

LEGISLATURE OF NEBRASKA
NINETY-EIGHTH LEGISLATURE
FIRST SESSION

LEGISLATIVE BILL 117

Introduced by Brown, 6; Aguilar, 35; Baker, 44; Combs, 32;
Connealy, 16; Cunningham, 40; Friend, 10; Jensen, 20;
Johnson, 37; Kruse, 13; Mines, 18; Redfield, 12;
Smith, 48; Tyson, 19; Wehrbein, 2

Read first time January 9, 2003

Committee: Government, Military and Veterans Affairs

A BILL

1 FOR AN ACT relating to state government; to amend sections 81-1111
2 and 84-602, Reissue Revised Statutes of Nebraska, and
3 section 72-1249.02, Revised Statutes Supplement, 2002; to
4 provide for a centralized system for receipt and deposit
5 of funds; to create a fund; to harmonize provisions; and
6 to repeal the original sections.

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

1 Section 1. Section 72-1249.02, Revised Statutes
2 Supplement, 2002, is amended to read:

3 72-1249.02. The State Investment Officer's Cash Fund is
4 created. A pro rata share of the budget appropriated for the
5 Nebraska Investment Council shall be charged to the income of each
6 fund managed, and such charges shall be transferred to the State
7 Investment Officer's Cash Fund. The allocation of charges may be
8 made by any method determined to be reasonably related to actual
9 costs incurred by the Nebraska Investment Council. Approval of the
10 agencies and boards administering these funds shall not be
11 required.

12 It is the intent of this section to have funds managed by
13 the state investment officer pay a pro rata share of the investment
14 management expense when this is not prohibited by statute or the
15 constitution.

16 Management, custodial, and service costs which are a
17 direct expense of state funds may be paid from the income of such
18 funds when this is not prohibited by statute or the constitution.
19 For purposes of this section, management, custodial, and service
20 costs shall include, but not be limited to, investment counsel fees
21 for managing assets, real estate mortgage loan service fees, real
22 estate management fees, and custody fees for fund securities. All
23 such fees shall be approved by the Nebraska Investment Council and
24 the state investment officer.

25 The council shall record and report all money earned from
26 commission sales as commission recapture on the Nebraska State
27 Accounting System and shall remit such money to the State Treasurer
28 for credit to the fund. Within fifteen days after the effective

1 date of this act the council shall transfer all remaining money
2 earned by the council prior to the effective date of this act from
3 commission sales as commission recapture to the fund. Beginning
4 with fiscal year 2003-04, seventy-five percent of the commission
5 recapture money in the fund shall be allocated each fiscal year to
6 the Centralized Receipt and Distribution Fund.

7 Sec. 2. Section 81-1111, Reissue Revised Statutes of
8 Nebraska, is amended to read:

9 81-1111. (1) Subject to the supervision of the Director
10 of Administrative Services, the Accounting Administrator shall have
11 the authority to prescribe the system of accounts and accounting to
12 be maintained by the state and its departments and agencies,
13 develop necessary accounting policies and procedures, coordinate
14 and approve all proposed financial systems, and manage all
15 accounting matters of the state's central system subject to use of
16 the centralized system for receipt and deposit of funds created by
17 the State Treasurer under section 84-602. There shall be created
18 three separate bureaus to be supervised by the Accounting
19 Administrator: The accounting bureau, the management systems and
20 studies bureau, and the social security administration bureau.

21 (2) The accounting bureau shall monitor all departments
22 and agencies authorized by the Director of Administrative Services
23 to perform their own preaudits.

24 (3) For all departments and agencies not authorized by
25 the director to perform their own preaudit, the accounting bureau:

26 (a) Shall be responsible for the preaudit and control of
27 all vouchers and payrolls equal to or exceeding one thousand five
28 hundred dollars in order to assure the legality of all

1 transactions, to insure that all vouchers for payment are within
2 the approved budget, and to insure that adequate cash is available
3 for payment;

4 (b) Shall preaudit all audit-sensitive areas, including,
5 but not limited to:

6 (i) Employee-related expenses such as expense vouchers,
7 direct-bill lodging and airfare, moving expenses, tuition
8 assistance, and employee recognition programs;

9 (ii) Expenses pertaining to conferences, including items
10 such as food, lodging, and honorariums; and

11 (iii) Encumbrance liquidations between bienniums;

12 (c) May, with the approval of the Accounting
13 Administrator, preaudit and control vouchers and payrolls less than
14 one thousand five hundred dollars and may require additional
15 documentation as necessary in order to reasonably assure the
16 legality of all such transactions, to insure that all such vouchers
17 for payment are within the approved budget, and to insure that
18 adequate cash is available for payment;

19 (d) Shall require supporting documentation of
20 transactions that are preaudited to be provided with the voucher to
21 the accounting bureau by the department, agency, division, or
22 office whose transaction is being preaudited. Such supporting
23 documentation shall include, but not be limited to, the original
24 invoice, payment request, or other documentation as established by
25 the Accounting Administrator;

26 (e) May, with the approval of the Accounting
27 Administrator, provide for alternative preaudit and documentation
28 requirements for refunds and state aid payments;

1 (f) Shall call to the attention of the director all
2 vouchers or payments which seem to be in violation of the laws of
3 the state and to the attention of the director and the budget
4 administrator all vouchers for payments which are inconsistent with
5 the approved budget; and

6 (g) Shall undertake the writing of all warrants for the
7 department and shall implement in all departments and agencies of
8 state government an effective double entry system of financial and
9 budgetary control accounting for all revenue and expenditures of
10 all departments and agencies of the state, which system shall
11 develop costs by programs, subprograms, activities, or objects of
12 expenditures and shall allow for comparison between budgeted and
13 actual expenditure.

14 (4) The management systems and studies bureau shall be
15 responsible for systematically reviewing on a regular basis
16 activities of state agencies and departments to determine that
17 adequate internal controls exist within all departments and
18 agencies and to assure that proper accounting methods are employed.
19 The bureau shall receive copies of all audits performed by or for
20 the Auditor of Public Accounts of the financial status and
21 conditions in all state departments and agencies. The bureau shall
22 be available to consult with all governmental departments and
23 agencies in training their staff and developing efficient work flow
24 within such departments and agencies and shall provide such
25 departments and agencies with appropriate accounting reports,
26 summaries, and analyses prepared by the accounting division as are
27 necessary to effectively administer these departments and agencies.
28 The bureau shall establish a system for receiving and disbursing

1 funds associated with any financing agreement.

2 (5) The social security administration bureau shall be
3 responsible for the administration of social security
4 responsibilities of the state. Its duties, powers, and
5 responsibilities and its staff, equipment, and records shall be
6 subject to the supervision of the Accounting Administrator. The
7 Accounting Administrator shall also be the state social security
8 administrator.

9 Sec. 3. Section 84-602, Reissue Revised Statutes of
10 Nebraska, is amended to read:

11 84-602. It shall be the duty of the State Treasurer:

12 (1) To receive and keep all money of the state not
13 expressly required to be received and kept by some other person;

14 (2) To disburse the public money upon warrants drawn upon
15 the state treasury according to law, and not otherwise;

16 (3) To keep a just, true, and comprehensive account of
17 all money received and disbursed;

18 (4) To keep a just account with each fund, and each ~~head~~
19 item of appropriation made by law, and the warrants drawn against
20 them;

21 (5) To render a full statement to the Department of
22 Administrative Services, of all money received by ~~him~~ the State
23 Treasurer from whatever source, and if on account of revenue, for
24 what year; of all penalties and interest on delinquent taxes
25 reported or accounted for to ~~him~~ the State Treasurer, and of all
26 disbursements of public funds; with a list, in numerical order, of
27 all warrants redeemed, the name of the payee, amount, interest, and
28 total amount allowed thereon, and with the amount of the balance of

1 the several funds unexpended; which statement shall be made on the
2 first day of December, March, June, and September, and more often
3 if required;

4 (6) To report to the Legislature as soon as practicable,
5 but within ten days after the commencement of each regular session,
6 a detailed statement of the condition of the treasury, and its
7 operations for the preceding fiscal year;

8 (7) To give information in writing to the Legislature,
9 whenever required, upon any subject connected with the treasury or
10 touching any duty of ~~his~~ the State Treasurer's office; ~~and~~

11 (8) To account for, and pay over, all money received by
12 ~~him~~ the State Treasurer as ~~such~~ treasurer, to ~~his~~ the successor in
13 office, and deliver all books, vouchers, and effects of office to
14 ~~him~~ such successor; and such successor shall receipt therefor. In
15 accounting for and paying over such money the ~~treasurer~~ State
16 Treasurer shall not be held liable on account of any loss
17 occasioned by any investment, when such investment ~~shall have~~ has
18 been made pursuant to the direction of the state investment
19 officer; and

20 (9) To create a centralized system for receipt and
21 deposit of all funds paid to the State of Nebraska. The
22 centralized system shall include a central receiving point for mail
23 and a distribution system for documents received in the mail. Each
24 state agency shall utilize the centralized system as directed by
25 the State Treasurer. Each state agency for which the treasurer
26 performs the receipt and deposit function shall develop a plan for
27 reduction of an equivalent number of employees that formerly
28 performed the similar function for the agency during the fiscal

1 year following assumption of the function by the treasurer.

2 Sec. 4. The Centralized Receipt and Distribution Fund is
3 created. The fund shall be used by the State Treasurer to
4 implement, manage, and maintain the centralized system for receipt
5 and deposit of funds created by the treasurer under section 84-602.
6 Any money in the fund available for investment shall be invested by
7 the state investment officer pursuant to the Nebraska Capital
8 Expansion Act and the Nebraska State Funds Investment Act.

9 Sec. 5. Original sections 81-1111 and 84-602, Reissue
10 Revised Statutes of Nebraska, and section 72-1249.02, Revised
11 Statutes Supplement, 2002, are repealed.