

1-1 By: Stucky (Senate Sponsor - Birdwell) H.B. No. 2042
 1-2 (In the Senate - Received from the House May 6, 2019;
 1-3 May 8, 2019, read first time and referred to Committee on Business
 1-4 & Commerce; May 19, 2019, reported favorably by the following vote:
 1-5 Yeas 7, Nays 0; May 19, 2019, sent to printer.)

1-6 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-7 Hancock	X			
1-8 Nichols	X			
1-9 Campbell	X			
1-10 Creighton			X	
1-11 Menéndez	X			
1-12 Paxton	X			
1-13 Schwertner	X			
1-14 Whitmire			X	
1-15 Zaffirini	X			

1-17 A BILL TO BE ENTITLED
 1-18 AN ACT

1-19 relating to postpayment audits conducted by the comptroller and
 1-20 annual financial reports submitted by state agencies.

1-21 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-22 SECTION 1. Section 403.071, Government Code, is amended by
 1-23 amending Subsections (g) and (h) and adding Subsections (i) and (j)
 1-24 to read as follows:

1-25 (g) Notwithstanding Subsection (a), the comptroller ~~[and a~~
 1-26 ~~state agency]~~ may ~~[contract in writing for the comptroller to]~~
 1-27 audit claims presented by the state agency after the comptroller
 1-28 prepares warrants or uses the electronic funds transfer system to
 1-29 pay the claims. ~~[If the comptroller and a state agency execute a~~
 1-30 ~~contract, the comptroller may decide the types of claims that will~~
 1-31 ~~be audited after payment.]~~

1-32 (h) ~~[This subsection applies if the comptroller and a state~~
 1-33 ~~agency have contracted in accordance with Subsection (g). The~~
 1-34 ~~comptroller shall audit claims after payment in the same way that~~
 1-35 ~~the comptroller audits claims before payment under Subsection (a).]~~

1-36 The comptroller may establish requirements and adopt rules
 1-37 concerning the time that a state agency must retain documentation
 1-38 in its files to enable a postpayment audit. If a postpayment audit
 1-39 by the comptroller shows that a claim presented by a state agency
 1-40 was invalid, the comptroller may:

1-41 (1) implement procedures to ensure that similar
 1-42 invalid claims from the state agency are not paid in the future;

1-43 (2) report to the governor, the lieutenant governor,
 1-44 the speaker of the house of representatives, the state auditor, and
 1-45 the Legislative Budget Board the results of the audit;

1-46 (3) require the state agency to obtain a refund of the
 1-47 monies from the payee; and

1-48 (4) ~~[cancel the contract with the state agency; and~~
 1-49 ~~[-5-]]~~ reduce the state agency's remaining
 1-50 appropriations by the amount of the claim.

1-51 (i) The comptroller may access the books, accounts,
 1-52 confidential or nonconfidential reports, vouchers, electronic
 1-53 data, or other records or information of a state agency subject to a
 1-54 postpayment audit. If information may not be released under
 1-55 federal law, the comptroller may not access the information without
 1-56 approval of the appropriate federal agency.

1-57 (j) The comptroller shall use reasonable efforts to avoid
 1-58 hindering the daily operations of a state agency subject to a
 1-59 postpayment audit by coordinating requests for access to books,
 1-60 accounts, reports, vouchers, electronic data, or other records or
 1-61 information of the audited agency.

2-1 SECTION 2. Section 2101.011(c), Government Code, is amended
2-2 to read as follows:

2-3 (c) A state agency's annual financial report must include
2-4 information on [~~a detailed statement of~~] all assets, liabilities,
2-5 and fund balances, including:

2-6 (1) cash on hand and on deposit in banks and accounts
2-7 in the state treasury;

2-8 (2) [~~the value of consumable supplies and postage,~~
2-9 [~~(3)~~] the value of the agency's inventory of movable
2-10 equipment and other fixed assets;

2-11 (3) [~~(4) all other assets,~~
2-12 [~~(5)~~] an itemization of the investments, bonds, notes,
2-13 and other securities owned by any special funds under the agency's
2-14 jurisdiction, including the amount and value of the securities;

2-15 (4) [~~(6)~~] all money due the agency from any source;

2-16 (5) [~~(7)~~] all outstanding commitments of the agency,
2-17 including amounts due for services or goods received by the agency;

2-18 (6) [~~(8)~~] a summary by source of all revenue collected
2-19 or accruing through the agency;

2-20 (7) [~~(9)~~] a summary of all appropriations,
2-21 expenditures, bona fide encumbrances, and other disbursements by
2-22 the agency; and

2-23 (8) [~~(10)~~] any other financial information requested
2-24 by the comptroller.

2-25 SECTION 3. Section 2101.012(b), Government Code, is amended
2-26 to read as follows:

2-27 (b) The procedures must [~~+~~

2-28 [~~(1) comply with generally accepted accounting~~
2-29 ~~principles as established by the Governmental Accounting Standards~~
2-30 ~~Board and the American Institute of Certified Public Accountants or~~
2-31 ~~their successors; and~~

2-32 [(2)] include the requirements for compliance with the
2-33 federal Single Audit Act of 1984 and Office of Management and Budget
2-34 Circular A-133 and any subsequent changes or amendments that will
2-35 fulfill the audit requirements for a statewide single audit.

2-36 SECTION 4. Sections 403.071(i) and (j), Government Code, as
2-37 added by this Act, apply to a postpayment audit initiated on or
2-38 after the effective date of this Act. A postpayment audit initiated
2-39 before the effective date of this Act is governed by the law in
2-40 effect on the date the audit is initiated, and the former law is
2-41 continued in effect for that purpose.

2-42 SECTION 5. This Act takes effect September 1, 2019.

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