

SUBJECT: Public disclosure exception for audit working papers

COMMITTEE: State Affairs — favorable, without amendment

VOTE: 8 ayes — Swinford, Paxton, Van Arsdale, Christian, B. Cook, Flynn, Parker, Veasey

0 nays

1 absent — Farrar

SENATE VOTE: On final passage, May 8 — 31-0, on Local and Uncontested Calendar

WITNESSES: (*On House companion bill, HB 3649 by Allen:*)
For — Pat Reddin, Round Rock ISD; (*Registered, but did not testify:* Ramiro Canales, Texas Association of School Administrators; Mark Estrada and Barry M. Hertz, Houston ISD; Leslie James, Fort Worth ISD; Ruben Longoria, Texas Association of School Boards; Judy Roach, Austin ISD)

Against — (*Registered, but did not testify:* Edward Sterling, Texas Press Association and Texas Daily Newspaper Association)

On — None

BACKGROUND: Government Code, ch. 552, also known as the Public Information Act, provides for public access to records maintained by state and local government. Under sec. 552.116, audit working papers of an auditor of a city, county, state agency, a joint board operating an airport, or public institution of higher education are excepted from disclosure. The section defines an audit as an audit authorized or required by a statute of this state or the United States.

DIGEST: SB 1854 would add school districts to the list of entities for which audit working papers were excepted from disclosure under the Public Information Act. It would expand the definition of “audit” in Government Code, sec. 552.116 to include audits authorized or required by a resolution or other action of a board of trustees of a school district.

The bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2007, and would apply to audit working papers created both before and after that date.

**SUPPORTERS
SAY:**

SB 1854 appropriately would exclude audit working papers of a school district from public disclosure to ensure the preparation of the most comprehensive and honest audits possible. Excluding working papers from disclosure would create an environment of full and open communication between the auditor and the school district under review. The bill would not limit the public's ability to oversee the district's actions because the audit, as well as information about the receipt and expenditure of public funds, would remain available to the public.

Audit working papers often are excepted from the provisions of the Public Information Act because their release can reveal the specific methods of auditors, as well as the specialties of particular auditors in larger offices. Such information can be used by an entity under review to determine the likely subject of future audits and to hide or distort information that the auditor may seek.

**OPPONENTS
SAY:**

The public should have full and open access to audit working papers in order to monitor the process and the use of public funds. Final audit reports are not sufficient for this purpose because what appears in a final report may be influenced by political pressure or a conflict of interest. Only by guaranteeing public access to these working papers can citizens ensure that the audit process has been impartial and taxpayer money has been used properly.

Allowing for more exemptions only further weakens the Public Information Act and would create an additional hurdle for the public seeking access to public information.

NOTES:

The identical companion bill, HB 3649 by Allen, was reported favorably without amendment by the House State Affairs Committee on April 25.