

FISCAL NOTE
Requested by Legislative Council
03/10/2017

Amendment to: HB 1149

- 1 A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2015-2017 Biennium		2017-2019 Biennium		2019-2021 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	\$0	\$0	\$0	\$0	\$0	\$0
Expenditures	\$0	\$0	\$0	\$0	\$0	\$0
Appropriations	\$0	\$0	\$0	\$0	\$0	\$0

- 1 B. **County, city, school district and township fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

	2015-2017 Biennium	2017-2019 Biennium	2019-2021 Biennium
Counties	\$0	\$0	\$0
Cities	\$0	\$0	\$0
School Districts	\$0	\$0	\$0
Townships	\$0	\$0	\$0

- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

Section 1 of this bill would have a fiscal impact on occupational and professional boards.

- B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

Fiscal impact is unknown.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

- A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

Amount unknown.

- B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

Amount unknown.

- C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

Amount unknown.

Name: Ed Nagel

Agency: Office of the State Auditor

Telephone: 701-328-4782

Date Prepared: 03/10/2017

FISCAL NOTE
Requested by Legislative Council
01/05/2017

Bill/Resolution No.: HB 1149

- 1 A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2015-2017 Biennium		2017-2019 Biennium		2019-2021 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	\$0	\$0	\$0	\$0	\$0	\$0
Expenditures	\$0	\$0	\$0	\$0	\$0	\$0
Appropriations	\$0	\$0	\$0	\$0	\$0	\$0

- 1 B. **County, city, school district and township fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

	2015-2017 Biennium	2017-2019 Biennium	2019-2021 Biennium
Counties	\$0	\$0	\$0
Cities	\$0	\$0	\$0
School Districts	\$0	\$0	\$0
Townships	\$0	\$0	\$0

- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

Section 1 of this bill would have a fiscal impact on occupational and professional boards.

- B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

Section 1 of this bill would have an effect on the expenditures of approximately 5 occupational and professional boards.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

- A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

Amount unknown

- B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

Amount unknown but insignificant.

- C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

Amount unknown but insignificant.

Name: Ed Nagel

Agency: Office of the State Auditor

Telephone: 701-328-4782

Date Prepared: 01/09/2017

2017 HOUSE GOVERNMENT AND VETERANS AFFAIRS

HB 1149

2017 HOUSE STANDING COMMITTEE MINUTES

Government and Veterans Affairs Committee
Fort Union, State Capitol

HB 1149
1/12/2017
26827

- Subcommittee
 Conference Committee

Committee Clerk Signature

Carmen Hart

Explanation or reason for introduction of bill/resolution:

Relating to audits of occupational and professional boards

Minutes:

Attachments 1-3

Chairman Kasper opened the hearing on HB 1149.

Rep. Porter introduced the bill. This bill inside of the law talks about the audit requirements from the State Auditor's Office. Those boards are branches of the state of North Dakota even though they operate on their user fees. We have a requirement that says they need to have an audit, and the audits are expensive. We have a trigger mechanism in place based upon the amount of dollars they generate whether or not they need to be audited at all or if the board can just review their financial status and keep functioning as a board. If we have these audits for these smaller boards that generate \$100,000 of annual receipts, it goes back to the users of that board and they have to charge those professions more money in order to function as a board because of this expense. I was approached by one of the smaller boards to put this bill in to raise that floor up on the requirement of them having an audit.

Rep. Steiner: Was there any discussion of putting a number in there, \$100,000, or are we telling them we will back and it will get adjusted? Could they put a number in and maybe a cost of living increase on it, so it could rise over time without us constantly going back and adjusting specific numbers in code?

Rep. Porter: No. Historically, this has been a floor type of situation that legislature has maintained control over. Our meeting every two years really is that inflation factor. In the likelihood that a professional board of an occupation would go bankrupt because of an action, the taxpayers are on the hook for that. As the state, we do own those boards and professions, and we allow them to accumulate savings accounts and have funds available for legal action in a case they are sued within the regulation of the profession.

Rep. Rohr: How many boards under \$100,000 annual receipts have an impact?

Rep. Porter: Glancing at the fiscal note, I think it is under seven.

Rep. Rohr: Would you go over the fiscal note?

Rep. Porter: It is provided by Ed Nagel from the State Auditor's Office. He is here, so he can explain it.

Ed Nagel, Director, Office of State Auditor, appeared in support. Attachment 1. (9:18- 10:09)
The fiscal note shows that about five boards are impacted.

Rep. C. Johnson: Would this \$100,000 limit allow every state board to have their budget audited then, or would there still be state boards that would exceed the \$100,000 limit?

Ed Nagel: If there are boards that exceed the \$100,000 limit, then they would have to have an audit every two years. If they are under \$100,000, they submit an annual report to our office that we review.

Rep. C. Johnson: Are there currently boards that do exceed that limit?

Ed Nagel: I believe that there are.

Rep. B. Koppelman: Currently these five boards are having a full-blown audit done every two years. Would they ever have an audit done, or could they just do an annual report forever if they fit under this threshold?

Ed Nagel: If they fit under the threshold of \$100,000, they would never have to have an audit theoretically. If there was fraud involved or something, there might have to be something other than a report filed with our office. In which case, we would probably do a fraud audit.

Rep. Vetter: By raising it to \$100,000, are we pretty much not doing audits?

Ed Nagel: That is the case.

Rep. Vetter: You don't want these organizations to have these audits, so that is why we are raising the limits?

Ed Nagel: No. The cost for having these audits done is quite significant especially if they only received, for example, \$55,000. There are fewer and fewer firms that provide audits for small entities like this. Ours is one of them.

Rep. Vetter: This is basically to save expenses for these different organizations?

Ed Nagel: That is correct.

Rep. Schneider: Is it correct that the other entities that are privately audited file audit reports with you?

Ed Nagel: It depends on which entities you are talking about.

Rep. Schneider: The ones that would exceed the \$100,000 limit.

Ed Nagel: Yes, if they are an occupational board.

Rep. Schneider: You would know how many there are of those?

Ed Nagel: Yes.

Rep. Schneider: Could you let the chairman know how many there are.

Rep. Steiner: Is an average cost for an audit about \$4,000?

Ed Nagel: I don't know what the average cost is.

Chairman Kasper: On firms that are substantially smaller, you must have audited them in the last couple of years. Do you recall the fees that you charged for the audit?

Ed Nagel: No, I don't.

Chairman Kasper: Would you provide the information if you audited any of these smaller boards in the last two years.

Rep. Rohr: Also, I think we should know who those five boards are that will be impacted.

Marge Elleson, Executive Secretary for the North Dakota Board of Counselor Examiners, appeared in support. Attachment 2. (15:56-21:14)

Rep. B. Koppelman: Not every board is run as well as yours is. Would you see value in an audit but maybe not as often?

Marge Elleson: Having it less often, I guess it really wouldn't matter one way or another, but the more years I bring in and pile on someone's desk, the more it will cost anyway.

Rep. Olson: Do you know when that \$10,000 trigger went in place?

Marge Elleson: No, I don't.

Vice Chair Louser: What was your temporary revenue?

Marge Elleson: We passed legislative rules in 2014 and a lot of them didn't become effective until July 1, 2016. It had to do with certifying supervisors. All our supervisors had to be certified by that date, and certain LPCC applications had to be in by that date. Everyone waits until the end, so they all came in April or May 2016. All these grandfathering things that had the deadline really pushed us up.

No opposition.

Chairman Kasper closed the hearing.

Attachment #3 was provided by Ed Nagel, State Auditor's Office, on 1/13/17. Also, refer to recording 26861 on 1/13/17.

2017 HOUSE STANDING COMMITTEE MINUTES

Government and Veterans Affairs Committee
Fort Union, State Capitol

HB 1149
1/12/2017
26851

- Subcommittee
 Conference Committee

Committee Clerk Signature

Carmen Hart

Explanation or reason for introduction of bill/resolution:

Relating to audits of occupational and professional boards

Minutes:

"Click to enter attachment information."

Chairman Kasper opened the discussion on HB 1149.

Rep. Olson: Did Mr. Nagel get back to you with the answers to the questions?

Chairman Kasper: No, he did not.

Rep. Olson: I believe we were looking for which particular boards would be affected by this.

Rep. Schneider: I had asked for the number that paid for full audits over \$100,000 and then those audits to him for review.

Rep. Laning: I personally don't think five organizations under \$100,000 is significant enough to really get sweaty about. I make a motion for a DO PASS on HB 1149.

Rep. Steiner seconded the motion.

Rep. B. Koppelman: I believe there are 140 some boards, most of them being licensing boards for various professions. I would assume all but 5 of those are exceeding that. I don't have any real big heartburn over this. It is a question of should we be raising the limits tenfold from where it was just last session?

Rep. Rohr: I was just being proactive by asking that question because it may be asked on the floor.

Rep. Olson: Another question that might be helpful to have answered for bringing this to the floor is how long that \$10,000 trigger existed? \$50,000 is what it was changed to 4 years ago.

A roll call vote was taken. 14 Yeas, 0 Nays, 0 Absent. **Rep. Laning** will carry the bill.

Date: 1-12-17
 Roll Call Vote #: 1

**2017 HOUSE STANDING COMMITTEE
 ROLL CALL VOTES
 BILL/RESOLUTION NO. 1149**

House Government and Veterans Affairs Committee

Subcommittee

Amendment LC# or Description: _____

- Recommendation: Adopt Amendment
 Do Pass Do Not Pass Without Committee Recommendation
 As Amended Rerefer to Appropriations
 Place on Consent Calendar
 Other Actions: Reconsider _____

Motion Made By Rep. Lanning Seconded By Rep. Steiner

Representatives	Yes	No	Representatives	Yes	No
Jim Kasper-Chairman	X		Pamela Anderson	X	
Scott Louser-Vice Chairman	X		Mary Schneider	X	
Jason Dockter	X				
Craig A. Johnson	X				
Daniel Johnston	X				
Karen Karls	X				
Ben Koppelman	X				
Vernon Lanning	X				
Christopher D. Olson	X				
Karen M. Rohr	X				
Vicky Steiner	X				
Steve Vetter	X				

Total (Yes) 14 No 0

Absent 0

Floor Assignment Rep. Lanning

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

HB 1149: Government and Veterans Affairs Committee (Rep. Kasper, Chairman)
recommends **DO PASS** (14 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING).
HB 1149 was placed on the Eleventh order on the calendar.

2017 SENATE GOVERNMENT AND VETERANS AFFAIRS

HB 1149

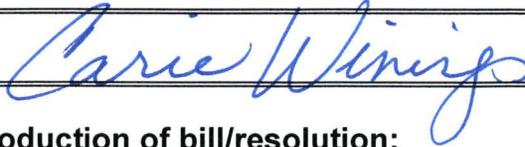
2017 SENATE STANDING COMMITTEE MINUTES

Government and Veterans Affairs Committee Sheyenne River Room, State Capitol

HB 1149
3/2/2017
Job Number 28583

- Subcommittee
 Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

A BILL for an Act to amend and reenact section 54-10-27 of North Dakota Century Code, relating to audits of occupational and professional boards.

Minutes:

Attachments: 1

Chairman Poolman: Opened the hearing on HB 1149.

Representative Porter, District 34: Testified as sponsor and in support of the bill. This is kind of a repeat of bill last session where we inched our way to where the final bill was in regards to when an audit needs to be performed on small boards. You will hear from the state auditor's off and some of the small boards and others that are going to tell you that there is no big issue with doing what is in the bill. These audits are expensive to smaller boards and it causes them to increase their fees to their professional members in order to be in that profession.

(2:25) Senator Bekkedahl: The state auditor's office does provide audits to public entities in eastern parts of the state but not the west because of constraints with personnel. Does this have anything to do with that process? Or have you heard from these small entities that they would like access to that?

Representative Porter: No, I did not hear any of that on the House side. It is a good question for the state auditor's office. The main concern on this one really is the small boards under that dollar threshold. Why spend all that money on an audit when they are only generating a small amount of money. I did not hear anything on the services provided on the other boards.

Senator Davison: Why \$100,000? Why not \$200,000? Where did the number come from?

Representative Porter: They were more going off of us and how the bill was last session. It was at \$100,000 and it dropped to \$50,000 as part of the compromise to the whole thing. It is up to us as to where that number should be. They are not shooting for the moon in this and they are really focused in on those small boards. If you think the number should be higher than what it is at right now, I do not think any of them will have a problem with that.

You need to decide where the revenue threshold should be and where you will be comfortable with not requiring an audit.

(5:20) Ed Nagel, Office of the State Auditor: See Attachment #1 for testimony in support of the bill.

(7:00) Senator Davison: If we raised it to \$200,000 how many would that impact?

Ed Nagel: I am not certain. We did not do that analysis. We just analyzed from \$50,000 to \$100,000.

Senator Davison: What would be your thoughts of raising it higher than \$100,000?

Ed Nagel: I do not think that we would object to that.

Senator Bekkedahl: Obviously, there is a cost to doing this. Not just to the smaller boards but for the smaller public entities as well. Do you have a response to my question on the east and west opportunities for audits to be done within your department? Are you still doing audits for the eastern half of the state?

Ed Nagel: Yes, mainly in the Fargo area.

Senator Bekkedahl: Any changes considered from the director or commissioner?

Ed Nagel: No at this time.

Senator Marcellais: What is the average cost of an audit?

Ed Nagel: There is no average cost. They will go up and down depending on how long it takes, the size, and who is doing it. It would be a minimum of \$1500.

Chairman Poolman: There was no further testimony present. Closed the hearing on HB 1149.

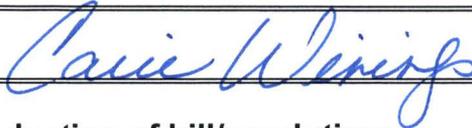
2017 SENATE STANDING COMMITTEE MINUTES

Government and Veterans Affairs Committee
Sheyenne River Room, State Capitol

HB 1149
3/9/2017
Job Number 28943

- Subcommittee
 Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

A BILL for an Act to amend and reenact section 54-10-27 of North Dakota Century Code, relating to audits of occupational and professional boards.

Minutes:

No Attachments

Chairman Poolman: Opened HB 1149 for committee discussion.

Vice Chairman Davison: I sent an e mail and asked if it was raised to \$200,000 how many entities would be affected, and I was told it would be 6 additional. I have not given it any thought as to whether I want to amend it or not. Maybe we can discuss that. I am not quite sure of the \$50,000 to \$100,000. If they are trying to save the small organizations some auditing dollars, then why not go to \$200,000 and save another 6 organizations the \$3000 bill of auditing.

Senator Bekkedahl: I am in agreement with those comments. I appreciate the research. I think one of the concerns that would be out there is that you are also trying to protect the public in terms of how much money is transferring through these entities and the larger that number gets to keep them in compliance without an audit – think the fear is that there could be some issues that are not caught or attended to as they should be. I think it makes perfect sense. I know that in dealing with this in the past, the larger that number gets, the more fraud could be there that is not contained or caught.

Vice Chairman Davison: Can we wait on this one?

Chairman Poolman: Closed the committee discussion.

2017 SENATE STANDING COMMITTEE MINUTES

Government and Veterans Affairs Committee
Sheyenne River Room, State Capitol

HB 1149
3/10/2017
Job Number 29010

- Subcommittee
 Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

A BILL for an Act to amend and reenact section 54-10-27 of North Dakota Century Code, relating to audits of occupational and professional boards.

Minutes:

No Attachments

Chairman Poolman: Opened HB 1149 for committee discussion. We had some conversations about how many more non-profits might be included if we added another \$100,000; changing it to \$200,000.

Vice Chairman Davison: Moved to Amend by changing \$100,000 to \$200,000.

Senator Bekkedahl: Seconded.

Chairman Poolman: Is there any discussion?

Vice Chairman Davison: I sent an e mail and it appeared to me that they are trying to take some burden off of the non-profit organizations that need auditing and it is typically about \$3000 to \$3500 for an organization for an audit. I asked how they came up with \$100,000 and the answer that I got was that they just doubled it. When I asked if we raised it to \$200,000, it would add six more. I thought to myself that maybe those six organizations would like to save some dollars too with their audit. Nowadays, \$200,000 sounds like a lot of money, but it really is not a lot of dollars. I think \$3000 could make a significant difference for those smaller organizations.

Chairman Poolman: I certainly think it sounds reasonable. It is pretty common sense and it is six more. It is not like we are opening the flood gates here.

Senator Marcellais: I would agree with Senator Davison. We are in a budget crunch and this is a cost savings for the state.

Chairman Poolman: It certainly saves the boards money.

A Roll Call Vote Was Taken: 6 yeas, 0 nays, 0 absent.

Motion Carried.

Vice Chairman Davison: Moved a Do Pass As Amended.

Senator Bekkedahl: Seconded.

A Roll Call Vote Was Taken: 6 yeas, 0 nays, 0 absent.

Motion Carried.

Vice Chairman Davison will carry the bill.

17.0404.01001
Title.02000

Adopted by the Senate Government and
Veterans Affairs Committee
March 10, 2017

OK
3/10/17

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1149

Page 1, line 15, replace "one hundred" with "two hundred"

Renumber accordingly

2017 SENATE STANDING COMMITTEE
 ROLL CALL VOTES
 BILL/RESOLUTION NO. 1149

Senate Government and Veterans Affairs Committee

Subcommittee

Amendment LC# or Description: \$100,000 to \$200,000

- Recommendation: Adopt Amendment
 Do Pass Do Not Pass Without Committee Recommendation
 As Amended Rerefer to Appropriations
 Place on Consent Calendar
 Other Actions: Reconsider _____

Motion Made By Davison Seconded By Bekkedahl

Senators	Yes	No	Senators	Yes	No
Chairman Poolman	✓		Senator Marcellais	✓	
Vice Chairman Davison	✓				
Senator Bekkedahl	✓				
Senator Meyer	✓				
Senator Vedaa	✓				

Total (Yes) 6 No 0

Absent 0

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:

Date: 3/10
 Roll Call Vote #: 2

2017 SENATE STANDING COMMITTEE
 ROLL CALL VOTES
 BILL/RESOLUTION NO. 1149

Senate Government and Veterans Affairs Committee

Subcommittee

Amendment LC# or Description: _____

- Recommendation: Adopt Amendment
 Do Pass Do Not Pass Without Committee Recommendation
 As Amended Rerefer to Appropriations
 Place on Consent Calendar
 Other Actions: Reconsider _____

Motion Made By Davison Seconded By Bekkedahl

Senators	Yes	No	Senators	Yes	No
Chairman Poolman	✓		Senator Marcellais	✓	
Vice Chairman Davison	✓				
Senator Bekkedahl	✓				
Senator Meyer	✓				
Senator Vedaa	✓				

Total (Yes) 6 No 0

Absent 0

Floor Assignment Davison

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

HB 1149: Government and Veterans Affairs Committee (Sen. Poolman, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1149 was placed on the Sixth order on the calendar.

Page 1, line 15, replace "one hundred" with "two hundred"

Renumber accordingly

2017 TESTIMONY

HB 1149

Attachment 1

1149
1/12/17

STATE AUDITOR
Joshua C. Gallion



Phone (701)328-2241
Fax (701)328-1406

STATE OF NORTH DAKOTA
OFFICE OF THE STATE AUDITOR
STATE CAPITOL
600 E. BOULEVARD AVENUE – DEPT 117
BISMARCK, NORTH DAKOTA 58505

**TESTIMONY BEFORE THE HOUSE
GOVERNMENT AND VETERANS AFFAIRS COMMITTEE**
January 12, 2017

House Bill No. 1149

Testimony – Presented by Ed Nagel, Director.

Chairman Kasper and members of the House Government and Veterans Affairs Committee, I am here to testify in support of HB No. 1149.

This bill changes the requirement for occupational and professional boards of having to be audited every two years, to submitting an annual report to our office, if their annual receipts are less than \$100,000. Currently state law requires an audit be performed if annual receipts exceed \$50,000. The number of entities affected by this law change would be about five.

I would be pleased to answer any questions.

Thank you.

HB 1149
Thursday, Jan. 12, 9:00 a.m.
Marge Ellefson, Executive Secretary
North Dakota Board of Counselor Examiners
701-667-5969

1149
Attach 2
1-12-17

Good morning. Thank you for the opportunity to testify this morning.

My name is Marge Ellefson and I have been the executive secretary for the North Dakota Board of Counselor Examiners for 17 years now. A brief history of who we are and what we do: Our Board licenses professional counselors in the state of ND. Our Board's primary responsibility is to the citizens of North Dakota to ensure that the licensed counselors meet or exceed educational and ethical requirements.

I was here four years ago, to request that the threshold for revenue requiring full blown audits of state boards be increased from \$10,000 to \$100,000, as that threshold had never been adjusted in its' history. The outcome four years ago increased the threshold to \$50,000.

One option rather than a full blown audit, at the cost of \$1500.00 a year is to have our audits completed by the State Auditors Office. Currently this requires annual revenue under \$50,000. Our board was able to do that the past two years, but now, due to some grandfathering periods and other temporary sources of revenue, we passed the \$50,000 mark slightly which puts us back at spending \$1500 a year for audits.

Over the last 20 years our audit results have been consistently uneventful. This board, like many others, is feeling a budget shift or focus due to increased operational costs, and increased activities on the board that are unpredictable, yet necessary expenses. Seven years ago this Board processed a complaint that cost over \$4,000. That was not in the budget. These unpredictable costs happen on many boards.

The increases in operating expenses are a sign of the times and force us to look at spending we can reduce or cut.

State Boards face the same financial limitations and responsibilities that all state government has which is to cut unnecessary or redundant spending whenever possible. The fees for our licensed counselors are set to cover operational costs and no more. We run on a shoestring budget, as we are non-profit, of course, and try to keep the licensing fees we collect and operational expenses of the board relative and aligned. Therefore, we are asking consideration to raise the threshold for annual revenue to \$100,000 which would allow boards under that figure to have their audits completed by the State Auditor's office rather than a full blown audit done by a CPA or other agency at the much higher cost.

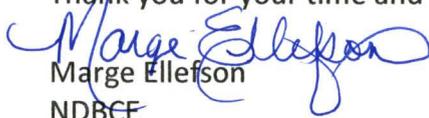
I would like to say that, naturally, the more expensive audit is a deep audit, however, as I stated, historically our deep audits have been uneventful with no red flags for many years

running. That said, the first year this board had its audit completed by the State Auditors Office, that audit revealed a \$550.80 discrepancy. I was contacted and together, Mr. Ternes and I went through the figures and books in several different ways, until that error was found. I have attached copies here, the way it looked before the audit, and the way it looked after it was corrected. Please note the date, and also notice that this was the first transaction on the account! In 1996. So I am not suggesting one method or audit is any better or less than the other, however, I believe we get the same checks and balances, and the same result at the end of either one. This board would rather pay the audit fee to the state office, and spend the remaining \$1400 on such things as conferences, administrative rules changes and other areas that benefit our counselors and the public we serve.

Under the current law state boards with revenue ^{over} ~~under~~ \$50,000 must have the more expensive audit. We don't feel that such revenue requires the deep audit. This is not a large board compared to many, and the deep audit costs can be a hardship. This board has also seen the work of the Auditor's office, and was impressed that such an error was finally found, and feels confident that the State Auditor's office does a competent and thorough job of the checks and balances intended.

Therefore, this board is asking you to consider raising the threshold for annual revenue to \$100,000.00 to allow us to keep licensing fees low, and save board funds by not being burdened with an expense of \$1500.00 while still having an audit prepared for our board.

Thank you for your time and consideration.


Marge Ellefson
NDBCE

P.3

Banking - ndbce										Report	Options	How Do I	My Fin
Date	Num	Payee/Category/Memo	Payment	Clr	Deposit	Balance				Bankin			
12/31/95		ENDING BALANCE		R	9,933.36	9,933.36				NDBC			
1/2/96	510	SHARON MUGGLI --Split--	605.13	R	Deposit	9,328.23				Invest			
1/3/96		DEPOSIT --Split--		R	170.00	9,498.23				Househ			
1/4/96		DEPOSIT --Split--		R	145.00	9,643.23				Taxes			
1/16/96		DEPOSIT --Split--		R	105.00	9,748.23				Planni			
1/16/96		CHECK RETURNED TEST FEES		R	85.00	9,663.23				Budge			
1/16/96	511	TEST READING FEE TEST CHARGES		R	100.00	9,563.23				Report			
1/17/96	512	US POSTAL SERVICE POSTAGE		R	202.50	9,360.73				Balan			
1/29/96		DEPOSIT --Split--		R	80.00	9,440.73				Itemiz			
1/29/96	513	AT&T		R	26.79	9,413.94				Regist			
1/29/96	514	US WEST		R	42.88	9,371.06				Profit			
1/31/96		DEPOSIT INTEREST		R	19.97	9,391.03				Balan			
1/31/96	515	ROBERT NIELSEN BOARD VOUCHER		R	842.86	8,548.17							
2/2/96	516	NDCA Wages: EQUIP LEASE		R	120.00	8,428.17							
2/2/96	517	BISMARCK ST COLLEGE TEST CHARGES		R	45.00	8,383.17							
2/4/96	518	BECKY SOMMERS		R	7.50	8,375.67							
2/5/96		DEPOSIT --Split--		R	80.00	8,455.67							
2/8/96		DEPOSIT --Split--		R	200.00	8,655.67							
2/10/96	519	JOHN JARMAN BOARD VOUCHER		R	183.55	8,472.12							
						Ending Balance:				14,715.42			

Split Transaction Window [X]

Use this window to itemize the transaction, and get more detail.

#	Category	Memo	Amount
1.	BOARD VOUCHER		50.00
2.	POSTAGE		4.33
3.			
4.			
5.			
6.			
7.			
8.			
9.			
10.			
11.			
12.			
13.			
14.			
15.			
16.			

Split Total: 54.33
 Remainder: 550.80
 Transaction Total: 605.13

Hint: if there is some amount leftover, use the adjust button to get rid of it ->

P. 4.

ndbce		Register	Overview				Report	Options	How Do I?
Delete Find Transfer Reconcile Write Checks Set Up Online									
Date	Num	Payee/Category/Memo	Payment	Clr	Deposit	Balance			
12/31/1995		ENDING BALANCE		R	9,933.36	9,933.36			
1/2/1996	510	SHARON MUGGLI --Split--	605.13	R		9,328.23			
1/3/1996		DEPOSIT		R	170.00	9,498.23			
1/4/1996				R	145.00	9,643.23			
1/6/1996				R	105.00	9,748.23			
1/6/1996			85.00	R		9,663.23			
1/6/1996	511		100.00	R		9,563.23			
1/7/1996	512		202.50	R		9,360.73			
1/29/1996				R	80.00	9,440.73			
1/29/1996	513		26.79	R		9,413.94			
1/29/1996	514		42.88	R		9,371.06			
1/31/1996				R	19.97	9,391.03			
1/31/1996	515		842.86	R		8,548.17			
2/2/1996	516		120.00	R		8,428.17			
2/2/1996	517		45.00	R		8,383.17			
2/4/1996	518	BECKY SUMMERS	7.50	R		8,375.67			
2/5/1996		DEPOSIT --Split--		R	80.00	8,455.67			
						Ending Balance:	24,878.69		

Split Transaction X

Enter multiple categories to itemize this transaction; use the Memo field to record more details.

Category	Memo	Amount
1. BOARD VOUCHER		50.00
2. POSTAGE		4.33
3. Travel		550.80
4.		
5.		
6.		
7.		
8.		
9.		
10.		
11.		
12.		
13.		
14.		
15.		
16.		

Split Total: 605.13
 Remainder: 0.00
 Transaction Total: 605.13

Hint: Use the Adjust button at right to recalculate the total.

Ft. Union Room

9am

P. 5

Introduced by

Representative Porter

1 A BILL for an Act to amend and reenact section 54-10-27 of North Dakota Century Code,
2 relating to audits of occupational and professional boards.

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

4 **SECTION 1. AMENDMENT.** Section 54-10-27 of the North Dakota Century Code is
5 amended and reenacted as follows:

6 **54-10-27. Occupational and professional boards - Audits and reports.**

7 The governing board of any occupational or professional board shall provide for an audit
8 once every two years by a certified public accountant or licensed public accountant. The
9 accountant conducting the audit shall submit the audit report to the state auditor's office. If the
10 report is in the form and style prescribed by the state auditor, the state auditor may not audit
11 that board. An occupational or professional board may request the state auditor to conduct its
12 audit, and if the state auditor agrees to conduct the audit, the state auditor shall deposit the fees
13 charged to the occupational or professional board into the state auditor operating account.
14 Instead of providing for an audit every two years, an occupational or professional board that has
15 less than fiftyone hundred thousand dollars of annual receipts may submit an annual report to
16 the state auditor. The report must contain the information required by the state auditor. The
17 state auditor also may make any additional examination or audit determined necessary in
18 addition to the annual report. When a report is not filed, the state auditor may charge the
19 occupational or professional board an amount equal to the fair value of the additional
20 examination or audit and any other services rendered. The state auditor may charge an
21 occupational or professional board a fee not to exceed fifty dollars an hour for the costs of
22 reviewing the annual report.

Attachment 3
1149
1/12/17

1. Entities who will no longer be required to have an audit

903	Board of Addiction Counseling Examiners
906	Board of Speech Lang. Pathology
918	Board of Massage
922	Board of Occupational Therapy Practice
930	Board of Psychologist Examiners
932	Board, Respiratory Care

2. State does not do any audits of state boards.

3. Boards that have an audit

Boards with less than \$50,000 in revenue - 16
10 submits financial reports
6 have an audit.

Boards greater than \$50,000 in revenue - 27

Information requested by Representative Kasper on HB 1149

Prepared by State Auditor's Office - 1-13-2017

Ed Nagel - 328-4782

#1

STATE AUDITOR
JOSHUA C. GALLION



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STATE OF NORTH DAKOTA
OFFICE OF THE STATE AUDITOR
STATE CAPITOL
600 E. BOULEVARD AVE. - DEPT. 117
BISMARCK, ND 58505

**TESTIMONY BEFORE THE SENATE
GOVERNMENT AND VETERANS AFFAIRS COMMITTEE**
March 2, 2017

House Bill No. 1149

Testimony – Presented by Ed Nagel, Director.

Chairman Poolman and members of the Senate Government and Veterans Affairs Committee, I am here to testify in support of HB No. 1149.

This bill changes the requirement for occupational and professional boards from having to be audited every two years, to submitting an annual report to our office, if their annual receipts are less than \$100,000. Currently state law requires an audit be performed if annual receipts exceed \$50,000. The number of entities affected by this law change would be about six.

Thank you for your favorable support of this bill.