

BILL ANALYSIS

C.S.S.B. 1544
By: Kolkhorst
County Affairs
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Interested parties note the need to revise provisions relating to audit and reporting requirements for regional planning commissions to provide for better efficiency and transparency. C.S.S.B. 1544 seeks to address this need by making such revisions.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

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

C.S.S.B. 1544 amends the Local Government Code to specify that the annual reporting of a regional planning commission to the state auditor as required by the governor's audit and reporting requirements for such a commission pertains to the commission's preceding fiscal year or next fiscal year, as applicable. The bill specifies that the information regarding the amount and source of funds expended by a commission that the commission is required to report includes, for each commission program for which an expenditure is made, the name and description of the program and the amount approved by the commission's governing board and spent for each eligible governmental unit. The bill prohibits a receiver appointed by the governor to operate or oversee a commission that fails to submit an applicable required report or audit or that is determined by the state auditor to have failed to comply with an applicable rule, requirement, or guideline, and prohibits the commission, from spending any of the commission's funds without approval of the receiver until the failure is corrected. The bill includes among the entities to whom a commission is required to send a copy of each applicable required report and audit the members of the legislature that represent a district located wholly or partly in the region of the commission and each participating governmental unit in the region. The bill requires a commission's website home page to contain a prominently placed direct link to the most recent applicable required report and audit.

EFFECTIVE DATE

September 1, 2017.

COMPARISON OF SENATE ENGROSSED AND SUBSTITUTE

While C.S.S.B. 1544 may differ from the engrossed in minor or nonsubstantive ways, the following comparison is organized and formatted in a manner that indicates the substantial

differences between the engrossed and committee substitute versions of the bill.

SENATE ENGROSSED

SECTION 1. Section 391.0095, Local Government Code, is amended by amending Subsections (a), (d), and (e) and adding Subsections (c-1), (d-1), and (f) to read as follows:

(a) The audit and reporting requirements under Section 391.009(a) shall include a requirement that a commission annually report to the state auditor:

(1) the amount and source of funds received by the commission during the commission's preceding fiscal year;

(2) the amount and source of funds expended by the commission during the commission's preceding fiscal year, including, for each commission program for which an expenditure is made:

(A) a description of the program;

(B) the name of the program and the name of each eligible recipient, governmental unit, or other person who received funds approved by the governing body of the commission under the program; and

(C) the amount spent for each eligible governmental unit;

(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 commission's preceding fiscal year [~~annual reporting period~~];

(5) a projection of the commission's productivity and performance during the commission's next fiscal year [~~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 during the commission's preceding fiscal year.

(c-1) The report submitted under this section shall note any governmental units that are ineligible to receive money under a commission program.

(d) If a commission fails to submit a report or audit as required under this section or is determined by the state auditor to have

HOUSE COMMITTEE SUBSTITUTE

SECTION 1. Section 391.0095, Local Government Code, is amended by amending Subsections (a), (d), and (e) and adding Subsections (d-1) and (f) to read as follows:

(a) The audit and reporting requirements under Section 391.009(a) shall include a requirement that a commission annually report to the state auditor:

(1) the amount and source of funds received by the commission during the commission's preceding fiscal year;

(2) the amount and source of funds expended by the commission during the commission's preceding fiscal year, including, for each commission program for which an expenditure is made:

(A) the name and description of the program; and

(B) the amount approved by the governing board of the commission and spent for each eligible governmental unit;

(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 commission's preceding fiscal year [~~annual reporting period~~];

(5) a projection of the commission's productivity and performance during the commission's next fiscal year [~~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 during the commission's preceding fiscal year.

(d) If a commission fails to submit a report or audit as required under this section or is determined by the state auditor 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.

(d-1) If the governor appoints a receiver under Subsection (d)(1), the receiver or the commission may not spend any of the commission's funds until the failure is corrected.

(e) A commission shall send to the governor, the state auditor, the comptroller, the members of the legislature that represent a district located wholly or partly in the region of the commission, each participating governmental unit in the region, and the Legislative Budget Board a copy of each report and audit required under this section or under Section 391.009. The state auditor may review each audit and report, subject to a risk assessment performed by the state auditor and to the legislative audit committee's approval of including the review in the audit plan under Section 321.013, Government Code. If the state auditor reviews the audit or report, the state auditor 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.

(f) A commission's Internet website home page must contain a prominently placed direct link to the most recent report and audit required under this section.

SECTION 2. This Act takes effect

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.

(d-1) If the governor appoints a receiver under Subsection (d)(1), the receiver or the commission may not spend any of the commission's funds without approval of the receiver until the failure is corrected.

(e) A commission shall send to the governor, the state auditor, the comptroller, the members of the legislature that represent a district located wholly or partly in the region of the commission, each participating governmental unit in the region, and the Legislative Budget Board a copy of each report and audit required under this section or under Section 391.009. The state auditor may review each audit and report, subject to a risk assessment performed by the state auditor and to the legislative audit committee's approval of including the review in the audit plan under Section 321.013, Government Code. If the state auditor reviews the audit or report, the state auditor 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.

(f) A commission's Internet website home page must contain a prominently placed direct link to the most recent report and audit required under this section.

SECTION 2. Same as engrossed version.

September 1, 2017.

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