

LEGISLATURE OF NEBRASKA
ONE HUNDRED FIFTH LEGISLATURE
FIRST SESSION

LEGISLATIVE BILL 151

Introduced by Stinner, 48.

Read first time January 09, 2017

Committee: Government, Military and Veterans Affairs

1 A BILL FOR AN ACT relating to the Auditor of Public Accounts; to amend
2 section 84-304, Revised Statutes Cumulative Supplement, 2016; to
3 change provisions relating to the duties of the Auditor of Public
4 Accounts; to require a report by certain state entities as
5 prescribed; to harmonize provisions; and to repeal the original
6 section.

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

1 Section 1. Section 84-304, Revised Statutes Cumulative Supplement,
2 2016, is amended to read:

3 84-304 It shall be the duty of the Auditor of Public Accounts:

4 (1) To give information electronically to the Legislature, whenever
5 required, upon any subject relating to the fiscal affairs of the state or
6 with regard to any duty of his or her office;

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

10 (3)(a) (3) To examine or cause to be examined, at such time as he or
11 she shall determine, books, accounts, vouchers, records, and expenditures
12 of all state officers, state bureaus, state boards, state commissioners,
13 the state library, societies and associations supported by the state,
14 state institutions, state colleges, and the University of Nebraska,
15 except when required to be performed by other officers or persons. Such
16 examinations shall be done in accordance with generally accepted
17 government auditing standards for financial audits and attestation
18 engagements set forth in Government Auditing Standards (2011 Revision),
19 published by the Comptroller General of the United States, Government
20 Accountability Office, and except as provided in subdivision (10) (11) of
21 this section, subdivision (16) of section 50-1205, and section 84-322,
22 shall not include performance audits, whether conducted pursuant to
23 attestation engagements or performance audit standards as set forth in
24 Government Auditing Standards (2011 Revision), published by the
25 Comptroller General of the United States, Government Accountability
26 Office. ÷

27 (b) Any entity that is audited or examined pursuant to subdivision
28 (3)(a) of this section and that is the subject of a comment and
29 recommendation in a management letter or report issued by the Auditor of
30 Public Accounts shall, on or before six months after the issuance of such
31 letter or report, provide to the Auditor of Public Accounts a detailed

1 written description of any corrective action taken or to be taken in
2 response to the comment and recommendation. The Auditor of Public
3 Accounts may investigate and evaluate the corrective action at the
4 expense of the entity. The Auditor of Public Accounts shall then
5 electronically submit a report of any findings of such investigation and
6 evaluation to the Governor, the appropriate standing committee of the
7 Legislature, and the Appropriations Committee of the Legislature. The
8 Auditor of Public Accounts shall also ensure that the report is delivered
9 to the Appropriations Committee for entry into the record during the
10 committee's budget hearing process;

11 (4)(a) To examine or cause to be examined, at the expense of the
12 political subdivision, when the Auditor of Public Accounts determines
13 such examination necessary or when requested by the political
14 subdivision, the books, accounts, vouchers, records, and expenditures of
15 any agricultural association formed under Chapter 2, article 20, any
16 county agricultural society, any joint airport authority formed under the
17 Joint Airport Authorities Act, any city or county airport authority, any
18 bridge commission created pursuant to section 39-868, any cemetery
19 district, any community redevelopment authority or limited community
20 redevelopment authority established under the Community Development Law,
21 any development district, any drainage district, any health district, any
22 local public health department as defined in section 71-1626, any
23 historical society, any hospital authority or district, any county
24 hospital, any housing agency as defined in section 71-1575, any
25 irrigation district, any county or municipal library, any community
26 mental health center, any railroad transportation safety district, any
27 rural water district, any township, Wyuka Cemetery, the Educational
28 Service Unit Coordinating Council, any entity created pursuant to the
29 Interlocal Cooperation Act, any educational service unit, any village,
30 any service contractor or subrecipient of state or federal funds, any
31 political subdivision with the authority to levy a property tax or a

1 toll, or any entity created pursuant to the Joint Public Agency Act.

2 For purposes of this subdivision, service contractor or subrecipient
3 means any nonprofit entity that expends state or federal funds to carry
4 out a state or federal program or function, but it does not include an
5 individual who is a direct beneficiary of such a program or function or a
6 licensed health care provider or facility receiving direct payment for
7 medical services provided for a specific individual.

8 (b) The Auditor of Public Accounts may waive the audit requirement
9 of subdivision (4)(a) of this section upon the submission by the
10 political subdivision of a written request in a form prescribed by the
11 auditor. The auditor shall notify the political subdivision in writing of
12 the approval or denial of the request for a waiver.

13 (c) The Auditor of Public Accounts may conduct audits under this
14 subdivision for purposes of sections 2-3228, 12-101, 13-2402, 14-567,
15 14-1805.01, 14-2111, 15-1017, 16-1017, 16-1037, 19-3501, 23-1118,
16 23-3526, and 71-1631.02;

17 (5) To report promptly to the Governor and the appropriate standing
18 committee of the Legislature the fiscal condition shown by such
19 examinations conducted by the auditor, including any irregularities or
20 misconduct of officers or employees, any misappropriation or misuse of
21 public funds or property, and any improper system or method of
22 bookkeeping or condition of accounts. The report submitted to the
23 committee shall be submitted electronically. In addition, if, in the
24 normal course of conducting an audit in accordance with subdivision (3)
25 of this section, the auditor discovers any potential problems related to
26 the effectiveness, efficiency, or performance of state programs, he or
27 she shall immediately report them electronically to the Legislative
28 Performance Audit Committee which may investigate the issue further,
29 report it electronically to the appropriate standing committee of the
30 Legislature, or both;

31 (6)(a) To examine or cause to be examined the books, accounts,

1 vouchers, records, and expenditures of a fire protection district. The
2 expense of the examination shall be paid by the political subdivision.

3 (b) Whenever the expenditures of a fire protection district are one
4 hundred fifty thousand dollars or less per fiscal year, the fire
5 protection district shall be audited no more than once every five years
6 except as directed by the board of directors of the fire protection
7 district or unless the auditor receives a verifiable report from a third
8 party indicating any irregularities or misconduct of officers or
9 employees of the fire protection district, any misappropriation or misuse
10 of public funds or property, or any improper system or method of
11 bookkeeping or condition of accounts of the fire protection district. In
12 the absence of such a report, the auditor may waive the five-year audit
13 requirement upon the submission of a written request by the fire
14 protection district in a form prescribed by the auditor. The auditor
15 shall notify the fire protection district in writing of the approval or
16 denial of a request for waiver of the five-year audit requirement. Upon
17 approval of the request for waiver of the five-year audit requirement, a
18 new five-year audit period shall begin.

19 (c) Whenever the expenditures of a fire protection district exceed
20 one hundred fifty thousand dollars in a fiscal year, the auditor may
21 waive the audit requirement upon the submission of a written request by
22 the fire protection district in a form prescribed by the auditor. The
23 auditor shall notify the fire protection district in writing of the
24 approval or denial of a request for waiver. Upon approval of the request
25 for waiver, a new five-year audit period shall begin for the fire
26 protection district if its expenditures are one hundred fifty thousand
27 dollars or less per fiscal year in subsequent years;

28 (7) To appoint two assistant deputies (a) whose entire time shall be
29 devoted to the service of the state as directed by the auditor, (b) who
30 shall be certified public accountants with at least five years'
31 experience, (c) who shall be selected without regard to party affiliation

1 or to place of residence at the time of appointment, (d) who shall
2 promptly report in duplicate to the auditor the fiscal condition shown by
3 each examination, including any irregularities or misconduct of officers
4 or employees, any misappropriation or misuse of public funds or property,
5 and any improper system or method of bookkeeping or condition of
6 accounts, and it shall be the duty of the auditor to file promptly with
7 the Governor a duplicate of such report, and (e) who shall qualify by
8 taking an oath which shall be filed in the office of the Secretary of
9 State;

10 (8) To conduct audits and related activities for state agencies,
11 political subdivisions of this state, or grantees of federal funds
12 disbursed by a receiving agency on a contractual or other basis for
13 reimbursement to assure proper accounting by all such agencies, political
14 subdivisions, and grantees for funds appropriated by the Legislature and
15 federal funds disbursed by any receiving agency. The auditor may contract
16 with any political subdivision to perform the audit of such political
17 subdivision required by or provided for in section 23-1608 or 79-1229 or
18 this section and charge the political subdivision for conducting the
19 audit. The fees charged by the auditor for conducting audits on a
20 contractual basis shall be in an amount sufficient to pay the cost of the
21 audit. The fees remitted to the auditor for such audits and services
22 shall be deposited in the Auditor of Public Accounts Cash Fund;

23 ~~(9) To conduct all audits and examinations in a timely manner and in~~
24 ~~accordance with the standards for audits of governmental organizations,~~
25 ~~programs, activities, and functions published by the Comptroller General~~
26 ~~of the United States;~~

27 (9) ~~(10)~~ To develop and maintain an annual budget and actual
28 financial information reporting system for political subdivisions that is
29 accessible online by the public; and

30 (10) ~~(11)~~ When authorized, to conduct joint audits with the
31 Legislative Performance Audit Committee as described in section 50-1205.

1 Sec. 2. Original section 84-304, Revised Statutes Cumulative
2 Supplement, 2016, is repealed.