

**Department 117 - State Auditor
Senate Bill No. 2004**

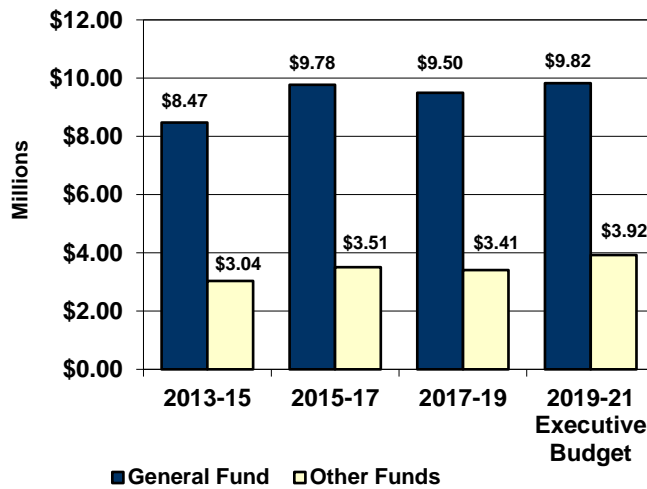
Executive Budget Comparison to Prior Biennium Appropriations

	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

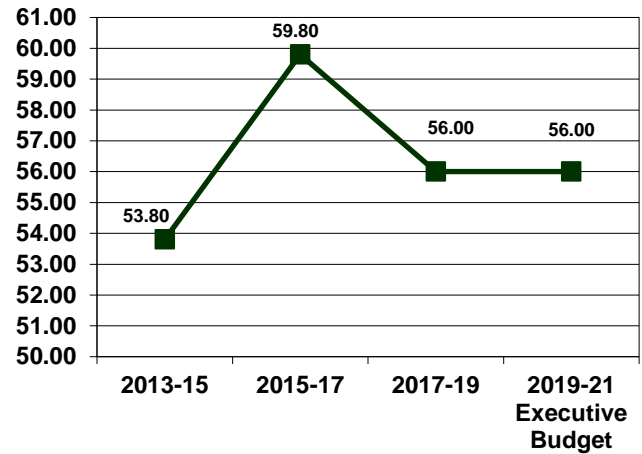
Ongoing and One-Time General Fund Appropriations

	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

Attached as an appendix is a detailed comparison of the executive budget to the agency's base level appropriations.

Executive Budget Highlights

	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	\$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	(\$725,229)	(\$2)	(\$725,231)
3. Adds 2 FTE local government division positions, including operating expenses of \$30,000	\$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 Recommended to be Added in the Executive Budget
(As Detailed in the Attached Appendix)**

Salary of the State Auditor - Section 2 would provide 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 \$110,001, effective July 1, 2019, and to \$112,201, effective July 1, 2020, to reflect the 4 percent and 2 percent recommended salary increase.

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 Attorney General to appoint special assistant attorneys general for the State Auditor.

Senate Bill No. 2084 - Exempts the State Auditor from the required use of centralized desktop support services.

Senate Bill No. 2086 - Exempts the State Auditor from the required use of centralized desktop support services.

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

	Executive Budget Recommendation			
	FTE Position	General Fund	Other Funds	Total
2019-21 Biennium Base Level	56.00	\$9,498,608	\$3,411,487	\$12,910,095
2019-21 Ongoing Funding Changes				
Base payroll changes		\$13,589	(\$68,186)	(\$54,597)
Salary increase		376,291	132,645	508,936
Health insurance increase		162,064	57,119	219,183
Retirement contribution increase		49,056	17,290	66,346
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)
Adds 2 FTE local government division positions, including operating expenses of \$30,000	2.00		366,742	366,742
Reduces base budget for operating expenses		(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
Total ongoing funding changes	0.00	\$322,150	\$508,266	\$830,416
One-time funding items				
No one-time funding items				\$0
Total one-time funding changes	0.00	\$0	\$0	\$0
Total Changes to Base Level Funding	0.00	\$322,150	\$508,266	\$830,416
2019-21 Total Funding	56.00	\$9,820,758	\$3,919,753	\$13,740,511

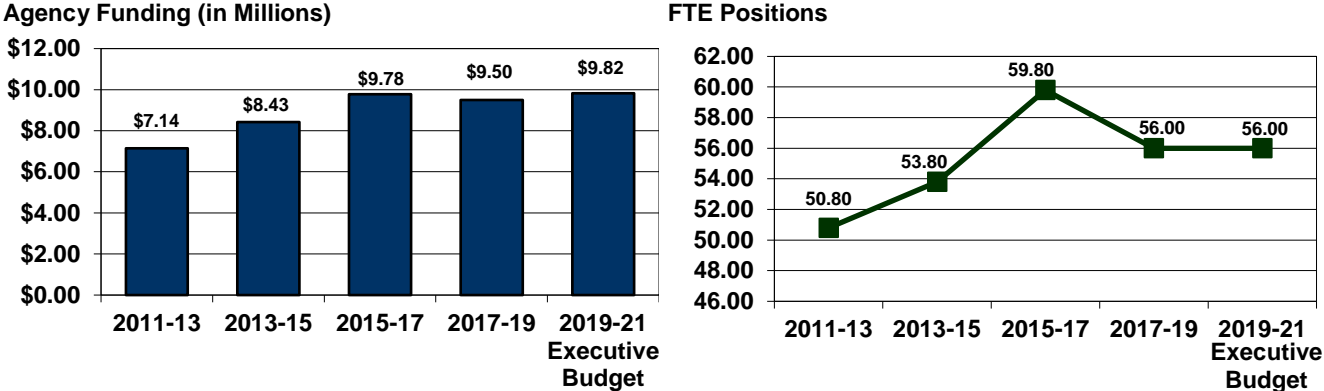
Other Sections for State Auditor - Budget No. 117

	Executive Budget Recommendation
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.

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 (\$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.