

LEGISLATURE OF NEBRASKA

ONE HUNDRED SECOND LEGISLATURE

SECOND SESSION

**LEGISLATIVE BILL 1014**

Introduced by Conrad, 46.

Read first time January 17, 2012

Committee: Government, Military and Veterans Affairs

A BILL

1 FOR AN ACT relating to the Auditor of Public Accounts; to amend  
2 section 84-304, Reissue Revised Statutes of Nebraska; to  
3 provide for a performance audit of the Department of  
4 Roads; and to repeal the original section.  
5 Be it enacted by the people of the State of Nebraska,

1                   Section 1. Section 84-304, Reissue Revised Statutes of  
2 Nebraska, is amended to read:

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

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

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

11                   (3) To examine or cause to be examined, at such time as  
12 he or she shall determine, books, accounts, vouchers, records, and  
13 expenditures of all state officers, state bureaus, state boards,  
14 state commissioners, the state library, societies and associations  
15 supported by the state, state institutions, state colleges, and the  
16 University of Nebraska, except when required to be performed by other  
17 officers or persons. Such examinations shall be done in accordance  
18 with generally accepted government auditing standards for financial  
19 audits and attestation engagements set forth in Government Auditing  
20 Standards (2007 Revision), published by the Comptroller General of  
21 the United States, Government Accountability Office, and except as  
22 provided in ~~subdivision (11)~~ subdivisions (11) and (12) of this  
23 section, subdivision (16) of section 50-1205, and section 84-322,  
24 shall not include performance audits, whether conducted pursuant to  
25 attestation engagements or performance audit standards as set forth

1 in Government Auditing Standards (2007 Revision), published by the  
2 Comptroller General of the United States, Government Accountability  
3 Office;

4 (4)(a) To examine or cause to be examined, at the expense  
5 of the political subdivision, when the Auditor of Public Accounts  
6 determines such examination necessary or when requested by the  
7 political subdivision, the books, accounts, vouchers, records, and  
8 expenditures of any agricultural association formed under Chapter 2,  
9 article 20, any county agricultural society, any joint airport  
10 authority formed under the Joint Airport Authorities Act, any city or  
11 county airport authority, any bridge commission created pursuant to  
12 section 39-868, any cemetery district, any development district, any  
13 drainage district, any health district, any local public health  
14 department as defined in section 71-1626, any historical society, any  
15 hospital authority or district, any county hospital, any housing  
16 agency as defined in section 71-1575, any irrigation district, any  
17 county or municipal library, any community mental health center, any  
18 railroad transportation safety district, any rural water district,  
19 any township, Wyuka Cemetery, the Educational Service Unit  
20 Coordinating Council, any entity created pursuant to the Interlocal  
21 Cooperation Act which includes either the participation of the  
22 Educational Service Unit Coordinating Council or any educational  
23 service unit, any village, any political subdivision with the  
24 authority to levy a property tax or a toll, or any entity created  
25 pursuant to the Joint Public Agency Act which has separately levied a

1 property tax based on legal authority for a joint public agency to  
2 levy such a tax independent of the public agencies forming such joint  
3 public agency.

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

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

23 (6)(a) To examine or cause to be examined the books,  
24 accounts, vouchers, records, and expenditures of a fire protection  
25 district. The expense of the examination shall be paid by the

1 political subdivision.

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

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

1 shall begin for the fire protection district if its expenditures are  
2 one hundred fifty thousand dollars or less per fiscal year in  
3 subsequent years;

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

18 (8) To conduct audits and related activities for state  
19 agencies, political subdivisions of this state, or grantees of  
20 federal funds disbursed by a receiving agency on a contractual or  
21 other basis for reimbursement to assure proper accounting by all such  
22 agencies, political subdivisions, and grantees for funds appropriated  
23 by the Legislature and federal funds disbursed by any receiving  
24 agency. The auditor may contract with any political subdivision to  
25 perform the audit of such political subdivision required by or

1 provided for in section 23-1608 or 79-1229 or this section and charge  
2 the political subdivision for conducting the audit. The fees charged  
3 by the auditor for conducting audits on a contractual basis shall be  
4 in an amount sufficient to pay the cost of the audit. The fees  
5 remitted to the auditor for such audits and services shall be  
6 deposited in the Auditor of Public Accounts Cash Fund;

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

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

14 (11) When authorized, to conduct joint audits with the  
15 Legislative Performance Audit Committee as described in section  
16 50-1205; ~~and~~ -

17 (12) To initiate an independent performance audit of the  
18 Department of Roads in 2012. The performance audit shall be carried  
19 out in accordance with the generally accepted government auditing  
20 standards for performance audits contained in the Government Auditing  
21 Standards (2007 Revision), published by the Comptroller General of  
22 the United States, Government Accountability Office.

23 Sec. 2. Original section 84-304, Reissue Revised Statutes  
24 of Nebraska, is repealed.