

LEGISLATIVE BILL 414

Approved by the Governor April 30, 1979

Introduced by Government, Military and Veterans Affairs Committee, Keyes, 3, Chmn.; Merz, 1; Landis, 46; Wagner, 41; Duis, 39

AN ACT relating to the Auditor of Public Accounts; to amend sections 1-107, 23-1609, 79-546, and 81-1117.02, Reissue Revised Statutes of Nebraska, 1943, and section 84-304, Revised Statutes Supplement, 1978; to remove the Auditor of Public Accounts from a board; to change membership on a board as prescribed; to provide access to certain data in computer files as prescribed; to provide for partial cost reimbursements as prescribed; to revise audit requirements; to require the filing of certain audit reports with the Auditor of Public Accounts; to provide for reports to a standing committee of the Legislature; to provide for minimum standards for the employment of auditors by state agencies; and to repeal the original sections.

Be it enacted by the people of the State of Nebraska,

Section 1. That section 1-107, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

1-107. There is hereby created the Nebraska State Board of Public Accountancy. The board shall consist of ~~seven~~ eight members appointed by the Governor, and ~~the Auditor of Public Accounts, who~~ one such member shall be appointed to serve as secretary of the board and have charge of all the records of the board. Until September 20, 1985, two of the members shall be persons who have registered and qualified as public accountants under the provisions of sections 1-128 to 1-130. One member of the board shall be a lay person. The other members shall be persons who hold certified public accountant certificates issued under the laws of this state, and who are in active practice as certified public accountants. All members shall be citizens of the United States and residents of Nebraska. At least one certified public accountant member shall reside in each Congressional district. Members serving on August 27, 1971 shall continue in office until the expiration of the term for which they were appointed. On August 27, 1971, the Governor shall appoint three additional members for terms of one, three, and four years. Their successors shall be appointed for terms of four years. Vacancies

occurring during a term shall be filled by appointment for the unexpired term. Upon the expiration of his term of office a member shall continue to serve until his successor shall have been appointed and shall have qualified. The Governor shall remove from the board any member; ~~other than the Auditor of Public Accounts;~~ whose permit to practice has become void, or has been revoked or suspended, and may, after hearing, remove any member of the board for neglect of duty or other just cause. No person; ~~other than the Auditor of Public Accounts;~~ who has served a complete term of four years shall be eligible for reappointment. Appointment to fill an unexpired term shall not be considered as a complete term.

Sec. 2. That section 23-1609, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

23-1609. Such examination shall be conducted in conformity with generally accepted auditing standards applied on a consistent basis and shall develop the county's financial condition, the condition of each fund and the disposition of all money collected or received. Such audits shall be full and complete audits of the cash receipts and disbursements, shall include a checking of ~~all~~ claims paid as against the record of claims kept by the county clerk, and against the record of the county board with respect to ~~said~~ such claims, shall include a checking of ~~all~~ claims paid as against the levy, and shall reflect the state of the fund from which the respective claims are payable. The audit shall also include a report as to the regularity of each such claim examined but shall contain no conclusion or opinion as to its validity or legality.

Sec. 3. That section 79-546, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

79-546. In each Class II, III, IV, V, and VI school district, and upon petition of ten qualified electors or five per cent of the qualified electors, whichever number is less, of a district that does not offer a high school program, the board of education shall cause to be examined annually by a public accountant or by a certified public accountant all financial records which are maintained directly or indirectly in the administration and management of public school funds. Rules and regulations governing the scope, extent, pattern, and report of the examination shall be adopted and prescribed by the State Board of Education with the advice and counsel of the Auditor of Public Accounts. A

copy of the report shall be filed with the Commissioner of Education and with the Auditor of Public Accounts on or before November 15. No distributable state or federal funds shall be allocated for a given fiscal year to any school district which has failed, after due notice, to comply with this provision by January 15.

Sec. 4. That section 81-1117.02, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

81-1117.02. Neither the data processing administrator, the Director of Administrative Services, nor any employee of such administrator or director shall release or permit the release of any data maintained in computer files to any person or persons without the express written approval of both the agency primarily responsible for collection and maintenance of such data and the employee to whom such data pertains. Any data which is a public record in its original form shall remain a public record when maintained in computer files and shall be made available to the Auditor of Public Accounts solely for use in the performance of audits prescribed by law.

Sec. 5. That section 84-304, Revised Statutes Supplement, 1978, be amended to read as follows:

84-304. It shall be the duty of the Auditor of Public Accounts:

(1) To give information in writing to the Legislature, whenever required, upon any subject relating to the fiscal affairs of the state, or in regard to any duty of his office;

(2) To furnish offices for himself and all fuel, lights, books, blanks, forms, paper, and stationery required for the proper discharge of the duties of his office;

(3) To examine, or cause to be examined, at such time as he shall determine, books, accounts, vouchers, records, and expenditures of all state officers, state bureaus, state boards, state commissioners, state library, societies and associations supported by the state, state institutions, state colleges, and the University of Nebraska, except when required to be performed by other officers or persons, and to report promptly to the Director of Administrative Services and the appropriate standing committee of the Legislature the fiscal condition shown by such examinations, including any irregularities or misconduct of officers or

employees, any misappropriation or misuse of public funds or property, and any improper system or method of bookkeeping or condition of accounts; and to this end the Auditor of Public Accounts shall, with the approval of the Legislature, appoint an expert accountant (a) whose entire time shall be devoted to the service of the state as directed by the auditor, (b) who shall be an individual of recognized qualifications in his profession, with at least five years' experience, (c) who shall be selected without regard to party affiliation or to his place of residence at the time of his appointment, (d) who shall promptly report in duplicate to the auditor the fiscal condition shown by each examination, including any irregularities or misconduct of officers or employees, any misappropriation or misuse of public funds or property and any improper system or method of bookkeeping or condition of accounts, and it shall be the duty of the auditor to file promptly with the Governor a duplicate of such report, and (e) who shall qualify by taking an oath, which oath shall be filed in the office of the Secretary of State; and

(4) Conduct audits and related activities for state agencies, political subdivisions of this state, or grantees of federal funds disbursed by a receiving agency on a contractual or other basis for reimbursement, to assure proper accounting by all such agencies, political subdivisions, and grantees for funds appropriated by the Legislature and federal funds disbursed by any receiving agency. The auditor shall deposit the receipts for such audits and services in the cash fund maintained for the making of cooperative audits.

Sec. 6. The Auditor of Public Accounts shall establish minimum audit standards for all auditors conducting audits of any agency of state government. Such standards shall be established to achieve the goals of assuring a proper level of competency and of uniformity in auditing and shall be distributed to all agencies of state government. No agency of state government shall employ any person as an auditor who fails to meet such minimum standards.

Sec. 7. That original sections 1-107, 23-1609, 79-546, and 81-1117.02, Reissue Revised Statutes of Nebraska, 1943, and section 84-304, Revised Statutes Supplement, 1978, are repealed.