

**SECOND ENGROSSMENT  
with Conference Committee Amendments****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; to provide a continuing appropriation; and to provide  
5 an expiration date.

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

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

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

1 legislative assembly following the audit. The executive director shall also provide a copy of the  
2 audit report to the state auditor.

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

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6 Security Act [42 U.S.C. 1103], as amended, may not be withdrawn or used except  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

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

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

1           5.    An audit of the work force 2000 program; and

2           6.    An audit of the staffing needs of job service North Dakota.

3           **SECTION 4. APPROPRIATION.** The unemployment compensation incentive fund is  
4 established from all moneys credited to this state under section 2 of this Act for federal fiscal  
5 years 2000, 2001, and 2002. The amount of \$327,000 from this unemployment compensation  
6 incentive fund, to the extent funds are available in this fund, is hereby appropriated to job  
7 service North Dakota every year in which job service North Dakota achieves an average  
8 duration of benefits that is at least one-half week less than the average duration of benefits for  
9 the preceding program year, excluding every claimant who is on temporary layoff and returning  
10 to employment with the former employer within four weeks and excluding every claimant with  
11 demonstrated job attachment and a reasonable expectation of returning to a former base  
12 period employer once work becomes available for the biennium beginning July 1, 1999, and  
13 ending June 30, 2001.

14           **SECTION 5. EXPIRATION DATE.** Section 3 of this Act is effective through April 30,  
15 2001, and after that date is ineffective.