

LEGISLATURE OF NEBRASKA  
ONE HUNDREDTH LEGISLATURE  
SECOND SESSION  
**LEGISLATIVE BILL 822**

FINAL READING

Introduced by Legislative Performance Audit Committee: Schimek, 27,  
Chairperson; Heidemann, 1; McDonald, 41; Preister, 5;  
Stuthman, 22.

Read first time January 10, 2008

Committee: Government, Military and Veterans Affairs

A BILL

1 FOR AN ACT relating to government; to amend sections 50-1204,  
2 50-1205.01, and 50-1206, Revised Statutes Cumulative  
3 Supplement, 2006, and section 84-304, Revised Statutes  
4 Supplement, 2007; to change references to auditing  
5 standards and a federal office; to change a provision  
6 relating to requests for performance audits; and to  
7 repeal the original sections.

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

1           Section 1. Section 50-1204, Revised Statutes Cumulative  
2 Supplement, 2006, is amended to read:

3           50-1204 (1) The Legislative Performance Audit Committee  
4 is hereby established as a special legislative committee to  
5 exercise the authority and perform the duties provided for in  
6 the Legislative Performance Audit Act. The committee shall be  
7 composed of the Speaker of the Legislature, the chairperson of  
8 the Executive Board of the Legislative Council, the chairperson  
9 of the Appropriations Committee of the Legislature, and four  
10 other members of the Legislature to be chosen by the Executive  
11 Board of the Legislative Council. The executive board shall ensure  
12 that the Legislative Performance Audit Committee includes adequate  
13 geographic representation. The chairperson and vice-chairperson  
14 of the Legislative Performance Audit Committee shall be elected  
15 by majority vote. The committee shall be subject to all rules  
16 prescribed by the Legislature. The committee shall be reconstituted  
17 at the beginning of each Legislature and shall meet as needed.

18           (2) The Legislative Performance Audit Section is  
19 established. The section shall be administered by the Legislative  
20 Auditor, who shall ensure that performance audit work conducted  
21 by the section conforms with performance audit standards contained  
22 in the Government Auditing Standards ~~(2003~~ (2007 revision) as  
23 required in section 50-1205.01. The section shall be composed of  
24 the Legislative Auditor and other employees of the Legislature  
25 employed to conduct performance audits. The section shall be the

1 custodian of all records generated by the committee or section  
2 except as provided by section 50-1213, subsection (11) of section  
3 77-2711, or subdivision (10)(a) of section 77-27,119. The section  
4 shall inform the Legislative Fiscal Analyst of its activities and  
5 consult with him or her as needed. The section shall operate under  
6 the general direction of the committee.

7           Sec. 2. Section 50-1205.01, Revised Statutes Cumulative  
8 Supplement, 2006, is amended to read:

9           50-1205.01 Performance audits done under the terms of the  
10 Legislative Performance Audit Act shall be conducted in accordance  
11 with the generally accepted government auditing standards for  
12 performance audits contained in the Government Auditing Standards  
13 ~~(2003~~ (2007 Revision), published by the Comptroller General of the  
14 United States, ~~General Accounting~~ Government Accountability Office.

15           Sec. 3. Section 50-1206, Revised Statutes Cumulative  
16 Supplement, 2006, is amended to read:

17           50-1206 (1) Requests for performance audits may be made  
18 by the Governor, any other constitutional officer of the State of  
19 Nebraska, a legislator, the Legislative Auditor, the Legislative  
20 Fiscal Analyst, or the Director of Research of the Legislature.

21           (2) Performance audit requests shall be submitted to the  
22 committee chairperson or Legislative Auditor by letter or on a form  
23 developed by the Legislative Auditor.

24           (3) When considering a performance audit request, if  
25 the committee determines that the request has potential merit but

1 insufficient information is available, it may, by majority vote,  
2 instruct the Legislative Auditor to conduct a preaudit inquiry.

3 (4) Upon completion of the preaudit inquiry, the  
4 committee chairperson shall place the request on the agenda for  
5 the committee's next meeting and shall notify the request sponsor  
6 of that action.

7 Sec. 4. Section 84-304, Revised Statutes Supplement,  
8 2007, is amended to read:

9 84-304 It shall be the duty of the Auditor of Public  
10 Accounts:

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

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

17 (3) To examine or cause to be examined, at such  
18 time as he or she shall determine, books, accounts, vouchers,  
19 records, and expenditures of all state officers, state bureaus,  
20 state boards, state commissioners, the state library, societies  
21 and associations supported by the state, state institutions,  
22 state colleges, and the University of Nebraska, except when  
23 required to be performed by other officers or persons. Such  
24 examinations shall be done in accordance with generally accepted  
25 government auditing standards for financial audits and attestation

1 engagements set forth in Government Auditing Standards ~~(2003~~ (2007  
2 Revision), published by the Comptroller General of the United  
3 States, ~~General Accounting~~ Government Accountability Office, and  
4 except as provided in subdivision ~~(12)~~ (11) of this section,  
5 subdivision (16) of section 50-1205, and section 84-322, shall  
6 not include performance audits, whether conducted pursuant to  
7 attestation engagements or performance audit standards as set forth  
8 in Government Auditing Standards ~~(2003~~ (2007 Revision), published  
9 by the Comptroller General of the United States, ~~General Accounting~~  
10 Government Accountability Office;

11 (4) (a) To examine or cause to be examined, at the expense  
12 of the political subdivision, when the Auditor of Public Accounts  
13 determines such examination necessary or when requested by the  
14 political subdivision, the books, accounts, vouchers, records, and  
15 expenditures of any agricultural association formed under Chapter  
16 2, article 20, any county agricultural society, any joint airport  
17 authority formed under the Joint Airport Authorities Act, any  
18 city or county airport authority, any bridge commission created  
19 pursuant to section 39-868, any cemetery district, any development  
20 district, any drainage district, any health district, any local  
21 public health department as defined in section 71-1626, any  
22 historical society, any hospital authority or district, any county  
23 hospital, any housing agency as defined in section 71-1575, any  
24 irrigation district, any county or municipal library, any community  
25 mental health center, any railroad transportation safety district,

1 any rural water district, any township, Wyuka Cemetery, the  
2 Educational Service Unit Coordinating Council, any entity created  
3 pursuant to the Interlocal Cooperation Act which includes either  
4 the participation of the Educational Service Unit Coordinating  
5 Council or any educational service unit, any village, any political  
6 subdivision with the authority to levy a property tax or a toll,  
7 or any entity created pursuant to the Joint Public Agency Act which  
8 has separately levied a property tax based on legal authority for  
9 a joint public agency to levy such a tax independent of the public  
10 agencies forming such joint public agency.

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

17 (5) To report promptly to the Governor and the  
18 appropriate standing committee of the Legislature the fiscal  
19 condition shown by such examinations conducted by the auditor,  
20 including any irregularities or misconduct of officers or  
21 employees, any misappropriation or misuse of public funds or  
22 property, and any improper system or method of bookkeeping or  
23 condition of accounts. In addition, if, in the normal course of  
24 conducting an audit in accordance with subdivision (3) of this  
25 section, the auditor discovers any potential problems related to

1 the effectiveness, efficiency, or performance of state programs, he  
2 or she shall immediately report them in writing to the Legislative  
3 Performance Audit Committee which may investigate the issue  
4 further, report it to the appropriate standing committee of the  
5 Legislature, or both;

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

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

1 five-year audit requirement, a new five-year audit period shall  
2 begin.

3 (c) Whenever the expenditures of a fire protection  
4 district exceed one hundred fifty thousand dollars in a fiscal  
5 year, the auditor may waive the audit requirement upon the  
6 submission of a written request by the fire protection district  
7 in a form prescribed by the auditor. The auditor shall notify the  
8 fire protection district in writing of the approval or denial of a  
9 request for waiver. Upon approval of the request for waiver, a new  
10 five-year audit period shall begin for the fire protection district  
11 if its expenditures are one hundred fifty thousand dollars or less  
12 per fiscal year in subsequent years;

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



1 of State;

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

17 (9) To conduct all audits and examinations in a timely  
18 manner and in accordance with the standards for audits of  
19 governmental organizations, programs, activities, and functions  
20 published by the Comptroller General of the United States;

21 ~~(10) To develop a plan for implementing on-line~~  
22 ~~filing of budgeted and actual financial information by political~~  
23 ~~subdivisions. Such plan shall describe the technology and staff~~  
24 ~~resources necessary to implement on-line filing of such information~~  
25 ~~and the costs of these resources. Such plan shall be presented to~~

1 ~~the Clerk of the Legislature on or before January 15, 2003,~~

2 ~~(11)~~ (10) To develop and maintain an annual budget  
3 and actual financial information reporting system for political  
4 subdivisions that is accessible on-line by the public; and

5 ~~(12)~~ (11) When authorized, to conduct joint audits with  
6 the Legislative Performance Audit Committee as described in section  
7 50-1205.

8 Sec. 5. Original sections 50-1204, 50-1205.01, and  
9 50-1206, Revised Statutes Cumulative Supplement, 2006, and section  
10 84-304, Revised Statutes Supplement, 2007, are repealed.