

LEGISLATURE OF NEBRASKA  
ONE HUNDRED FOURTH LEGISLATURE  
FIRST SESSION

**LEGISLATIVE BILL 487**

Introduced by Schilz, 47.

Read first time January 20, 2015

Committee: Government, Military and Veterans Affairs

- 1 A BILL FOR AN ACT relating to the Auditor of Public Accounts; to amend
- 2 section 84-304, Reissue Revised Statutes of Nebraska; to change the
- 3 duties of the Auditor of Public Accounts as prescribed; to define a
- 4 term; 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 Nebraska, is  
2 amended to read:

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

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

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

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

26 (4)(a) To examine or cause to be examined, at the expense of the  
27 political subdivision, when the Auditor of Public Accounts determines  
28 such examination necessary or when requested by the political  
29 subdivision, the books, accounts, vouchers, records, and expenditures of  
30 any agricultural association formed under Chapter 2, article 20, any  
31 county agricultural society, any joint airport authority formed under the

1 Joint Airport Authorities Act, any city or county airport authority, any  
2 bridge commission created pursuant to section 39-868, any cemetery  
3 district, any development district, any drainage district, any health  
4 district, any local public health department as defined in section  
5 71-1626, any historical society, any hospital authority or district, any  
6 county hospital, any housing agency as defined in section 71-1575, any  
7 irrigation district, any county or municipal library, any community  
8 mental health center, any railroad transportation safety district, any  
9 rural water district, any township, Wyuka Cemetery, the Educational  
10 Service Unit Coordinating Council, any entity created pursuant to the  
11 Interlocal Cooperation Act, ~~which includes either the participation of~~  
12 ~~the Educational Service Unit Coordinating Council or~~ any educational  
13 service unit, any village, any service contractor or subrecipient of  
14 state or federal funds, any political subdivision with the authority to  
15 levy a property tax or a toll, or any entity created pursuant to the  
16 Joint Public Agency Act ~~which has separately levied a property tax based~~  
17 ~~on legal authority for a joint public agency to levy such a tax~~  
18 ~~independent of the public agencies forming such joint public agency.~~

19 For purposes of this subdivision, service contractor or subrecipient  
20 means any entity that expends state or federal funds to carry out a state  
21 or federal program or function, but it does not include an individual who  
22 is a direct beneficiary of such a program or function or a licensed  
23 health care provider or facility receiving direct payment for medical  
24 services provided for a specific individual.

25 (b) The Auditor of Public Accounts may waive the audit requirement  
26 of subdivision (4)(a) of this section upon the submission by the  
27 political subdivision of a written request in a form prescribed by the  
28 auditor. The auditor shall notify the political subdivision in writing of  
29 the approval or denial of the request for a waiver.

30 (c) The Auditor of Public Accounts may conduct audits under this  
31 subdivision for purposes of sections 2-3228, 12-101, 13-2402, 14-567,

1 14-1805.01, 14-2111, 15-1017, 16-1017, 16-1037, 19-3501, 23-1118,  
2 23-3526, and 71-1631.02;

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

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

20 (b) Whenever the expenditures of a fire protection district are one  
21 hundred fifty thousand dollars or less per fiscal year, the fire  
22 protection district shall be audited no more than once every five years  
23 except as directed by the board of directors of the fire protection  
24 district or unless the auditor receives a verifiable report from a third  
25 party indicating any irregularities or misconduct of officers or  
26 employees of the fire protection district, any misappropriation or misuse  
27 of public funds or property, or any improper system or method of  
28 bookkeeping or condition of accounts of the fire protection district. In  
29 the absence of such a report, the auditor may waive the five-year audit  
30 requirement upon the submission of a written request by the fire  
31 protection district in a form prescribed by the auditor. The auditor

1 shall notify the fire protection district in writing of the approval or  
2 denial of a request for waiver of the five-year audit requirement. Upon  
3 approval of the request for waiver of the five-year audit requirement, a  
4 new five-year audit period shall begin.

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

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

27 (8) To conduct audits and related activities for state agencies,  
28 political subdivisions of this state, or grantees of federal funds  
29 disbursed by a receiving agency on a contractual or other basis for  
30 reimbursement to assure proper accounting by all such agencies, political  
31 subdivisions, and grantees for funds appropriated by the Legislature and

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

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

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

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

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