

LEGISLATURE OF NEBRASKA  
ONE HUNDREDTH LEGISLATURE  
FIRST SESSION  
**LEGISLATIVE BILL 27**

Introduced By: Adams, 24;

Read first time: January 4, 2007

Committee: Government, Military and Veterans Affairs

A BILL

1       FOR AN ACT relating to cities and villages; to amend section  
2                   18-2721, Reissue Revised Statutes of Nebraska, and section  
3                   84-304, Revised Statutes Cumulative Supplement, 2006; to  
4       authorize the Auditor of Public Accounts to conduct audits  
5       as prescribed; to harmonize provisions; and to repeal the  
6       original sections.  
7       Be it enacted by the people of the State of Nebraska,

1           Section 1. Section 18-2721 Reissue Revised Statutes of  
2 Nebraska, is amended to read:

3           18-2721. The city shall provide for an annual, outside,  
4 independent audit of its economic development program by a qualified  
5 private auditing business. The auditing business shall not, at the  
6 time of the audit or for any period during the term subject to the  
7 audit, have any contractual or business relationship with any  
8 qualifying business receiving funds or assistance under the economic  
9 development program or any financial institution directly involved  
10 with a qualifying business receiving funds or assistance under the  
11 economic development program. If a qualified private auditing  
12 business cannot be found to conduct the audit because of conflicts of  
13 interest or other reasons, the city may request that the audit of its  
14 economic development program be conducted by the Auditor of Public  
15 Accounts as provided in section 84-304. The results of such audit  
16 shall be filed with the city clerk and made available for public  
17 review during normal business hours.

18           Sec. 2. Section 84-304 Revised Statutes Cumulative  
19 Supplement, 2006, is amended to read:

20           84-304. It shall be the duty of the Auditor of Public  
21 Accounts:

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

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

1           (3) To examine or cause to be examined, at such time as he  
2 or she shall determine, books, accounts, vouchers, records, and  
3 expenditures of all state officers, state bureaus, state boards, state  
4 commissioners, the state library, societies and associations supported  
5 by the state, state institutions, state colleges, and the University  
6 of Nebraska, except when required to be performed by other officers or  
7 persons. Such examinations shall be done in accordance with generally  
8 accepted government auditing standards for financial audits and  
9 attestation engagements set forth in Government Auditing Standards  
10 (2003 Revision), published by the Comptroller General of the United  
11 States, General Accounting Office, and except as provided in  
12 subdivision (12) of this section, subdivision (16) of section 50-1205,  
13 and section 84-322, shall not include performance audits, whether  
14 conducted pursuant to attestation engagements or performance audit  
15 standards as set forth in Government Auditing Standards (2003  
16 Revision), published by the Comptroller General of the United States,  
17 General Accounting Office;

18           (4)(a) To examine or cause to be examined, at the expense of  
19 the political subdivision, when the Auditor of Public Accounts  
20 determines such examination necessary or when requested by the  
21 political subdivision, the books, accounts, vouchers, records, and  
22 expenditures of any agricultural association formed under Chapter 2,  
23 article 20, county agricultural society, joint airport authority  
24 formed under the Joint Airport Authorities Act, city or county airport  
25 authority, bridge commission created pursuant to section 39-868,  
26 cemetery district, development district, drainage district, health  
27 district, local public health department as defined in section

1 71-1626, historical society, hospital authority or district, county  
2 hospital, housing agency as defined in section 71-1575, irrigation  
3 district, county or municipal library, community mental health center,  
4 railroad transportation safety district, rural water district,  
5 township, Wyuka Cemetery, any village, any political subdivision with  
6 the authority to levy a property tax or a toll, or any entity created  
7 pursuant to the Joint Public Agency Act which has separately levied a  
8 property tax based on legal authority for a joint public agency to  
9 levy such a tax independent of the public agencies forming such joint  
10 public agency.

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

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

1 committee of the Legislature, or both;

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

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

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

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

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

19 (8) To conduct audits and related activities for state  
20 agencies, political subdivisions of this state, or grantees of federal  
21 funds disbursed by a receiving agency on a contractual or other basis  
22 for reimbursement to assure proper accounting by all such agencies,  
23 political subdivisions, and grantees for funds appropriated by the  
24 Legislature and federal funds disbursed by any receiving agency. The  
25 auditor may contract with any political subdivision to perform the  
26 audit of such political subdivision required by or provided for in  
27 section 23-1608, 18-2721, or 79-1229 or this section and charge the

1 political subdivision for conducting the audit. The fees charged by  
2 the auditor for conducting audits on a contractual basis shall be in  
3 an amount sufficient to pay the cost of the audit. The fees remitted  
4 to the auditor for such audits and services shall be deposited in the  
5 Auditor of Public Accounts Cash Fund;

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

10 (10) To develop a plan for implementing on-line filing of  
11 budgeted and actual financial information by political subdivisions.  
12 Such plan shall describe the technology and staff resources necessary  
13 to implement on-line filing of such information and the costs of these  
14 resources. Such plan shall be presented to the Clerk of the  
15 Legislature on or before January 15, 2003;

16 (11) To develop and maintain an annual budget and actual  
17 financial information reporting system that is accessible on-line by  
18 the public; and

19 (12) When authorized, to conduct joint audits with the  
20 Legislative Performance Audit Committee as described in section  
21 50-1205.

22 Sec. 3. Original section 18-2721, Reissue Revised Statutes  
23 of Nebraska, and section 84-304, Revised Statutes Cumulative  
24 Supplement, 2006, are repealed.