266</u>	<u>3,919,753</u>
Total general fund	\$9,498,608	\$322,150	\$9,820,758
Full-time equivalent positions	56.00	0.00	56.00

**SECTION 2. 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 two thousand six hundred eighty-nine dollars through June 30, 2016, and one hundred five thousand seven hundred seventy dollars~~ one hundred ten thousand one dollars through June 30, 2018, and one hundred twelve thousand two hundred one dollars thereafter.