

**SECOND ENGROSSMENT  
with Senate Amendments**

Fifty-sixth  
Legislative Assembly  
of North Dakota

**REENGROSSED HOUSE BILL NO. 1089**

Introduced by

Industry, Business and Labor Committee

(At the request of Job Service North Dakota)

1 A BILL for an Act to amend and reenact section 52-02-18 and subsection 3 of section 52-03-07  
2 of the North Dakota Century Code, relating to an audit of job service North Dakota and the  
3 administration of unemployment compensation programs; to provide for an audit of job service  
4 North Dakota; to provide an appropriation; and to provide an expiration date.

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

6 **SECTION 1. AMENDMENT.** Section 52-02-18 of the 1997 Supplement to the North  
7 Dakota Century Code is amended and reenacted as follows:

8 **52-02-18. Independent audit.** The state auditor shall cause a performance audit of  
9 job service North Dakota to be conducted. The state auditor ~~shall~~ may appoint on a biennial  
10 basis an independent audit firm, with extensive expertise in job service practices and  
11 standards, to complete a performance audit ~~of the divisions of job service North Dakota or the~~  
12 state auditor may conduct the performance audit. If the state auditor completes the audit, the  
13 state auditor may contract with a consulting firm to aid in the state audit or to complete the audit  
14 and shall charge job service North Dakota for the audit, including the services of the consulting  
15 firm. The audit must evaluate divisions of job service North Dakota, as determined necessary  
16 by the state auditor, to determine whether the divisions are providing quality service in an  
17 efficient and cost-effective manner. The audit report must contain recommendations for  
18 divisional improvement or an explanation of why no recommendations are being made. The  
19 executive director of job service North Dakota and the auditor shall present the audit report and  
20 any action taken as a result of the audit to the legislative council's legislative audit and fiscal  
21 review committee and to the house and senate industry, business and labor standing  
22 committees during the next regular session of the legislative assembly following the audit. The  
23 executive director shall also provide a copy of the audit report to the state auditor.

1           **SECTION 2. AMENDMENT.** Subsection 3 of section 52-03-07 of the 1997  
2 Supplement to the North Dakota Century Code is amended and reenacted as follows:

3           3. Money credited to the account of this state pursuant to section 903 of the Social  
4 Security Act [42 U.S.C. 1103], as amended, may not be withdrawn or used except  
5 for the payment of benefits and for the payment of expenses for the administration  
6 of sections 52-02-09, 52-03-01, 52-03-04, 52-03-07, and 52-03-08 and of public  
7 employment offices pursuant to this section. Notwithstanding this subsection,  
8 money credited with respect to federal fiscal years 2000, 2001, and 2002 must be  
9 used solely for the administration of the unemployment compensation program and  
10 the money is not otherwise subject to the requirements of subsection 1 when  
11 appropriated by the legislative assembly. Moneys are hereby appropriated for the  
12 federal fiscal years identified in this subsection for purposes of administration of  
13 the unemployment compensation program.

14           **SECTION 3. INDEPENDENT AUDIT DURING 1999-2001 BIENNIUM.** The 1999-2001  
15 biennium independent audit of job service North Dakota required under section 52-02-18 must  
16 include:

- 17           1. An audit of the unemployment insurance trust fund;
- 18           2. A review of the strategic business plan for job service North Dakota;
- 19           3. A review of the information technology plan of job service North Dakota which  
20 includes:
  - 21           a. Evaluating the telephone registration system, including claimant profiling and  
22 claimant consultation;
  - 23           b. Evaluating financial reporting; and
  - 24           c. Evaluating the effect technology may have on future staffing needs;
- 25           4. An audit of the average duration of benefits which includes:
  - 26           a. Considering the effect of job service North Dakota policies, procedures, and  
27 services on duration of benefits; and
  - 28           b. Evaluating claimant profiling, repeat claimants, job attachment status, and the  
29 job bank;
- 30           5. An audit of the work force 2000 program; and
- 31           6. An audit of the staffing needs of job service North Dakota.

1           **SECTION 4. EXPIRATION DATE.** Section 3 of this Act is effective through April 30,  
2 2001, and after that date is ineffective.