

LEGISLATURE OF NEBRASKA  
ONE HUNDRED THIRD LEGISLATURE  
SECOND SESSION

**LEGISLATIVE BILL 1037**

Introduced by McGill, 26.

Read first time January 22, 2014

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, Revised Statutes Supplement, 2013; to  
3 authorize examination of certain entities formed under  
4 the Interlocal Cooperation Act; and to repeal the  
5 original section.  
6 Be it enacted by the people of the State of Nebraska,

1                   Section 1. Section 84-304, Revised Statutes Supplement,  
2   2013, is amended to read:

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

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

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

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

1 performance audit standards as set forth in Government Auditing  
2 Standards (2011 Revision), published by the Comptroller General of  
3 the United States, Government Accountability 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, or any entity formed under the Interlocal Cooperation  
4 Act consisting of more than one natural resources district.

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

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

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

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

22           (c) Whenever the expenditures of a fire protection  
23 district exceed one hundred fifty thousand dollars in a fiscal year,  
24 the auditor may waive the audit requirement upon the submission of a  
25 written request by the fire protection district in a form prescribed

1 by the auditor. The auditor shall notify the fire protection district  
2 in writing of the approval or denial of a request for waiver. Upon  
3 approval of the request for waiver, a new five-year audit period  
4 shall begin for the fire protection district if its expenditures are  
5 one hundred fifty thousand dollars or less per fiscal year in  
6 subsequent years;

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

21 (8) To conduct audits and related activities for state  
22 agencies, political subdivisions of this state, or grantees of  
23 federal funds disbursed by a receiving agency on a contractual or  
24 other basis for reimbursement to assure proper accounting by all such  
25 agencies, political subdivisions, and grantees for funds appropriated

1 by the Legislature and federal funds disbursed by any receiving  
2 agency. The auditor may contract with any political subdivision to  
3 perform the audit of such political subdivision required by or  
4 provided for in section 23-1608 or 79-1229 or this section and charge  
5 the political subdivision for conducting the audit. The fees charged  
6 by the auditor for conducting audits on a contractual basis shall be  
7 in an amount sufficient to pay the cost of the audit. The fees  
8 remitted to the auditor for such audits and services shall be  
9 deposited in the Auditor of Public Accounts Cash Fund;

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

14 (10) To develop and maintain an annual budget and actual  
15 financial information reporting system for political subdivisions  
16 that is accessible online by the public; and

17 (11) When authorized, to conduct joint audits with the  
18 Legislative Performance Audit Committee as described in section  
19 50-1205.

20 Sec. 2. Original section 84-304, Revised Statutes  
21 Supplement, 2013, is repealed.