

Regular Session, 2014

HOUSE BILL NO. 1261 (Substitute for House Bill No. 626 by Representative Abramson)

BY REPRESENTATIVE ABRAMSON

FISCAL CONTROLS: Requires certain quasi public and nongovernmental entities to submit information to the legislative auditor and be approved by the Joint Legislative Committee on the Budget prior to receiving state monies or assistance

1 AN ACT

2 To enact R.S. 24:524 and R.S. 39:51.2, relative to appropriations to certain nongovernmental
3 entities; to require certain quasi public and nongovernmental entities to submit
4 certain information to the legislative auditor under certain circumstances; to provide
5 for definitions; to provide for requirements and restrictions; to authorize the
6 establishment and publication of guidelines; to require the submission and
7 publication of certain lists; to provide for an effective date; and to provide for related
8 matters.

9 Be it enacted by the Legislature of Louisiana:

10 Section 1. R.S. 24:524 is hereby enacted to read as follows:

11 §524. Quasi public agencies or bodies and nongovernmental entities requesting or
12 receiving state monies; submission of information and documentation to the
13 legislative auditor; approval by the Joint Legislative Committee on the
14 Budget

15 A. Any quasi public agency or body, including any not-for-profit
16 organization and nongovernmental entity which is neither a budget unit nor a
17 political subdivision of the state, requesting or receiving state monies or assistance
18 through the General Appropriation Bill, capital outlay bill, or any supplemental

1 appropriation bill in any fiscal year shall submit information and documents to the
2 legislative auditor in accordance with the provisions of this Section and be approved
3 by the Joint Legislative Committee on the Budget prior to state monies or assistance
4 being appropriated or paid to such agency or body.

5 B. For purposes of this Section, the following words shall have the following
6 meanings unless the context clearly indicates otherwise:

7 (1) "Continuing entity" shall mean a quasi public agency or body which
8 received state monies or assistance in Fiscal Year 2015-2016 and which has reported
9 to the legislative auditor's office in the twelve months prior to receiving state monies
10 or assistance.

11 (2) "New entity" shall mean a quasi public agency or body which has not
12 requested or received state monies or assistance prior to Fiscal Year 2015-2016 or
13 which has not reported to the legislative auditor's office in the twelve months prior
14 to requesting or receiving state monies or assistance. After the first year of
15 compliance with the provisions of this Section, a "new entity" shall be considered a
16 "continuing entity" if the entity has received state monies or assistance and has
17 reported to the legislative auditor's office during its first year of operation.

18 (3) "Quasi public agency or body" shall mean and include any not-for-profit
19 organization, for-profit organization, and nongovernmental entity requesting or
20 receiving state monies or assistance in any fiscal year. The term shall also include
21 a quasi public agency or body as defined in R.S. 24:513(A)(1)(b).

22 (4) "State monies or assistance" shall mean and include grants, loans,
23 transfers of property, awards, direct line-item appropriations of state public funds,
24 and federal funds which pass through the state before being appropriated to the quasi
25 public agency or body. The term shall not include guarantees, membership dues,
26 vendor contracts for goods and services related to administrative support for a state
27 assistance program, assistance to private or parochial schools, assistance to private
28 colleges and universities, or benefits to individuals.

1 C. New entity requesting or receiving state monies or assistance for the first
2 time. Beginning in Fiscal Year 2015-2016 and each fiscal year thereafter, in order
3 for a quasi public agency or body to be eligible to request or receive state monies or
4 assistance, the quasi public agency or body shall submit the information and
5 documents required pursuant to the provisions of this Subsection to the legislative
6 auditor's office and shall be approved by the Joint Legislative Committee on the
7 Budget. The information and documents required to be submitted to the legislative
8 auditor shall include all of the following:

9 (1) The official name of the new entity as reflected in documentation
10 submitted to the secretary of state's office.

11 (2) A complete and accurate listing of the board of directors of the new
12 entity.

13 (3) Documentation certifying that all payroll taxes have been paid and are
14 current.

15 (4) Financial statements for the new entity's most recent fiscal year.

16 (5) Documentation indicating that the new entity has contracted with a
17 certified public accountant who is on the legislative auditor's approved list of
18 certified public accountants. The documentation shall include certification that the
19 documents and information submitted to the legislative auditor have been compiled
20 by and attested to by the certified public accountant.

21 (6) Any additional information the legislative auditor may, in his discretion,
22 deem necessary in order to ensure that the new entity meets minimum qualifications
23 for requesting or receiving state monies or assistance.

24 D.(1) Continuing entity which received state monies or assistance in Fiscal
25 Year 2015-2016 or thereafter. In order for a quasi public agency or body to be
26 eligible to continue to receive state monies or assistance, the continuing entity shall
27 submit all reports required pursuant to the provisions of R.S. 24:513(J)(1)(c)(i)
28 through (iv) to the legislative auditor. The information and documents submitted to
29 the legislative auditor shall also include any additional information the legislative

1 auditor may, in his discretion, deem necessary in order to ensure that the continuing
2 entity remains in good standing and continues to meet minimum qualifications for
3 receipt of state monies or assistance.

4 (2) In order to determine that a continuing entity continues to remain in good
5 standing, the legislative auditor may establish a system to rank or grade reports or
6 audits submitted by continuing entities.

7 E.(1) The legislative auditor shall prepare a list containing new entities and
8 continuing entities which have submitted information and documentation and which
9 have met the requirements of this Section. The list shall be submitted to the Joint
10 Legislative Committee on the Budget at least quarterly for approval and shall be
11 posted on the legislative auditor's website. The chairman of the Joint Legislative
12 Committee on the Budget shall compile a list of the entities approved by the
13 committee within five working days of the date an entity is approved and shall
14 submit the list to the legislative auditor. Upon receipt of the list from the chairman
15 of the Joint Legislative Committee on the Budget, the legislative auditor shall post
16 the list of approved entities on its website.

17 (2) Once a new or continuing entity is approved by the Joint Legislative
18 Committee on the Budget, the entity shall be eligible to request or receive state
19 monies or assistance. Any entity that fails to submit information or documentation
20 to the legislative auditor in accordance with the requirements of this Section or fails
21 to be approved by the Joint Legislative Committee on the Budget shall be ineligible
22 to request or receive state monies or assistance in the fiscal year for which the entity
23 fails to comply with the requirements of this Section.

24 (3) All entities requesting or receiving state monies or assistance shall
25 comply with the provisions of R.S. 39:6.

26 (4) No state agency shall contract with or pay monies to a quasi public entity
27 or body which fails to meet the provisions of this Section.

28 F. The legislative auditor shall establish guidelines and procedures in order
29 to implement the provisions of this Section. The guidelines and procedures shall

1 include but not be limited to additional information required to be submitted by new
2 or continuing entities, deadlines for submission of information or documentation,
3 and the establishment of a ranking or grading system for reports or audits. The
4 guidelines and procedures shall be established with input from the Louisiana
5 Association of Nonprofit Organizations and the Society of Louisiana Certified Public
6 Accountants and shall be posted on the legislative auditor's website for no less than
7 thirty days. The legislative auditor shall also submit the guidelines and procedures
8 to the Legislative Audit Advisory Council in order to receive public comment and
9 testimony prior to the procedures and guidelines becoming final.

10 Section 2. R.S. 39:51.2 is hereby enacted to read as follows:

11 §51.2. Quasi public agencies or bodies and nongovernmental entities requesting or
12 receiving state monies; submission of information and documentation to the
13 legislative auditor; approval by the Joint Legislative Committee on the
14 Budget

15 Any quasi public agency or body, including any not-for-profit organization
16 and nongovernmental entity which is neither a budget unit nor a political subdivision
17 of the state, requesting or receiving state monies or assistance through the General
18 Appropriation Bill, capital outlay bill, or any supplemental appropriation bill in any
19 fiscal year shall submit information and documents to the legislative auditor in
20 accordance with the provisions of R.S. 24:524 and be approved by the Joint
21 Legislative Committee on the Budget prior to state monies or assistance being
22 appropriated or transferred to such agency or body.

23 Section 3. This Act shall become effective upon signature by the governor or, if not
24 signed by the governor, upon expiration of the time for bills to become law without signature
25 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If
26 vetoed by the governor and subsequently approved by the legislature, this Act shall become
27 effective on the day following such approval.

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)]

Abramson

HB No. 1261

Abstract: Requires quasi public agencies or bodies and nongovernmental entities to submit information and documentation to the legislative auditor and be approved by the Joint Legislative Committee on the Budget prior to receiving state monies or assistance.

Present law requires nongovernmental entities that are neither a budget unit nor a political subdivision of the state and that are receiving state money through appropriation bills to transmit certain information relative to the proposal to the House committees on appropriations and ways and means and the Senate committees on finance and revenue and fiscal affairs no later than Nov. 1 each year.

Proposed law retains present law but requires such entities as well as quasi public agencies or bodies to submit information to the legislative auditor, hereinafter "auditor", and be approved by the Joint Legislative Committee on the Budget (JLCB) in accordance with the provisions of proposed law prior to requesting or receiving state monies or assistance.

Proposed law defines a "quasi public agency or body" as a not-for-profit organization, for-profit organization, and nongovernmental entity applying for state monies or assistance in any fiscal year. The term shall also include a quasi public agency or body as defined in present law.

Proposed law defines a "continuing entity" as a quasi public agency or body which received state monies or assistance in FY 2015-2016 and which has reported to the auditor's office in the 12 months prior to receiving state monies or assistance. Further defines a "new entity" as a quasi public agency or body which has not requested or received state monies or assistance prior to FY 2015-2016 or which has not reported to the auditor's office in the 12 months prior to requesting or receiving state monies or assistance. After the first year of compliance with proposed law a "new entity" shall be considered a "continuing entity" if the entity has received state monies or assistance and has reported to the auditor's office during its first year of operation.

Proposed law defines "state monies or assistance" as grants, loans, transfers of property, awards, direct line-item appropriations of state public funds, and federal funds which pass through the state before being appropriated to the quasi public agency or body.

Proposed law requires new entities requesting or receiving state monies or assistance for the first time, beginning in FY 2015-2016 and each fiscal year thereafter, to submit information and documents to the legislative auditor's office and to be approved by the JLCB prior to requesting or receiving state monies or assistance. The information and documents required to be submitted to the auditor shall include all of the following:

- (1) The official name of the new entity.
- (2) A complete and accurate listing of the board of directors.

- (3) Documentation certifying that all payroll taxes have been paid and are current.
- (4) Financial statements for the most recent fiscal year.
- (5) Documentation that the new entity has contracted with an approved certified public accountant, including certification that the information submitted to the auditor has been compiled by and attested to by the certified public accountant.
- (6) Additional information the auditor deems necessary in order to ensure that the new entity meets minimum qualifications for requesting or receiving state monies or assistance.

Proposed law requires a continuing entity which received state monies or assistance in FY 2015-2016 or thereafter to submit all audit information required pursuant to the provisions of present law including any additional information the auditor deems necessary in order to ensure that the continuing entity remains in good standing and continues to meet minimum qualifications for receipt of state monies or assistance.

Proposed law authorizes the auditor to establish a system to rank or grade reports or audits submitted by continuing entities.

Proposed law requires the auditor to prepare and submit a list containing new entities and continuing entities which have met the requirements of proposed law to the JLCB at least quarterly for approval. Additionally requires the legislative auditor to post the list on his website.

Proposed law requires the chairman of the JLCB to compile and submit a list of the entities approved by the committee within five working days of the date of approval to the auditor. Further requires the auditor to post the list of approved entities on its website.

Proposed law prohibits any entity that fails to submit information or documentation to the legislative auditor in accordance with proposed law or fails to be approved by the JLCB from being eligible to request or receive state monies or assistance in the fiscal year for which the entity fails to comply with the requirements of proposed law.

Proposed law prohibits a state agency from contracting with or paying monies to a quasi public entity or body which fails to meet the provisions of proposed law.

Proposed law requires the auditor to establish guidelines and procedures in order to implement proposed law. Further requires the guidelines to be posted on the auditor's website for no less than 30 days and to submit the guidelines to the Legislative Audit Advisory Council in order to receive public comment prior to the procedures and guidelines becoming final.

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

(Adds R.S. 24:524 and R.S. 39:51.2)

Summary of Amendments Adopted by House

House Floor Amendments to the engrossed bill.

1. Removed provisions to require any contracting entity to submit information and documents to the commissioner of administration prior to entering into a contract with a state agency; required state agencies to certify that contracting entities are not on the legislative auditor's noncompliance list; and prohibited state agencies from entering into contracts with contracting entities unless requirements are met.

2. Added provisions to require quasi public agencies or bodies and nongovernmental entities to submit information and documentation to the legislative auditor and be approved by the Joint Legislative Committee on the Budget prior to receiving state monies or assistance and to prohibit a state agency from contracting with or paying monies to a quasi public entity or body which fails to meet the provisions.