

AN ACT

relating to the powers and duties of the state auditor in connection with state contracts.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 321.020(a), Government Code, is amended to read as follows:

(a) Notwithstanding any other law, a state agency, or a corporation that is dedicated to the benefit of a state agency and that meets the criteria specified by Section B, Article 2.23B, Texas Non-Profit Corporation Act (Article 1396-2.23B, Vernon's Texas Civil Statutes), may employ a private auditor to audit the state agency or corporation only if:

(1) the agency or corporation is authorized to contract with a private auditor [~~do so by law or~~] through a delegation of authority from the state auditor;

(2) the scope of the proposed audit has been submitted to the state auditor for review and comment; and

(3) the services of the private auditor are procured through a competitive selection process in a manner allowed by law.

SECTION 2. Section 2262.003(a), Government Code, is amended to read as follows:

(a) Each state agency shall include in each of its contracts a term that provides that:

(1) the state auditor may conduct an audit or

1 investigation of any entity receiving funds from the state directly
2 under the contract or indirectly through a subcontract under the
3 contract; ~~and~~

4 (2) acceptance of funds directly under the contract or
5 indirectly through a subcontract under the contract acts as
6 acceptance of the authority of the state auditor, under the
7 direction of the legislative audit committee, to conduct an audit
8 or investigation in connection with those funds; and

9 (3) under the direction of the legislative audit
10 committee, an entity that is the subject of an audit or
11 investigation by the state auditor must provide the state auditor
12 with access to any information the state auditor considers relevant
13 to the investigation or audit.

14 SECTION 3. The change in law made by this Act to Section
15 321.020(a), Government Code, applies only to a contract that is
16 entered into, amended, extended, or renewed on or after the
17 effective date of this Act.

18 SECTION 4. This Act takes effect immediately if it receives
19 a vote of two-thirds of all the members elected to each house, as
20 provided by Section 39, Article III, Texas Constitution. If this
21 Act does not receive the vote necessary for immediate effect, this
22 Act takes effect September 1, 2005.

President of the Senate

Speaker of the House

I certify that H.B. No. 905 was passed by the House on May 4, 2005, by the following vote: Yeas 142, Nays 0, 1 present, not voting; that the House refused to concur in Senate amendments to H.B. No. 905 on May 23, 2005, and requested the appointment of a conference committee to consider the differences between the two houses; and that the House adopted the conference committee report on H.B. No. 905 on May 28, 2005, by the following vote: Yeas 144, Nays 0, 1 present, not voting.

Chief Clerk of the House

H.B. No. 905

I certify that H.B. No. 905 was passed by the Senate, with amendments, on May 20, 2005, by the following vote: Yeas 31, Nays 0; at the request of the House, the Senate appointed a conference committee to consider the differences between the two houses; and that the Senate adopted the conference committee report on H.B. No. 905 on May 28, 2005, by the following vote: Yeas 31, Nays 0.

Secretary of the Senate

APPROVED: _____

Date

Governor