

BILL ANALYSIS

C.S.H.B. 3024
By: Casteel
Government Reform
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Local governments, especially those with multiple state funding sources, must comply with many state reporting and auditing requirements. Over time, these requirements have become duplicative and lack a coherent underlying scheme to provide just the information that is necessary to those who need to see it. This bill is aimed at developing a more uniform and logical reporting structure for local governments and, by doing so, reducing cost and waste in the use of taxpayer dollars. It encourages pre-planning of audit requirements and greater reliance on single audits by independent auditors of multiple programs within a local government.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

SECTION 1. Amends Chapter 783, Government Code, by adding Section 783.010, as follows:

Sec. 783.010. STATE AGENCY REPORTING AND AUDITING COORDINATION.

- (a) Mandates that state agencies requiring reports of local governments must review those requirements every second year of the biennium to simplify requirements and to eliminate unnecessary or overly burdensome reports.
- (b) Based on the results of these reviews, requires these state agencies to recommend to the Legislature statutory changes to minimize paperwork and better utilize public funds.
- (c) Prohibits state agencies from requiring local governments to submit reports not required by law, rule or performance measures.
- (d) Requires that, unless necessary to further protect public funds, state agencies must: accept, and not duplicate with state funds, independent audits of local governments performed by qualified personnel; specify any unique auditing requirements placed on the local government when a contract or grant is approved; and , as may be allowed by law or rule, pay for costs incurred by a local government to comply with any unique or special auditing requirements not commonly required.
- (e) Clarifies that the provisions of the bill are not intended to limit the authority of a state agency to monitor or audit a local government's expenditure of contract or grant funds.
- (f) Provides that the state auditor may audit for compliance with the bill.

SECTION 2. Effective Date.

EFFECTIVE DATE

Upon passage, or if the Act does not receive the necessary vote, the Act takes effect September 1, 2003.

COMPARISON OF ORIGINAL TO SUBSTITUTE

C.S.H.B. 3024 modifies the original version of the bill by requiring state agencies to review reporting requirements that they place on local governments from the additional perspective of simplifying the reporting requirements. The original version of the bill spoke only to determining unnecessary, duplicative, or overly burdensome requirements.

C.S.H.B. 3024 modifies the original version of the bill in several locations by making a grammatical wording change to refer to “a state agency,” rather than “state agencies.”

C.S.H.B. 3024 modifies the original version of the bill by requiring state agency recommendations resulting from a review of reporting requirements to be forwarded to the Legislature. The original version required agencies to report the results of the review to the state auditor, along with any statutory recommendations the agencies might have.

C.S.H.B. 3024 modifies the original version of the bill by specifying that provisions to achieve greater efficiency in the expenditure of audit funds shall apply except when further protection of public funds is shown as necessary. The exception was not present in the original version.

C.S.H.B. 3024 modifies the original version of the bill by specifying that contract or grant provisions requiring payment of unique audit requirements placed on a local government be incorporated “as may be allowed by law or rule.” This limiting language was not contained in the original bill. In addition, the substitute clarifies that the payments are for costs incurred by the local government in complying with unique audit requirements. The original bill did not specify that payments were for these incurred costs.

C.S.H.B. 3024 modifies the original version of the bill by adding a new provision clarifying that none of the bill’s provisions are intended to limit a state agency’s authority to monitor or audit a local government’s expenditure of state or federal grant funds.

C.S.H.B. 3024 modifies the original version of the bill by stating that the state auditor may audit for compliance with the bill’s provisions. The original version required the state auditor to report to the Legislature and the Governor each biennium on state agency compliance with the bill.