Sixty-fourth Legislative Assembly of North Dakota
In Regular Session Commencing Tuesday, January 6, 2015

SENATE BILL NO. 2004
(Appropriations Committee)
(At the request of the Governor)

AN ACT to provide an appropriation for defraying the expenses of the state auditor; to create and enact a new section to chapter 54-10 of the North Dakota Century Code, relating to a higher education audit division of the state auditor's office; and to amend and reenact sections 54-10-01 and 54-10-10 of the North Dakota Century Code, relating to the powers and duties of the state auditor and the salary of the state auditor.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

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, 2015, and ending June 30, 2017, as follows:

	Base Level	Adjustments or Enhancements	Appropriation
Salaries and wages	$10,113,137	$2,209,055	$12,322,192
Accrued leave payments	201,157	(201,157)	0
Operating expenses	901,113	294,397	1,195,510
Information technology consultants	250,000	0	250,000
Total all funds	$11,465,407	$2,302,295	$13,767,702
Less estimated income	3,036,918	268,952	3,305,870
Total general fund	$8,428,489	$2,033,343	$10,461,832
Full-time equivalent positions	53.80	6.00	59.80

SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO SIXTY-FIFTH LEGISLATIVE ASSEMBLY. The following amounts reflect the one-time funding items approved by the sixty-third legislative assembly for the 2013-15 biennium:

One-Time Funding Description	2013-15	2015-17
Vault renovation	$45,000	$0
Total general fund	$45,000	$0

SECTION 3. AMENDMENT. Section 54-10-01 of the North Dakota Century Code is amended and reenacted as follows:

54-10-01. Powers and duties of state auditor.

The state auditor shall:

1. Be vested with the duties, powers, and responsibilities involved in performing the postaudit of all financial transactions of the state government, detecting and reporting any defaults, and determining that expenditures have been made in accordance with law and appropriation acts.

2. Perform or provide for the audit of the general purpose financial statements and a review of the material included in the comprehensive annual financial report of the state and perform or provide for the audits and reviews of state agencies. Except for the annual audit of the North Dakota lottery required by section 53-12.1-03, the state auditor shall audit or review each state agency once every two years. The state auditor shall determine the contents of the audits and reviews of state agencies. The state auditor may conduct any work required by the federal

government. The state auditor shall charge an amount equal to the cost of the audit and other services rendered by the state auditor to all agencies that receive and expend moneys from other than the general fund. This charge may be reduced for any agency that receives and expends both general fund and nongeneral fund moneys. Audits and reviews may be conducted at more frequent intervals if requested by the governor or legislative audit and fiscal review committee.

3. Be vested with the authority to determine whether to audit the international peace garden at the request of the board of directors of the international peace garden.

4. Perform or provide for performance audits of state agencies, or the agencies' blended component units or discreetly presented component units, as determined necessary by the state auditor or the legislative audit and fiscal review committee. A performance audit must be done in accordance with generally accepted auditing standards applicable to performance audits. The state auditor may not hire a consultant to assist with conducting a performance audit of a state agency without the prior approval of the legislative audit and fiscal review committee. The state auditor shall notify an agency of the need for a consultant before requesting approval by the legislative audit and fiscal review committee. The agency that is audited shall pay for the cost of any consultant approved.

5. For the audits and reviews the state auditor is authorized to perform or provide for under this section, the audit or review may be provided for by contract with a private certified or licensed public accountant or other qualified professional. If the state auditor determines that the audit or review will be done pursuant to contract, the state auditor, except for occupational or professional boards, shall execute the contract, and any executive branch agency, including higher education institutions, shall pay the fees of the contractor.

6. Be responsible for the above functions and report thereon to the governor and the secretary of state in accordance with section 54-06-04 or more often as circumstances may require.

7. Perform all other duties as prescribed by law.

SECTION 4. 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 ~~ninety-six thousand seven hundred ninety-four dollars through June 30, 2014, and ninety-nine thousand six hundred ninety-eight~~one hundred two thousand six hundred eighty-nine dollars through June 30, 2016, and one hundred five thousand seven hundred seventy dollars thereafter.

SECTION 5. A new section to chapter 54-10 of the North Dakota Century Code is created and enacted as follows:

State board of higher education audits - Higher education audit division.

1. The state auditor shall establish a higher education audit division and employ a division audit manager to perform all audit related functions of the state board of higher education, including the examination and evaluation of the adequacy and effectiveness of the board's governance, risk management, internal controls, performance of constitutionally and statutorily required duties, and other areas as determined by the state auditor. The audit manager shall conduct audits, as determined appropriate by the state auditor, of each institution under the supervision and control of the state board of higher education. The audit manager may consult with the state board of higher education, or a committee designated by the board, regarding audit plans, results of audit activities, and any other appropriate issue. The state auditor shall determine the audit scope and related audit areas of any audit conducted by the audit

manager. This section does not require the state auditor to perform any duties that would compromise the auditor's independence under government auditing standards.

2. The audit manager may access and examine any record under the control of the state board of higher education. For purposes of reviewing records under the Family Educational Rights and Privacy Act [20 U.S.C. 1232g; 34 CFR 99] or any other federal privacy law, the audit manager must be considered a state educational official authorized to access student records for audit purposes.

3. The state auditor may hire employees necessary to carry out the duties and responsibilities of this section. The state auditor may hire consultants to assist with any duties required under this section subject to approval by the legislative audit and fiscal review committee. The state board of higher education shall pay for the cost of any consultant approved under this section.

President of the Senate

Speaker of the House

Secretary of the Senate

Chief Clerk of the House

This certifies that the within bill originated in the Senate of the Sixty-fourth Legislative Assembly of North Dakota and is known on the records of that body as Senate Bill No. 2004.

Senate Vote:	Yeas 45	Nays 2	Absent 0
House Vote:	Yeas 72	Nays 19	Absent 3

Secretary of the Senate

Received by the Governor at 8:41 A.M. on April 10, 2015.

Approved at 2:55 P.M. on April 13, 2015.

Governor

Filed in this office this 13th day of April, 2015,

at 4:37 o'clock P M.

Secretary of State