

LEGISLATURE OF NEBRASKA
ONE HUNDRED SIXTH LEGISLATURE
SECOND SESSION

LEGISLATIVE BILL 807

Introduced by La Grone, 49.

Read first time January 08, 2020

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 Supplement, 2019; to change a
- 3 provision relating to government auditing standards as prescribed;
- 4 to repeal the original section; and to declare an emergency.
- 5 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 84-304, Revised Statutes Supplement, 2019, is
2 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) To examine or cause to be examined, at such time as he or she
11 shall determine, books, accounts, vouchers, records, and expenditures of
12 all state officers, state bureaus, state boards, state commissioners, the
13 state library, societies and associations supported by the state, state
14 institutions, state colleges, and the University of Nebraska, except when
15 required to be performed by other officers or persons. Such examinations
16 shall be done in accordance with generally accepted government auditing
17 standards for financial audits and attestation engagements set forth in
18 Government Auditing Standards (2011 Revision for audit periods ending
19 before June 30, 2020, or 2018 Revision for audit periods ending on or
20 after June 30, 2020), published by the Comptroller General of the United
21 States, Government Accountability Office, and except as provided in
22 subdivision (10) of this section, subdivision (16) of section 50-1205,
23 and section 84-322, shall not include performance audits, whether
24 conducted pursuant to attestation engagements or performance audit
25 standards as set forth in Government Auditing Standards (2018 ~~2011~~
26 Revision), published by the Comptroller General of the United States,
27 Government Accountability Office.

28 (b) Any entity, excluding the state colleges and the University of
29 Nebraska, that is audited or examined pursuant to subdivision (3)(a) of
30 this section and that is the subject of a comment and recommendation in a
31 management letter or report issued by the Auditor of Public Accounts

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

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

1 political subdivision with the authority to levy a property tax or a
2 toll, or any entity created pursuant to the Joint Public Agency Act.

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

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

14 (c) Through December 31, 2017, the Auditor of Public Accounts may
15 conduct audits under this subdivision for purposes of sections 2-3228,
16 12-101, 13-2402, 14-567, 14-1805.01, 14-2111, 15-1017, 16-1017, 16-1037,
17 19-3501, 23-1118, 23-3526, 71-1631.02, and 79-987.

18 (d) Beginning on May 24, 2017, the Auditor of Public Accounts may
19 conduct audits under this subdivision for purposes of sections 13-2402,
20 14-567, 14-1805.01, 14-2111, 15-1017, 16-1017, 16-1037, 18-814,
21 71-1631.02, and 79-987 and shall prescribe the form for the annual
22 reports required in each of such sections. Such annual reports shall be
23 published annually on the web site of the Auditor of Public Accounts;

24 (5) To report promptly to the Governor and the appropriate standing
25 committee of the Legislature the fiscal condition shown by such
26 examinations conducted by the auditor, including any irregularities or
27 misconduct of officers or employees, any misappropriation or misuse of
28 public funds or property, and any improper system or method of
29 bookkeeping or condition of accounts. The report submitted to the
30 committee shall be submitted electronically. In addition, if, in the
31 normal course of conducting an audit in accordance with subdivision (3)

1 of this section, the auditor discovers any potential problems related to
2 the effectiveness, efficiency, or performance of state programs, he or
3 she shall immediately report them electronically to the Legislative
4 Performance Audit Committee which may investigate the issue further,
5 report it electronically to the appropriate standing committee of the
6 Legislature, or both;

7 (6)(a) To examine or cause to be examined the books, accounts,
8 vouchers, records, and expenditures of a fire protection district. The
9 expense of the examination shall be paid by the political subdivision.

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

26 (c) Whenever the expenditures of a fire protection district exceed
27 one hundred fifty thousand dollars in a fiscal year, the auditor may
28 waive the audit requirement upon the submission of a written request by
29 the fire protection district in a form prescribed by the auditor. The
30 auditor shall notify the fire protection district in writing of the
31 approval or denial of a request for waiver. Upon approval of the request

1 for waiver, a new five-year audit period shall begin for the fire
2 protection district if its expenditures are one hundred fifty thousand
3 dollars or less per fiscal year in subsequent years;

4 (7) To appoint two or more assistant deputies (a) whose entire time
5 shall be devoted to the service of the state as directed by the auditor,
6 (b) who shall be certified public accountants with at least five years'
7 experience, (c) who shall be selected without regard to party affiliation
8 or to place of residence at the time of appointment, (d) who shall
9 promptly report to the auditor the fiscal condition shown by each
10 examination, including any irregularities or misconduct of officers or
11 employees, any misappropriation or misuse of public funds or property,
12 and any improper system or method of bookkeeping or condition of
13 accounts, and it shall be the duty of the auditor to file promptly with
14 the Governor a duplicate of such report, and (e) who shall qualify by
15 taking an oath which shall be filed in the office of the Secretary of
16 State;

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

30 (9) To develop and maintain an annual budget and actual financial
31 information reporting system for political subdivisions that is

1 accessible online by the public;

2 (10) When authorized, to conduct joint audits with the Legislative
3 Performance Audit Committee as described in section 50-1205; and

4 (11) Unless otherwise specifically provided, to assess the interest
5 rate on delinquent payments of any fees for audits and services owing to
6 the Auditor of Public Accounts at a rate of fourteen percent per annum
7 from the date of billing unless paid within thirty days after the date of
8 billing. For an entity created pursuant to the Interlocal Cooperation Act
9 or the Joint Public Agency Act, any participating public agencies shall
10 be jointly and severally liable for the fees and interest owed if such
11 entity is defunct or unable to pay.

12 Sec. 2. Original section 84-304, Revised Statutes Supplement, 2019,
13 is repealed.

14 Sec. 3. Since an emergency exists, this act takes effect when
15 passed and approved according to law.