

Regular Session, 2014

HOUSE BILL NO. 664

BY REPRESENTATIVE SCHRODER

BUDGETARY CONTROLS: Provides for funds transferred to public and quasi-public entities which are not budget units of the state

1 AN ACT

2 To enact R.S. 39:88, relative to budgetary controls; to require public or quasi-public  
3 agencies which are not budget units of the state to provide certain information prior  
4 to receiving a transfer of state funds; to provide for the duties and functions of  
5 transferring state agencies with respect to such transfers; to require certain reports;  
6 and to provide for related matters.

7 Be it enacted by the Legislature of Louisiana:

8 Section 1. R.S. 39:88 is hereby amended and reenacted to read as follows:

9 §88. Transfers to non-state entities

10 A. No funds appropriated in an appropriation Act shall be transferred to a  
11 public or quasi-public agency or entity which is not a budget unit of the state unless  
12 the intended recipient of those funds has been certified by the legislative auditor to  
13 be compliant with R.S. 24:513 and the intended recipient submits a comprehensive  
14 budget to the transferring agency showing all anticipated uses of the appropriation,  
15 an estimate of the duration of the project, and a plan showing specific goals and  
16 objectives for the use of such funds, including measures of performance. Prior to  
17 making the expenditure, the transferring agency shall approve each recipient's  
18 comprehensive budget and shall require each recipient to agree in writing to provide  
19 written reports to the transferring agency at least every six months concerning the  
20 use of the funds and the specific goals and objectives for the use of the funds. In the  
21 event the transferring agency determines that the recipient failed to use the funds set

1 forth in its budget within the estimated duration of the project or failed to reasonably  
2 achieve its specific goals and objectives for the use of the funds, the transferring  
3 agency shall demand that any unexpended funds be returned to the state treasury  
4 unless approval to retain the funds is obtained from the division of administration  
5 and the Joint Legislative Committee on the Budget. Each recipient shall be audited  
6 in accordance with the provisions of R.S. 24:513. If the amount of public funds  
7 received by the recipient is below the amount for which an audit is required under  
8 R.S. 24:513, the recipient shall comply with the provisions of R.S. 24:513(J)(1)(c)(i)  
9 through (iii) and the transferring agency shall monitor and evaluate the use of the  
10 funds to ensure compliance with R.S. 24:513(J)(1)(c)(i) through (iii) and the  
11 effective achievement of the goals and objectives.

12 B. The transferring agency shall submit a report no later than May 1<sup>st</sup> of each  
13 year to the legislative auditor, the division of administration, and the Joint  
14 Legislative Committee on the Budget showing specific data regarding compliance  
15 with this Section and collection of any unexpended funds. The legislative auditor  
16 may develop standard forms for transferring agencies, subject to the approval of the  
17 Joint Legislative Committee on the Budget. The legislative auditor shall submit a  
18 report to the Joint Legislative Committee on the Budget no later than May 15 of each  
19 year regarding the transferring agencies' compliance with this Section. The  
20 legislative auditor shall notify the Joint Legislative Committee on the Budget and the  
21 Legislative Audit Advisory Council of any transferring agency which fails to fully  
22 comply with this Section.

23 C. The following shall be exempt from the requirements of this Section:

24 (1) Transfers to public or quasi-public agencies or entities that have  
25 submitted a budget request to the division of administration in accordance with this  
26 Part.

27 (2) Transfers authorized by specific provisions of the Louisiana Revised  
28 Statutes of 1950, and the Constitution of Louisiana to local governing authorities.

- 1                   (3) Transfers from appropriations for the payment of money judgments  
 2                   against the state, including consent judgments, stipulated judgments, judgments  
 3                   rendered by the Board of Tax Appeals, and other judgments against the state.
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### DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

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Schroder

HB No. 664

**Abstract:** Requires budget units transferring funds to public or quasi-public non-state entities to require budgets and goals and objectives for use of state money from such entities. Requires transferring entities to recover funds from nonperforming entities and for the legislative auditor to submit annual compliance reports.

Proposed law prohibits a state agency from transferring any appropriated funds to a public or quasi-public agency or entity which is not a budget unit of the state (recipient) unless the recipient entity has been certified by the legislative auditor to be compliant with present law regarding audit and financial statement requirements of entities which receive state funds. Further requires the recipient to submit a comprehensive budget to the transferring agency showing all anticipated uses of the appropriation, an estimate of the duration of the project, and a plan showing specific goals and objectives for the use of such funds.

Requires the transferring agency to approve the recipient's comprehensive budget and to require each recipient to agree in writing to provide written reports at least every six months concerning the use of the funds and the specific goals and objectives for the use of the funds. If the transferring agency determines that the recipient failed to use the funds set within the estimated duration of the project or failed to achieve its specific goals and objectives the transferring agency shall demand that any unexpended funds be returned to the state treasury.

Proposed law requires each recipient to be audited in accordance with present law regarding audits of recipients of state funds.

Proposed law requires the transferring agency to annually report specific data regarding compliance with proposed law and collection of any unexpended funds to the legislative auditor, the division of administration, and the Joint Legislative Committee on the Budget (JLCB). By May 15, the legislative auditor shall submit a report to the JLCB regarding the transferring agencies' compliance with proposed law. Requires the legislative auditor to report noncompliant agencies to the JLCB and the Legislative Audit Advisory Council.

Proposed law provides relative to specific transfers which are exempt from proposed law.

(Adds R.S. 39:88)