

**State Auditor  
Budget No. 117  
House Bill No. 1004**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
<b>2021-23 legislative appropriations</b>	<b>61.00</b>	<b>\$9,119,110</b>	<b>\$5,826,152</b>	<b>\$14,945,262</b>
2021-23 base budget	58.00	10,106,860	4,173,178	14,280,038
Legislative increase (decrease) to base budget	3.00	(\$987,750)	\$1,652,974	\$665,224

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	<b>Ongoing General Fund Appropriation</b>	<b>One-Time General Fund Appropriation</b>	<b>Total General Fund Appropriation</b>
<b>2021-23 legislative appropriations</b>	<b>\$9,119,110</b>	<b>\$0</b>	<b>\$9,119,110</b>
2019-21 legislative appropriations	10,106,860	16,000	10,122,860
2021-23 legislative increase (decrease) to 2019-21 appropriations	(\$987,750)	(\$16,000)	(\$1,003,750)
Percentage increase (decrease) to 2019-21 appropriations	(9.8%)	(100%)	(9.9%)

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS  
Changes to Base Budget**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
The legislative action:				
Adjusted funding for base payroll changes		(\$126,478)	(\$90,826)	(\$217,304)
Added funding to provide employee salary increases of 1.5 percent on July 1, 2021, with a minimum monthly increase of \$100 and 2.0 percent on July 1, 2022		190,814	93,225	284,039
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,428.77 per month		1,890	932	2,822
Removed 4 FTE Higher Education Division audit positions	(4.00)	(854,231)		(854,231)
Added 8 FTE Local Government Division audit positions, including salaries and wages and operating expenses	8.00		1,525,540	1,525,540
Removed 1 vacant FTE auditor IV position, including salaries and wages and operating expenses	(1.00)	(175,525)		(175,525)
Adjusted base budget operating expenses, including general fund savings of \$79,368 related to the elimination of the Higher Education Division		(29,977)	122,700	92,723

Added funding for Microsoft Office 365 licensing expenses	5,757	1,403	7,160
Total	<u>3.00</u>	<u>(\$987,750)</u>	<u>\$1,652,974</u>

### FTE Changes

The Legislative Assembly approved 61 FTE positions for the State Auditor for the 2021-23 biennium, an increase of 3 FTE positions from the 2019-21 biennium. The Legislative Assembly removed 4 FTE Higher Education Division audit positions and 1 vacant FTE auditor IV position and added 8 FTE Local Government Division audit positions.

### Federal COVID-19 Funding - 2019-21 Biennium

In House Bill No. 1395, the Legislative Assembly appropriated \$10,866 of federal coronavirus relief funds to the State Auditor for 2019-21 biennium expenditures related to establishing remote work space during the COVID-19 pandemic.

### Other Sections in House Bill No. 1004

**Salary of the State Auditor** - Section 3 provides the statutory changes to increase the State Auditor's salary. The State Auditor's annual salary is increased from the current level of \$110,582 to \$112,241 (1.5 percent) effective July 1, 2021, and to \$114,486 (2 percent) effective July 1, 2022, to reflect salary adjustments consistent with 2021-23 biennium state employee salary increases.

**Political subdivision audits** - Section 4 amends North Dakota Century Code Section 54-10-14 related to political subdivision audits to:

- Remove the population thresholds for political subdivision reports;
- Increase the annual receipts threshold for political subdivisions to provide an annual report in lieu of an audit from \$300,000 of annual receipts to \$750,000 of annual receipts;
- Increase the hourly fee for the review of political subdivision annual reports from \$80 per hour to \$86 per hour;
- Increase the hourly fee for the review of political subdivision audit reports and workpapers from \$80 per hour to \$86 per hour; and
- Increase the maximum fee for review of political subdivision audit reports and workpapers from \$500 per review to \$750 per review.

**Occupational and professional board audits** - Section 5 amends Section 54-10-27 related to the audits of occupational and professional boards to increase the hourly fee for the review of occupational and professional board annual reports from \$50 per hour to \$86 per hour.

**Prescription drug coverage performance audits** - Section 6 requires, during the 2021-22 interim, the State Auditor contract to conduct prescription drug coverage performance audits of the main Public Employees Retirement System (PERS) health benefit plan for calendar years 2019, 2020, and 2021. Audit fees, not to exceed \$375,000, for the audits must be on a flat fee or hourly basis and be paid by the PERS Board. The State Auditor must provide reports to the Legislative Management regarding contracts to conduct prescription drug coverage performance audits, performance audit results, and audit reports issued.

### Related Legislation

**House Bill No. 1093** - Removes a requirement that the State Auditor evaluate **blanket bond coverage**.

**House Bill No. 1127** - Provides the State Auditor may not divulge any information relating to a **matter forwarded to the Attorney General or a state's attorney** for further investigation until the Attorney General or state's attorney has determined whether there is probable cause to believe a violation of law has occurred.

**House Bill No. 1276** - Repeals Section 54-10-20 related to the Governor's ability to appoint a **special state auditor**.

**House Bill No. 1395** - Provides an appropriation of \$10,866 for federal **Coronavirus Relief Fund spending authority** approved for the State Auditor for the 2019-21 biennium by the Emergency Commission and Budget Section.

**House Bill No. 1453** - Amends the **powers and duties of the State Auditor** and provides protections for individuals who report potential violations of law and requires the State Auditor provide the preliminary audit report and the audited entity's response to the Legislative Audit and Fiscal Review Committee for a 7-day review period, except the State Auditor may not provide any information that is confidential. During the review period, the preliminary audit report and the response may not be provided to any other person except by the Legislative Audit and Fiscal Review Committee as necessary to perform the committee's duties.