
AGENCY OVERVIEW**117 Office of the State Auditor****Date:** 12/07/2012**Time:** 13:39:58

Statutory Authority

North Dakota Century Code Chapter 54-10.

Agency Description

The State Auditor is a constitutionally elected state official. The Office of the State Auditor is divided into four operational divisions. The Division of State Audits, the largest division, is responsible for auditing state government and conducting financial, compliance, performance, and information system audits. The Division of Local Government Audits performs audits of counties, cities, school districts, and other political subdivisions. The Division of Royalty Audits conducts audits of federal royalty payments from oil, gas, and coal leases located within the State of North Dakota. Administration, the fourth division, accounts for activities of the State Auditor and the Office Manager.

Agency Mission Statement

To provide audit services designed to improve governmental operations and to provide accountability for the benefit of the citizens of North Dakota.

Agency Performance Measures

Conduct audits. Detailed performance measures are reported at the program level.

Major Accomplishments

1. Obtained a favorable Quality Control Review from peer states.

Future Critical Issues

Retain our staff and hire qualified staff.

REQUEST SUMMARY117 Office of the State Auditor
Biennium: 2013-2015

Bill#: HB1004

Date: 12/07/2012

Time: 13:39:58

Description	Expenditures 2009-2011 Biennium	Present Budget 2011-2013	Budget Request Change	Requested Budget 2013-2015 Biennium	Optional Budget Request
By Major Program					
Administrative Services	371,523	378,960	19,557	398,517	0
Division of Local Government Audits	1,088,473	1,508,939	212,934	1,721,873	0
Division of State Audits	6,307,882	6,764,848	111,186	6,876,034	1,258,150
Mineral Royalty Auditing	786,133	918,583	48,726	967,309	164,321
Total Major Program	8,554,011	9,571,330	392,403	9,963,733	1,422,471
By Line Item					
Salaries and Wages	7,692,501	8,626,758	385,862	9,012,620	1,501,971
Operating Expenses	602,955	794,572	6,541	801,113	30,500
Capital Assets	124,000	0	0	0	40,000
Information Tech Consultants	134,555	150,000	0	150,000	(150,000)
Total Line Items	8,554,011	9,571,330	392,403	9,963,733	1,422,471
By Funding Source					
General Fund	6,679,405	7,143,808	130,743	7,274,551	1,258,150
Federal Funds	786,133	918,583	48,726	967,309	164,321
Special Funds	1,088,473	1,508,939	212,934	1,721,873	0
Total Funding Source	8,554,011	9,571,330	392,403	9,963,733	1,422,471
Total FTE	51.80	50.80	0.00	50.80	7.00

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Salaries and Wages					
Salaries - Permanent	5,733,520	6,229,365	325,395	6,554,760	638,400
Salaries - Other	0	0	0	0	569,272
Temporary Salaries	120,432	144,000	43,200	187,200	0
Fringe Benefits	1,838,549	2,253,393	107,681	2,361,074	272,123
Reduction In Salary Budget	0	0	(90,414)	(90,414)	22,176
Total	7,692,501	8,626,758	385,862	9,012,620	1,501,971

Salaries and Wages

General Fund	5,988,517	6,526,186	113,313	6,639,499	1,337,650
Federal Funds	720,362	785,738	54,191	839,929	164,321
Special Funds	983,622	1,314,834	218,358	1,533,192	0
Total	7,692,501	8,626,758	385,862	9,012,620	1,501,971

Operating Expenses

Travel	117,302	169,460	9,500	178,960	0
Supplies - IT Software	9,456	64,569	(48,525)	16,044	0
Supply/Material-Professional	7,852	13,180	(1,280)	11,900	0
Food and Clothing	77	0	0	0	0
Bldg, Ground, Maintenance	105	1,000	(1,000)	0	0
Miscellaneous Supplies	566	175	(175)	0	0
Office Supplies	17,673	19,700	200	19,900	0
Postage	7,482	11,000	0	11,000	0
Printing	6,986	9,000	2,000	11,000	0
IT Equip Under \$5,000	46,993	38,127	(3,772)	34,355	24,450
Other Equip Under \$5,000	2,665	13,341	(6,341)	7,000	0
Office Equip & Furn Supplies	15,103	12,500	(500)	12,000	5,000
Insurance	4,619	8,650	250	8,900	0
Rentals/Leases-Equip & Other	0	150	(150)	0	0
Rentals/Leases - Bldg/Land	82,283	127,000	12,962	139,962	0
Repairs	16,583	14,000	0	14,000	0
IT - Data Processing	113,086	151,365	27,245	178,610	780
IT - Communications	44,615	49,280	(4,598)	44,682	270
IT Contractual Srvcs and Rprs	16,315	0	0	0	0
Professional Development	58,563	57,375	29,125	86,500	0
Operating Fees and Services	13,346	31,200	(10,400)	20,800	0
Fees - Professional Services	21,285	3,500	2,000	5,500	0
Total	602,955	794,572	6,541	801,113	30,500

Operating Expenses

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Description	Expenditures 2009-2011 Biennium	Present Budget 2011-2013	Budget Request Change	Requested Budget 2013-2015 Biennium	Optional Budget Request
General Fund	432,333	467,622	17,430	485,052	30,500
Federal Funds	65,771	132,845	(5,465)	127,380	0
Special Funds	104,851	194,105	(5,424)	188,681	0
Total	602,955	794,572	6,541	801,113	30,500
Capital Assets					
Extraordinary Repairs	0	0	0	0	40,000
IT Equip/Sftware Over \$5000	124,000	0	0	0	0
Total	124,000	0	0	0	40,000
Capital Assets					
General Fund	124,000	0	0	0	40,000
Federal Funds	0	0	0	0	0
Special Funds	0	0	0	0	0
Total	124,000	0	0	0	40,000
Information Tech Consultants					
Fees - Professional Services	134,555	150,000	0	150,000	(150,000)
Total	134,555	150,000	0	150,000	(150,000)
Information Tech Consultants					
General Fund	134,555	150,000	0	150,000	(150,000)
Federal Funds	0	0	0	0	0
Special Funds	0	0	0	0	0
Total	134,555	150,000	0	150,000	(150,000)
Funding Sources					
General Fund	6,679,405	7,143,808	130,743	7,274,551	1,258,150
Federal Funds	786,133	918,583	48,726	967,309	164,321
Special Funds	1,088,473	1,508,939	212,934	1,721,873	0
Total Funding Sources	8,554,011	9,571,330	392,403	9,963,733	1,422,471

CHANGE PACKAGE SUMMARY

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Description	Priority	FTE	General Fund	Federal Funds	Special Funds	Total Funds
Base Budget Changes						
Ongoing Budget Changes						
A-A 1 Base Budget Change		0.00	(72,984)	(5,465)	(5,424)	(83,873)
Base Payroll Change		0.00	203,727	54,191	218,358	476,276
Total Ongoing Budget Changes		0.00	130,743	48,726	212,934	392,403
Total Base Budget Changes		0.00	130,743	48,726	212,934	392,403
Optional Budget Changes						
One Time Optional Changes						
A-D 8 Renovating the Vault	7	0.00	45,000	0	0	45,000
Total One Time Optional Changes		0.00	45,000	0	0	45,000
Ongoing Optional Changes						
A-C 3 Restore Funding	2	0.00	90,413	0	0	90,413
A-C 200 Raises for Existing Staff	3	0.00	569,272	0	0	569,272
A-C 5 Add 2 Performance Auditors	4	2.00	257,234	0	0	257,234
A-C 6 Add 2 Financial Auditors	5	2.00	257,234	0	0	257,234
A-C 7 Add 2 Information Systems Auditors	6	2.00	257,234	0	0	257,234
A-C 9 Add 1 Minerals Royalty Auditor	8	1.00	0	164,321	0	164,321
Total Ongoing Optional Changes		7.00	1,431,387	164,321	0	1,595,708
Total Optional Budget Changes		7.00	1,476,387	164,321	0	1,640,708
Optional Savings Changes						
A-G 2 3% Optional Savings Package	1	0.00	(218,237)	0	0	(218,237)
Total Optional Savings Changes		0.00	(218,237)	0	0	(218,237)

BUDGET CHANGES NARRATIVE

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Change Group: A	Change Type: A	Change No: 1	Priority: 1
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Base Budget Change

Base budget changes

Change Group: A	Change Type: C	Change No: 3	Priority: 2
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Restore Funding

Restore salaries underfunded to reach 100% general fund level.

Change Group: A	Change Type: C	Change No: 5	Priority: 4
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Add 2 Performance Auditors

Add 2 additional performance auditors to alleviate increase demand for performance audits.

Change Group: A	Change Type: C	Change No: 6	Priority: 5
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Add 2 Financial Auditors

Add 2 financial auditors to alleviate increase workload due to increased AICPA and Federal Single Audit requirements.

Change Group: A	Change Type: C	Change No: 7	Priority: 6
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Add 2 Information Systems Auditors

Add 2 information systems auditors to alleviate increase workload due to increasing reliance on information systems at the agencies.

Change Group: A	Change Type: C	Change No: 9	Priority: 8
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Add 1 Minerals Royalty Auditor

Restoring position that was eliminated in the 2011-2013 biennium due to increased workload from oil and gas activity. Position is fully federally funded.

Change Group: A	Change Type: C	Change No: 200	Priority: 3
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Raises for Existing Staff

Funding needed to implement Hay group study.

Change Group: A	Change Type: D	Change No: 8	Priority: 7
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Renovating the Vault

BUDGET CHANGES NARRATIVE

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Renovate our existing vault into a conference room.

Operating dollars are for furnishings needed for conference room.

All funding here would be one time funding.

Change Group: A	Change Type: G	Change No: 2	Priority: 1
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3% Optional Savings Package

For the 3% optional savings package we choose to eliminate the 150,000 for the security audit and take the remainder from salaries.

The security audit is important to the state since it ensures that the state's electronic security is designed and working properly. However, that audit does not directly relate to the statutory responsibilities of the state auditor.

We choose to take the remainder from salaries and wages as that is the majority of our remaining budget. A cut here may result in the elimination of one staff person if the cut could not be made up for in other savings.

Change Group: R	Change Type: A	Change No: 1	Priority:
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Restore Salary Funding

Provides \$90,414 from the general fund to restore positions that were underfunded in order to reach the general fund budget request limit.

Change Group: R	Change Type: A	Change No: 2	Priority:
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Add 1 Minerals Royalty Auditor

Restores 1.00 FTE and \$164,321 in federal funds for a minerals royalty auditor. This position was eliminated by the agency in their 2011-13 budget request. However, current workload as a result of increased oil and gas development necessitates the restoration of this position.

Change Group: R	Change Type: A	Change No: 3	Priority:
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Add 1 Information Systems Auditor

Authorizes 1.00 FTE and \$124,367 from the general fund for an information systems auditor position to address the increased workload due to the increasing reliance on information systems at agencies.

Change Group: R	Change Type: A	Change No: 100	Priority:
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Executive Compensation Package Adjustment

This budget change provides funding for recommended 2013-15 compensation adjustments. Compensation adjustment for each agency were calculated following the recommendations of the Hay Group developed through the 2011 study of the state's classified employee compensation system. Pursuant to those recommendations,

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compensation adjustments were calculated to provide funding to allow for both performance-based salary adjustments and market-based salary adjustments. This funding allows for increases of 2% to 4% for employees in the first quartile of the pay range and 1% to 2% for those in the second quartile of the range. For employees in the third and fourth quartiles, which are above the market policy position, no market policy increase is funded. Performance-based increases are assumed to be 3% for employees meeting performance standards and up to 5% for employees exceeding performance standards. No performance-based increases are provided for employees that fail to meet performance standards.

Change Group: R	Change Type: B	Change No: 1	Priority:
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Vault Renovation

Provides \$45,000 in one-time general fund funding to convert a vault into a conference room.