

2020 Regular Session

SENATE BILL NO. 157

BY SENATOR WOMACK

FISCAL CONTROLS. Provides relative to audit requirements for recipients of state funds.  
(7/1/20)

1 AN ACT

2 To amend and reenact R.S. 39:72.1(A), and to enact R.S. 39:72.1(D), relative to certain  
3 appropriations; to provide authorization for the payment of outstanding contracts in  
4 certain circumstances; to provide relative to the audit requirements for the recipients  
5 of certain state funds; to provide for an effective date; and to provide for related  
6 matters.

7 Be it enacted by the Legislature of Louisiana:

8 Section 1. R.S. 39:72.1(A) is hereby amended and reenacted, and R.S. 39:72.1(D)  
9 is hereby enacted to read as follows:

10 §72.1. Compliance with audit requirements

11 A.(1) Notwithstanding any contrary provision of law, no funds appropriated  
12 **directly or indirectly** in the general appropriations act, the capital outlay act, or  
13 other appropriation act, **or awarded from the Louisiana Department of Health**  
14 **Drinking Water Revolving Loan Fund, the Louisiana Department of**  
15 **Environmental Quality Clean Water State Revolving Fund, or from Office of**  
16 **Community Development programs for Community Development Block**  
17 **Grants, Louisiana Community Development Block Grants, Local Government**

1 Assistance Program, Disaster Recovery grants, the Community Water  
 2 Enrichment Fund, or similar programs, shall be released or provided to any  
 3 recipient of an appropriation if, when, and for as long as, the recipient fails or refuses  
 4 to comply with the provisions of R.S. 24:513.

5 (2) No public entity that has failed or refused to comply with the provisions  
 6 of R.S. 24:513 shall let any contract, including a public contract, that utilizes any  
 7 state funds, whether received through direct appropriation, ~~or~~ through transfer or  
 8 grant from another public entity, or whose funding relies upon the full faith and  
 9 credit of the state. For the purposes of this Paragraph, the terms "public entity" and  
 10 "public contract" shall be defined as in R.S. 38:2211(A), and the term "state funds"  
 11 shall also include any federal funds, including grants, that pass through the state. For  
 12 the purposes of this Section, the term "public entity" shall include a local  
 13 auditee as defined in R.S. 24:513.

14 \* \* \*

15 D. Notwithstanding any provision of law to the contrary, if the public  
 16 entity is in compliance with R.S. 24:513 at the time the public entity enters into  
 17 a public contract related to public health, welfare, or safety, and later becomes  
 18 noncompliant with the provisions of R.S. 24:513, the legislative auditor may  
 19 grant the public entity an extension of time under R.S. 24:513 in order that the  
 20 public entity may receive appropriated or awarded state funds and shall tender  
 21 outstanding payments to contractors, subcontractors, suppliers, and others due  
 22 payment by the public entity related solely to contracts that will inure to the  
 23 benefit of public health, welfare, or safety. The public entity shall abide by any  
 24 conditions imposed by the legislative auditor to monitor the proper payment of  
 25 funds due to contractors, subcontractors, suppliers, and others.

26 Section 2. This Act shall become effective on July 1, 2020. If vetoed by the governor  
 27 and subsequently approved by the legislature, this Act shall become effective on July 1,  
 28 2020.

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The original instrument was prepared by Martha Hess. The following digest, which does not constitute a part of the legislative instrument, was prepared by LG Sullivan.

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## DIGEST

SB 157 Reengrossed

2020 Regular Session

Womack

Present law provides that no funds appropriated in the general appropriations act, the capital outlay act, or other appropriation act, shall be released or provided to any recipient of an appropriation if, when, and for as long as, the recipient fails or refuses to comply with the provisions of present law regarding audit requirements.

Proposed law retains present law and provides that the funds may be appropriated directly or indirectly and that the source of funds may also be an award from the La. Dept. of Health Drinking Water Revolving Loan Fund, the La. Dept. of Environmental Quality Clean Water State Revolving Fund, or Office of Community Development programs for Community Development Block Grants, Louisiana Community Development Block Grants, Local Government Assistance Program, Disaster Recovery grants, or the Community Water Enrichment Fund or similar programs.

Present law provides that any public entity that has failed or refused to comply with the provisions of the audit laws shall not let any public contract that utilizes any state funds. For the purposes of present law, the terms "public entity" and "public contract" shall be defined as in the present law regarding public contracts.

Proposed law retains present law but further provides that the term "public entity" shall include a local auditee as defined in present law.

Present law prohibits public entities not in compliance with law from letting any public contract that utilizes any state funds. Further provides that a public entity subject to present law may only be released from such restrictions after the following actions have been performed:

- (1) The public entity notifies the Legislative Audit Advisory Council, in writing, of their compliance.
- (2) The Legislative Audit Advisory Council confirms that the public entity is in compliance.

Proposed law retains present law.

Proposed law provides that if the public entity is in compliance with present law regarding audits at the time the public entity enters into a public contract related to public health, welfare, or safety, and later becomes noncompliant with those provisions, the legislative auditor may grant the public entity an extension of time in order that the public entity may receive appropriated or awarded State funds and shall tender the outstanding payments to contractors, subcontractors, suppliers, and others due payment by the public entity. Further provides that the public entity shall abide by any conditions imposed by the legislative auditor to monitor the proper payment of funds due to contractors, subcontractors, suppliers, and others.

Effective July 1, 2020.

(Amends R.S. 39:72.1(A); adds R.S. 39:72.1(D))

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Finance to the original bill

1. Provides that the legislative auditor may grant the public entity an extension of time to submit an audit if the public contract is related to the public health, welfare, or safety.
2. Provides that if given an extension of time to submit an audit, the public entity may receive state funds and shall tender outstanding payments to contractors, subcontractors, suppliers, and others.
3. If given an extension of time to submit an audit, the public entity shall abide by any conditions imposed by the legislative auditor to monitor the proper payment of funds due to contractors, subcontractors, suppliers, and others.

Summary of Amendments Adopted by Senate

Senate Floor Amendments to engrossed bill

1. Make technical changes.