

**ONE HUNDRED FIFTH LEGISLATURE - FIRST SESSION - 2017**  
**COMMITTEE STATEMENT**  
**LB151**

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**Hearing Date:** Thursday January 19, 2017  
**Committee On:** Government, Military and Veterans Affairs  
**Introducer:** Stinner  
**One Liner:** Change and provide for duties of the Auditor of Public Accounts and certain audited entities

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**Roll Call Vote - Final Committee Action:**  
Advanced to General File with amendment(s)

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**Vote Results:**

**Aye:** 8 Senators Blood, Brewer, Briese, Craighead, Hilgers, Lowe, Murante, Wayne  
**Nay:**  
**Absent:**  
**Present Not Voting:**

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**Verbal Testimony:**

**Proponents:**

Senator John Stinner  
Russ Karpisek

**Representing:**

Introducer  
Auditor of Public Accounts

**Opponents:**

**Representing:**

**Neutral:**

Carolyn Murphy  
Michael Justus

**Representing:**

Nebraska State College System  
University of Nebraska

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**Summary of purpose and/or changes:**

LB 151 requires entities audited or examined by the Auditor of Public Accounts to provide the Auditor a written description of any corrective action taken to be taken in response to the Auditor's comments and recommendations. The description must be provided to the Auditor within 6 months of the Auditor's issuance of comments or recommendations pursuant to the audit or examination. The Auditor has the authority to investigate and evaluate the corrective action at the expense of the entity. The Auditor must then submit a report of its comments and recommendations and its evaluation of the corrective action to the Governor, the appropriate standing committee of the Legislature, and the Appropriations Committee of the Legislature as enumerated.

It also eliminates a redundant provision.

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**Explanation of amendments:**

AM 334 amends LB 151 to exempt the state colleges and the University of Nebraska, eliminate the requirement that the investigation and evaluation be at the expense of the entity, and to make LB 151 the omnibus bill for bills concerning the Auditor of Public Accounts. It includes the following bills:

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## LB 27

The first provision of LB 27 relates to certain annual reports governing bodies are required to file with the Auditor of Public Accounts:

Section 13-513 (Cum. Supp. 2014) currently directs each specified governing body to provide the Auditor annually with requested information regarding "(1) trade names, corporate names, or other business names under which the governing body operates and (2) agreements to which the governing body is a party under the Interlocal Cooperation Act and the Joint Public Agency Act." Although the law requires the governing body to make such information available to the Auditor on or before September 20, no penalty exists for failure to comply.

- Under LB 27, a \$20 daily penalty, not to exceed \$2,000 per delinquency, would be withheld from the next State Aid payment to any noncompliant governing body for each thirty days past the December 31 deadline that the entity's requested information is delinquent. The withholdings would begin after the Auditor provides notice to the governing body of the delinquency and a 30-day grace period has passed.

- Any governing body that fails to make a timely filing of the information required under Section 13-513 would also be subject to discretionary audit by the Auditor and be responsible for the cost of any such audit.

- A 14% per annum interest rate would be assessed from the date of billing on delinquent payments of any fees for audits and services owed to the Auditor unless paid within 30 days from the date of billing. For an entity created pursuant to the Interlocal Cooperation Act or the Joint Public Agency Act, the participating public agencies would be jointly and severally liable for any fees and interest owed to the Auditor if such entity should be defunct or unable to pay.

The second provision of LB 27 amends Section 84-304(7) to allow the Auditor to appoint more than two assistant deputies.

The third provision amends Section 81-1348 by changing the requirement that the Auditor of Public Accounts serve on the Suggestion Award Board. The bill would require the Auditor or his to her designee serve of the board, rather than the Auditor specifically.

It also amends Section 84-311 to allow the Auditor of Public Accounts to share working papers with the IRS, Tax Commissioner, FBI, NADC, and a law enforcement agency as defined in Section 28-359 at the Auditor's discretion, during an ongoing audit or after a final audit report is issued. The Auditor may share the same, other than personal information and telephone records, with the Legislative Council, at the Auditor's discretion, subject to the same timing restrictions. The amendment version does not include the timesheet provision that was in the original bill.

The fourth provision amends Sections 73-506 and 81-1118 to prevent state agencies and the state purchasing bureau from amending contracts to extend in duration for more than 50% of the initial contract term, and prevent more than one permissible contract duration amendment. It does not prohibit the exercise of a renewal option expressly provided for in the original contract.

## LB 89

LB 89 clarifies the number of days before a public hearing on a proposed budget statement that a governing body, including fire protection districts, must give notice of the hearing from five days to four calendar days.

## LB 90

LB 90 requires public entities to provide suitable accommodations, as enumerated, to an employee of the Auditor of Public Accounts when the employee is conducting an audit of the public entity.

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John Murante, Chairperson