

FISCAL NOTE
Requested by Legislative Council
12/21/2018

Bill/Resolution No.: SB 2086

- 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.*

	2017-2019 Biennium		2019-2021 Biennium		2021-2023 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.*

	2017-2019 Biennium	2019-2021 Biennium	2021-2023 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).*

Removes State Auditor from requirement to receive desktop support from ITD

- 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.*

None, existing funding for ITD desktop support is sufficient to cover desktop support needs.

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.*

None

- 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.*

None

- 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.*

None

Name: Donald LaFleur

Agency: State Auditor

Telephone: 328-4744

Date Prepared: 12/27/2018

2019 SENATE GOVERNMENT AND VETERANS AFFAIRS

SB 2086

2019 SENATE STANDING COMMITTEE MINUTES

Government and Veterans Affairs Committee Sheyenne River Room, State Capitol

SB2086
1/4/2019
#30410

- Subcommittee
 Conference Committee

Committee Clerk: Pam Dever

Explanation or reason for introduction of bill/resolution:

A bill relating to requiring use of certain information technology services.

Minutes:

Att #1 – Josh Gallion

Chairman Davison: Let's open the hearing on SB2086. All members present.

Josh Gallion, North Dakota State Auditor: The testimony I gave you is for this bill also. (see att #1) I will get you the information you requested. I think there are several other states that ITD consolidation has failed. I think Wyoming and MN have issues. Before we go down this path too far, we need to make sure we learn from others mistakes. I need to do more homework.

Chairman Davison: This committee job is not to evaluate if ITD is making the correct decisions in their unification, etc. That is an Executive branch decision. We are here to decide for the Auditors Office to have special consideration to be off of the system and strategy. Have you made the case that this is something we need to do? We are not here to judge if it is working in other states. Cybersecurity, desk top services, and the like is an evolving industry. (2.39) At the end of the day, it depends on the work force you have and the people that you have and the skill level that they have. The model is not important as the people as the people that are working the model. (2.55) I am getting the sense that you feel you are not getting the work from the level you wish. I respect that.

Josh: I do not want to sever the tie with ITD, I just want the opportunity to see if other options are available. If we are given the opportunity to look elsewhere, and it comes back that ITD is the best source then we would stay where we are at. Right now we have no choice. You set policy and the parameters, but right now we do not have that ability.

Chairman Davison: Sen. Erin Oban made a good point. You have the ability to go to OMB and say you need this. You can put a plan forward and say we want ITD to evaluate this for the Auditor's Office. Government and Veterans Affairs Committee has to referee lots. I appreciate any information that you bring back. Any more testimony?

Dan Sipes: We would be neutral to SB2086. I said what I needed to in SB2084 hearing.

Chairman Davison: We will close this hearing and come back to it later.

2019 SENATE STANDING COMMITTEE MINUTES

Government and Veterans Affairs Committee
Sheyenne River Room, State Capitol

SB2086
1/10/2019
30650

- Subcommittee
 Conference Committee

Committee Clerk: Pam Dever

Explanation or reason for introduction of bill/resolution:

A bill relating to requiring use of certain information technology services.

Minutes:

Chairman Davison: SB2086 is not necessary. What are the committee wishes?

Sen. Shawn Veda: I move a DO NOT PASS

Sen. Kristin Roers: I second

Chairman Davison: Clerk please call the roll.

YES 7 NO 0 -0-absent The DO NOT PASS-- passed. Chairman Davison will carry.

2019 SENATE STANDING COMMITTEE
 ROLL CALL VOTES
 BILL/RESOLUTION NO. SB 2086

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 Sen. Vedaa Seconded By Sen. Roers

Senators	Yes	No	Senators	Yes	No
Chairman Davison	/		Senator Marcellais	//	
Vice Chairman Meyer	/		Senator Oban	//	
Senator Elkin	//				
Senator Roers	//				
Senator Vedaa	/				

Total (Yes) 7 No 0

Absent -0-

Floor Assignment Chairman Davison

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

REPORT OF STANDING COMMITTEE

SB 2086: Government and Veterans Affairs Committee (Sen. Davison, Chairman)
recommends **DO NOT PASS** (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING).
SB 2086 was placed on the Eleventh order on the calendar.

2019 TESTIMONY

SB 2086



Office of the
State Auditor

SB 2086
ATT # 1
1/4/19
pg 1

TESTIMONY TO SENATE GOVERNMENT AND VETERANS AFFAIRS
SB2084 and SB 2086 – STATE AUDITOR’S OFFICE
1/4/2019

Good morning, Chairman Davison and members of the committee, my name is Joshua Gallion and I serve as North Dakota’s State Auditor. I’m here today to discuss the resource needs of the State Auditor’s Office, providing information regarding our efforts to fulfill our statutory obligations while improving accountability and promoting transparency of our state’s government.

As you are aware, the State Auditor is a constitutional state official elected by the citizens of North Dakota. My job is to lead the way in providing truthful, objective and independent information to you and the citizens of North Dakota. Our mission is to produce informative audits to improve government through our vision of a diverse team committed to generating greater value for our taxpayers.

Why is this important?

There are concerns that are more than just financial. North Dakota’s founding fathers established a Constitution with more elected officials than nearly any other state because they knew distributing power and authority was the best way to maintain government’s accountability to the citizens it serves. This distribution also aligned authority and responsibility at the lowest level which maximizes effectiveness. We too often begin discussions to solve problems in the name of efficiency all while losing sight of effectiveness.

What these changes do for us.

It cannot be said enough; independence and objectivity are essential to the auditor’s office and our work product. In fact, objectivity is a guiding principle of government auditing standards. Being mandated to use products and services from an agency that we also audit on a biennial basis can create an independence conflict with the standards that we follow.

In addition, we can produce better audit results if state employees know that their confidential information is not accessible to anyone outside of the State Auditor’s Office. Allowing the auditor’s office to be exempt from ITD’s centralized desktop support and hosting services provides options that may help to achieve a greater level independence and better audits.