

Introduced by

Representatives Brandenburg, Grueneich

Senator Erbele

1 A BILL for an Act to amend and reenact section 54-10-14 of the North Dakota Century Code,  
2 relating to firefighters relief association, rural fire protection district, and rural ambulance service  
3 district audit fees; and to provide for retroactive application.

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

5 **SECTION 1. AMENDMENT.** Section 54-10-14 of the North Dakota Century Code is  
6 amended and reenacted as follows:

7 **54-10-14. Political subdivisions - Audits - Fees - Alternative audits and reports.**

8 1. The state auditor shall audit the following political subdivisions once every two years,  
9 except as provided in this section or otherwise by law:

- 10 a. Counties.
- 11 b. Cities, and when a city is audited, to include any political subdivision that was  
12 created by the city and has bonding authority.
- 13 c. Park districts.
- 14 d. School districts.
- 15 e. Firefighters relief associations.
- 16 f. Airport authorities.
- 17 g. Public libraries.
- 18 h. Water resource districts.
- 19 i. Garrison Diversion Conservancy District.
- 20 j. Rural fire protection districts.
- 21 k. Special education districts.
- 22 l. Area career and technology centers.
- 23 m. Correction centers.
- 24 n. Recreation service districts.

- 1           o. Weed boards.
- 2           p. Irrigation districts.
- 3           q. Rural ambulance service districts.
- 4           r. Southwest water authority.
- 5           s. Regional planning councils.
- 6           t. Soil conservation districts.
- 7           u. Western area water supply authority industrial water sales on an annual basis.
- 8        2. ~~The~~Except as provided in subsection 7, the state auditor shall charge the political  
9           subdivision an amount equal to the fair value of the audit and any other services  
10          rendered. The fees must be deposited in the state auditor operating account. The  
11          state treasurer shall credit the state auditor operating account with the amount of  
12          interest earnings attributable to the deposits in that account. Expenses relating to  
13          political subdivision audits must be paid from the state auditor operating account,  
14          within the limits of legislative appropriation.
- 15        3. In lieu of conducting an audit every two years, the state auditor may require annual  
16          reports from political subdivisions subject to this section, or otherwise provided by law,  
17          with less than seven hundred fifty thousand dollars of annual receipts, excluding any  
18          federal funds passed through the political subdivision to another entity. If any federal  
19          agency performs or requires an audit of a political subdivision that receives federal  
20          funds to pass through to another entity, the political subdivision shall provide a copy to  
21          the state auditor upon request by the state auditor. The reports must contain the  
22          financial information required by the state auditor. The state auditor also may make  
23          any additional examination or audit determined necessary in addition to the annual  
24          report. Except as provided in subsection 7:
  - 25           a. When a report is not filed, the state auditor may charge the political subdivision  
26              an amount equal to the fair value of the additional examination or audit and any  
27              other services rendered.
  - 28           b. The state auditor may charge a political subdivision a fee not to exceed eighty-six  
29              dollars an hour for the costs of reviewing the annual report.
- 30        4. A political subdivision, at the option of its governing body, may be audited by a certified  
31          public accountant or licensed public accountant rather than by the state auditor. The

1 public accountant shall comply with generally accepted government auditing standards  
2 for audits of political subdivisions. The report must be in the form and content required  
3 by the state auditor. The number of copies of the audit report requested by the state  
4 auditor must be filed with the state auditor when the public accountant delivers the  
5 audit report to the political subdivision. The state auditor shall review the audit report  
6 to determine if the report is in the required form and has the required content, and if  
7 the audit meets generally accepted government auditing standards. The state auditor  
8 also may periodically review the public accountant's workpapers to determine if the  
9 audit meets generally accepted government auditing standards. If the report is in the  
10 required form and has the required content, and the report and workpapers comply  
11 with generally accepted government auditing standards, the state auditor shall accept  
12 the audit report. ~~The~~Except as provided in subsection 7, the state auditor may charge  
13 the political subdivision a fee of up to eighty-six dollars an hour, but not to exceed  
14 seven hundred fifty dollars per review, for the related costs of reviewing the audit  
15 report and workpapers.

16 5. A political subdivision may not pay a public accountant for an audit until the state  
17 auditor has accepted the audit. However, a political subdivision may make progress  
18 payments to the public accountant. A political subdivision shall retain twenty percent of  
19 any progress payment until the audit report is accepted by the state auditor.

20 6. The state auditor may require the correction of any irregularities, objectionable  
21 accounting procedures, or illegal actions on the part of the governing board, officers,  
22 or employees of the political subdivision disclosed by the audit report or workpapers,  
23 and failure to make the corrections must result in audits being resumed by the state  
24 auditor until the irregularities, objectionable accounting procedures, or illegal actions  
25 are corrected.

26 7. Notwithstanding any other provision of law, the state auditor may not charge or collect  
27 any fee from a firefighters relief association, rural fire protection district, or rural  
28 ambulance service district related to the cost or value of an audit, review or  
29 examination of audit reports, workpapers, or annual reports, or any other services  
30 rendered.

1       **SECTION 2. RETROACTIVE APPLICATION.** This Act applies retroactively to audits  
2 conducted after December 31, 2017.