

Delete Article 2E beginning on page 57 and replace with the following:

SECTION 2E.01. The heading to Section 391.009, Local Government Code, is amended to read as follows:

Sec. 391.009. ROLE OF STATE AUDITOR, GOVERNOR, AND STATE AGENCIES.

SECTION 2E.02. Section 391.009, Local Government Code, is amended by amending Subsection (a) and adding Subsections (a-1) and (a-2) to read as follows:

(a) To protect the public interest and ~~[or]~~ promote the efficient use of public funds, the governor, with the technical assistance of the state auditor, may draft and ~~[shall]~~ adopt:

(1) rules relating to the operation and oversight of a commission;

(2) rules relating to the receipt or expenditure of funds by a commission, including:

(A) restrictions on the expenditure of any portion of commission funds for certain classes of expenses; and

(B) restrictions on the maximum amount of or percentage of commission funds that may be expended on a class of expenses, including indirect costs or travel expenses;

(3) annual reporting requirements for a commission;

(4) annual audit requirements on funds received or expended by a commission from any source;

(5) rules relating to the establishment and use of standards by which the productivity and performance of each commission can be evaluated; and

(6) guidelines that commissions and governmental units shall follow in carrying out the provisions of this chapter relating to review and comment procedures.

(a-1) The governor may draft and adopt rules under Subsection (a) using negotiated rulemaking procedures under Chapter 2008, Government Code.

(a-2) Based on a risk assessment performed by the state auditor and subject to the legislative audit committee's approval for inclusion in the audit plan under Section 321.013, Government Code, the state auditor's office shall assist the governor as

provided by Subsection (a).

SECTION 2E.03. Section 391.0095, Local Government Code, is amended to read as follows:

Sec. 391.0095. AUDIT AND REPORTING REQUIREMENTS. (a) The audit and reporting requirements under Section 391.009(a) shall include a requirement that a commission annually report to the state auditor [~~governor~~]:

(1) the amount and source of funds received by the commission;

(2) the amount and source of funds expended by the commission;

(3) an explanation of any method used by the commission to compute an expense of the commission, including computation of any indirect cost of the commission;

(4) a report of the commission's productivity and performance during the annual reporting period;

(5) a projection of the commission's productivity and performance during the next annual reporting period;

(6) the results of an audit of the commission's affairs prepared by an independent certified public accountant; and

(7) a report of any assets disposed of by the commission.

(b) The annual audit of a commission may be commissioned [~~by the governor's office or~~] by the commission or at the direction of the governor's office, as determined by the governor's office, and shall be paid for from the commission's funds.

(c) A commission shall submit any other report or an audit to the state auditor and [~~required by~~] the governor.

(d) If a commission fails to submit a report or audit required under this section or is determined by the state auditor [~~governor~~] to have failed to comply with a rule, requirement, or guideline adopted under Section 391.009, the state auditor shall report the failure to the governor's office. The governor may, until the failure is corrected:

(1) appoint a receiver to operate or oversee the commission; or

(2) withhold any appropriated funds of the commission.

(e) A commission shall send to the governor, the state auditor, the comptroller, and the Legislative Budget Board a copy of each report and audit required under this section or under Section 391.009. Subject to a risk assessment performed by the state auditor and to the legislative audit committee's approval for inclusion in the audit plan under Section 321.013, Government Code, ~~the~~ [The] state auditor may ~~[shall]~~ review each audit and report. If the state auditor reviews an audit or report, the state auditor ~~[and]~~ must be given access to working papers and other supporting documentation that the state auditor determines is necessary to perform the review. If the state auditor finds significant issues involving the administration or operation of a commission or its programs, the state auditor shall report its findings and related recommendations to the legislative audit committee, the governor, and the commission. The governor and the legislative audit committee may direct the commission to prepare a corrective action plan or other response to the state auditor's findings or recommendations. The legislative audit committee may direct the state auditor to perform any additional audit or investigative work that the committee determines is necessary.

SECTION 2E.04. Subsection (e), Section 391.0117, Local Government Code, is amended to read as follows:

(e) A commission shall submit to the state auditor ~~[governor]~~ the commission's salary schedule, including the salaries of all exempt positions, not later than the 45th day before the date of the beginning of the commission's fiscal year. If the state auditor, subject to the legislative audit committee's approval for inclusion in the audit plan under Section 321.013, Government Code, has recommendations to improve ~~[governor objects to]~~ a commission's salary schedule or a portion of the schedule, the state auditor shall report the recommendations to the governor's office. The governor's office may not allow the portion of the schedule for which ~~[that]~~ the state auditor has recommendations to ~~[governor objects to may not]~~ go into effect until revisions or explanations are given that are satisfactory to the governor based on recommendations from the state auditor ~~[and the governor approves that portion of the schedule]~~.

SECTION 2E.05. On the effective date of this Act, a rule, requirement, or guideline adopted by the governor relating to the oversight of regional planning commissions remains in effect until amended or repealed by the governor.