

First Extraordinary Session, 2005

SENATE BILL NO. 3

BY SENATORS SCHEDLER, BARHAM, BOASSO, CAIN, DARDENNE, HOLLIS, KOSTELKA, LENTINI, MALONE, MICHOT, QUINN, ROMERO AND THEUNISSEN AND REPRESENTATIVES ALEXANDER, BEARD, BOWLER, BRUNEAU, BURNS, CROWE, DOVE, DOWNS, ERDEY, GEYMANN, GREENE, HUTTER, JOHNS, KATZ, KENNARD, KLECKLEY, LABRUZZO, LAMBERT, LANCASTER, MARTINY, MCVEA, MORRISH, PITRE, T. POWELL, M. POWELL, SCALISE, SCHNEIDER, SMILEY, JANE SMITH, STRAIN, TOOMY, TRAHAN, TUCKER, WADDELL, WALSWORTH, WHITE AND WINSTON

FISCAL CONTROLS. Provides for an extension of time to various governmental entities relative to the preparation of certain financial documents in the event of a disaster or emergency as declared by the governor. (gov sig)

1 AN ACT

2 To amend and reenact R.S. 24:513(A)(5)(a) and 514(E) and (F), all relative to audit reports
3 and financial statements of certain governmental entities; to provide for an extension
4 of time relative to the completion of audit reports and financial statements in the
5 event of certain disasters or emergencies; to provide for effectiveness provisions; and
6 to provide for related matters.

7 Be it enacted by the Legislature of Louisiana:

8 Section 1. R.S. 24:513(A)(5)(a) and 514(E) and (F) are hereby amended and
9 reenacted to read as follows:

10 §513. Powers and duties of legislative auditor; audit reports as public records;
11 assistance and opinions of attorney general; frequency of audits;
12 subpoena power

13 A. * * *

14 (5)(a)(i) In lieu of examinations of the records and accounts of any office
15 subject to audit or review by the legislative auditor, the legislative auditor may, at
16 his discretion, accept an audit or review report prepared by a licensed certified public
17 accountant, provided that such audit or review is performed in accordance with

1 generally accepted governmental auditing standards and the Louisiana Governmental
 2 Audit Guide, which is to be jointly published by the legislative auditor and the
 3 Society of Louisiana Certified Public Accountant's Governmental Accounting and
 4 Auditing Committee, and further provided that the legislative auditor has approved
 5 the engagement letter in accordance with this Section. The Louisiana Governmental
 6 Audit Guide is a standard for audits and reviews of auditees within Louisiana and
 7 shall be produced by the society and the legislative auditor, with input from the
 8 Louisiana Municipal Association, the Louisiana Police Jury Association, the
 9 Louisiana School Board Association, and any other interested parties. Such audits
 10 shall be completed within six months of the close of the entity's fiscal year. Reviews
 11 shall be conducted in accordance with the authoritative pronouncements issued by
 12 the American Institute of Certified Public Accountants and guidance provided in the
 13 Louisiana Governmental Audit Guide. For the limited purpose of providing the
 14 audits and reviews as provided in this Subsection, the certified public accountant
 15 shall have the access and assistance privileges afforded the legislative auditor in R.S.
 16 24:513(E) and (H). However, the certified public accountant shall comply with any
 17 and all restrictions imposed by law on documents, data, or information deemed
 18 confidential by law and furnished to the certified public accountant during the course
 19 of the audit or review.

20 **(ii) At any time after a disaster or emergency is declared under the**
 21 **provisions of R.S. 29:724(B)(1) which prevents an entity from completing its**
 22 **report within the period prescribed in R.S. 24:513(A)(5)(i), the entity may ask**
 23 **the legislative auditor in writing for an extension of time to complete the report.**
 24 **The legislative auditor may approve the request at his discretion, subject to the**
 25 **approval of the Legislative Audit Advisory Council.**

26 * * *

27 §514. Sworn annual financial statements; actuarial valuations; examinations

28 * * *

29 E.**(1)** The annual sworn financial statements required under Subsection A of

1 this Section shall be furnished to the legislative auditor between the first and
2 ninetieth day following the close of the accounting year, provided that individual
3 state agencies shall file annual financial statements within the time frame prescribed
4 by the commissioner of administration.

5 **(2) At any time after a disaster or emergency is declared under the**
6 **provisions of R.S. 29:724(B)(1) which prevents a local auditee or quasi-public**
7 **agency from finishing sworn annual financial statements to the legislative**
8 **auditor within the period prescribed in R.S. 24:514(E)(1), the local auditee or**
9 **quasi-public agency may ask the legislative auditor in writing for an extension**
10 **of time to complete the financial statements. The legislative auditor may**
11 **approve the request at his discretion, subject to the approval of the Legislative**
12 **Audit Advisory Council.**

13 F.(1) The annual sworn financial statements required under the provisions of
14 this Section shall not be filed by the reporting agency if the agency has filed an
15 approved engagement agreement with the legislative auditor within sixty days of the
16 close of the fiscal year to conduct an audit of its funds by a certified public
17 accountant, the legislative auditor has approved the terms and conditions of the
18 engagement agreement as authorized by R.S. 24:513, and the engagement agreement
19 includes the period of the required report; provided however, when such agreement
20 is for multiple fiscal years, financial statements must be submitted for the interim
21 fiscal year.

22 **(2) At any time after a disaster or emergency is declared under the**
23 **provisions of R.S. 29:724(B)(1) which prevents a local auditee or quasi-public**
24 **agency from filing an approved engagement agreement with the legislative**
25 **auditor within the period prescribed in R.S. 24:514(F)(1), the local auditee or**
26 **quasi-public agency may ask the legislative auditor in writing for an extension**
27 **of time to file the engagement agreement. The legislative auditor may approve**
28 **the request at his discretion, subject to the approval of the Legislative Audit**
29 **Advisory Council.**

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Section 2. This Act shall become effective upon signature by the governor or, if not signed by the governor, upon expiration of the time for bills to become law without signature by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If vetoed by the governor and subsequently approved by the legislature, this Act shall become effective on the day following such approval.

The original instrument and the following digest, which constitutes no part of the legislative instrument, were prepared by Jay R. Lueckel.

DIGEST

Schedler (SB 3)

Present law provides for the examination requirements and submission of audits by entities subject to review by the legislative auditor. Specifically requires that audits shall be submitted within six months of the close of the auditee's fiscal year.

Proposed law retains provisions of present law and further provides that at any time after an emergency or disaster is declared under the provisions of the Louisiana Homeland Security Act which disaster prevents an auditee from completing its audit within the allotted time, the auditee may request, in writing, an extension. Such extension may be approved by the legislative auditor at his discretion, subject to approval by the Legislative Audit Advisory Council.

Present law provides for submission to the legislative auditor of sworn financial statements and filing of engagement agreements by certain local auditees or quasi-public agencies. Requires submission of financial statements between the first and ninetieth day following the close of the accounting year and provides for submission of engagement agreements.

Proposed law retains provisions of present law and further provides that at any time after an emergency or disaster is declared under the provisions of the Louisiana Homeland Security Act which disaster prevents a local entity or quasi-public agency from finishing its statements within the allotted time or prevents the entity from filing an engagement agreement within the prescribed period, the local entity or quasi-public agency may request, in writing, an extension. Such extension may be approved by the legislative auditor at his discretion, subject to approval by the Legislative Audit Advisory Council.

Effective upon signature of the governor or lapse of time for gubernatorial action.

(Amends R.S. 24:513(A)(5)(a) and 514(E) and (F))