SLS 17RS-242

REENGROSSED

2017 Regular Session

SENATE BILL NO. 67

BY SENATOR FANNIN

Prefiled pursuant to Article III, Section 2(A)(4)(b)(i) of the Constitution of Louisiana.

PUBLIC CONTRACTS. Provides contract restrictions on public entities that fail to comply with audit requirements. (8/1/17)

1	AN ACT
2	To amend and reenact R.S. 39:72.1(A) and to enact R.S. 38:2211.1, relative to certain
3	appropriations; to provide that recipients of appropriations be in compliance with
4	audit requirements in order to let contracts; and to provide for related matters.
5	Be it enacted by the Legislature of Louisiana:
6	Section 1. R.S. 38:2211.1 is hereby enacted to read as follows:
7	§2211.1. Restrictions on public entities that fail to comply with audit
8	<u>requirements</u>
9	A. No public entity that, pursuant to R.S. 39:72.1, has been deemed to
10	have failed or refused to comply with the provisions of R.S. 24:513 shall let any
11	public contract under this Part that utilizes any state funds, whether received
12	through direct appropriation or through transfer from another public entity,
13	or whose funding relies upon the full faith and credit of the state. For the
14	purposes of this Section, the term "state funds" shall also include any federal
15	funds, including grants, that pass through the state.
16	B. Any public entity that has been subject to the restrictions in
17	Subsection A of this Section shall, upon coming into compliance with the

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1	provisions of R.S. 24:513, shall immediately inform the Legislative Audit
2	Advisory Council in writing of their compliance and upon confirmation of
3	compliance by the Legislative Audit Advisory Council shall be immediately
4	released from the restrictions that were imposed.
5	Section 2. R.S. 39:72.1(A) is hereby amended and reenacted to read as follows:
6	§72.1. Compliance with audit requirements
7	A.(1) Notwithstanding any contrary provision of law, no funds appropriated
8	in the general appropriations act, the capital outlay act, or other appropriation act,
9	shall be released or provided to any recipient of an appropriation if, when, and for
10	as long as, the recipient fails or refuses to comply with the provisions of R.S. 24:513.
11	(2) No public entity that has failed or refused to comply with the
12	provisions of R.S. 24:513 shall let any public contract that utilizes any state
13	funds, whether received through direct appropriation or through transfer from
14	another public entity, or whose funding relies upon the full faith and credit of
15	the state. For the purposes of this Paragraph, the terms "public entity" and
16	"public contract" shall be defined as in R.S. 38:2211(A), and the term "state
17	funds" shall also include any federal funds, including grants, that pass through
18	the state.
19	* * *
20	Section 3. This Act shall become effective on August 1, 2017.

The original instrument was prepared by Benjamin A. Huxen, II. The following digest, which does not constitute a part of the legislative instrument, was prepared by Ann S. Brown.

SB 67 Reengrossed

DIGEST 2017 Regular Session

Fannin

<u>Present law</u> provides for the examination requirements and submission of audits by entities subject to review by the legislative auditor. <u>Present law</u> provides for submission to the legislative auditor of sworn financial statements and filing of engagement agreements by certain local auditees or quasi-public agencies.

<u>Present law</u> further 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 present law.

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<u>Proposed law</u> prohibits public entities not in compliance with <u>present law</u> from letting any public contract that utilizes any state funds, whether received through direct appropriation or through transfer from another public entity, or whose funding relies upon the full faith and credit of the state.

<u>Proposed law</u> provides that a public entity subjected to <u>proposed law</u> 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.

Effective August 1, 2017.

(Amends R.S. 39:72.1(A); adds R.S. 38:2211.1)

Summary of Amendments Adopted by Senate

Senate Floor Amendments to engrossed bill

1. Adds a provision requiring certain actions be performed before a public entity may be released from the restrictions of <u>proposed law</u>.