

**HOUSE BILL NO. 1191**

Introduced by

Representatives Kempenich, Nathe

Senator Klein

1 A BILL for an Act to create and enact a new section to chapter 54-10 and a new section to  
2 chapter 54-44.1 of the North Dakota Century Code, relating to the duty of the state auditor to  
3 report consecutive audit findings and the reduction of agency appropriations by the office of  
4 management and budget.

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

6 **SECTION 1.** A new section to chapter 54-10 of the North Dakota Century Code is created  
7 and enacted as follows:

8 **Consecutive audit findings - Report.**

9 Within ninety days of the completion of a state agency audit, the state auditor shall notify  
10 the legislative audit and fiscal review committee and the director of the budget of any significant  
11 audit findings that have been reported in two or more consecutive audits.

12 **SECTION 2.** A new section to chapter 54-44.1 of the North Dakota Century Code is created  
13 and enacted as follows:

14 **Office of management and budget to reduce appropriations - Audit findings - Report**  
15 **to the legislative audit and fiscal review committee.**

16 1. Within thirty days of notification from the state auditor that a state agency's audit report  
17 has contained the same significant audit finding in at least two consecutive audit  
18 reports, the office of management and budget shall reduce the agency's current  
19 biennial appropriation, proportionally by line item, as follows:

20 a. By one percent if the same finding is identified in three audit reports; or

21 b. By two percent if the same finding is identified in four or more audit reports.

22 2. The director of the budget shall report any appropriation reductions under this section  
23 to the legislative audit and fiscal review committee.