

1 STATE OF OKLAHOMA

2 1st Session of the 59th Legislature (2023)

3 HOUSE BILL 1981

By: Newton

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5
6 AS INTRODUCED

7 An Act relating to state government; amending 74 O.S.
8 2021, Section 212, as amended by Section 1, Chapter
9 93, O.S.L. 2022 (74 O.S. Supp. 2022, Section 212),
10 which relates to the State Auditor and Inspector;
11 modifying provisions related to certain petition
12 audits; requiring filing with clerks of political
13 subdivision or subdivisions; prohibiting modification
14 of petition after filing; and providing an effective
15 date.

16 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

17 SECTION 1. AMENDATORY 74 O.S. 2021, Section 212, as
18 amended by Section 1, Chapter 93, O.S.L. 2022 (74 O.S. Supp. 2022,
19 Section 212), is amended to read as follows:

20 Section 212 A. STATE TREASURER AND OKLAHOMA TAX COMMISSION

21 1. The State Treasurer shall prepare annual financial
22 statements in accordance with the reporting requirements set forth
23 by the Governmental Accounting Standards Board (GASB). The State
24 Treasurer shall prescribe and implement sound internal control,

1 accounting and recordkeeping practices consistent with and to
2 facilitate compliance with all reporting requirements as set forth
3 by law.

4 2. The annual financial statements of the State Treasurer shall
5 be delivered by the State Treasurer to the State Auditor and
6 Inspector within ninety (90) calendar days after the close of the
7 state fiscal year.

8 3. The State Auditor and Inspector shall perform an audit of
9 the annual financial statements of the State Treasurer for each
10 state fiscal year. Such audits shall be conducted in accordance
11 with auditing standards generally accepted in the United States and
12 the standards applicable to financial audits contained in Government
13 Auditing Standards, latest revised edition, issued by the
14 Comptroller General of the United States. The State Auditor and
15 Inspector shall complete the audits not later than ninety (90)
16 calendar days after the financial statements are delivered to the
17 State Auditor and Inspector. The annual audit reports and related
18 financial statements shall be delivered by the State Auditor and
19 Inspector to the Governor, President Pro Tempore of the Senate, and
20 Speaker of the House of Representatives. The annual audit report
21 and related financial statements of the State Treasurer shall also
22 be delivered to the Attorney General and the members of the Cash
23 Management and Investment Oversight Commission created by Section
24 71.1 of Title 62 of the Oklahoma Statutes. The State Auditor and

1 Inspector shall conduct unannounced cash audits of the State
2 Treasury at least once each quarter.

3 4. The audit of the Tax Commission shall be an operational
4 audit performed annually. To the extent of the amount included in
5 the Tax Commission's appropriation, the Tax Commission shall pay the
6 expenses of the audit including personal services, equipment and
7 supplies, from the appropriation.

8 B. STATE AGENCIES

9 1. Except as otherwise provided by law, the State Auditor and
10 Inspector shall audit at least once every two (2) fiscal years the
11 books and accounts of all state agencies whose duty it is to
12 collect, disburse or manage funds of the state. The State Auditor
13 and Inspector shall audit a state agency each fiscal year if that
14 state agency is required to be audited on an annual basis pursuant
15 to the federal Single Audit Act of 1984, as amended, 31 U.S.C.,
16 Section 7501 et seq. If the state agency is audited only once every
17 two (2) fiscal years, the audit shall cover both fiscal years.

18 2. Except as otherwise provided by law, the scope of audits
19 performed by the State Auditor and Inspector shall include all funds
20 collected, disbursed, or managed by a state agency including, but
21 not limited to, all special, revolving, depository, canteen, or
22 other nonstate funds.

23 3. As used in this section, "state agency" means every agency,
24 board, or commission included in the primary government of the State

1 of Oklahoma. For purposes of this paragraph, the primary government
2 of the State of Oklahoma includes all agencies, boards, and
3 commissions included in the primary government in the State of
4 Oklahoma Comprehensive Annual Financial Report. The agencies,
5 boards, and commissions included in the primary government of the
6 State of Oklahoma shall be determined using criteria set by the
7 Governmental Accounting Standards Board.

8 4. As used in this subsection, "audit" means any of the
9 following:

- 10 a. "financial audit", which means an audit of financial
11 statements in order to express an opinion on the
12 fairness with which they are presented in conformity
13 with generally accepted accounting principles or any
14 other comprehensive basis of accounting, as defined by
15 the American Institute of Certified Public
16 Accountants' Professional Standards, latest revised
17 edition. Financial audits must be conducted in
18 accordance with auditing standards generally accepted
19 in the United States and the standards applicable to
20 financial audits contained in Government Auditing
21 Standards, latest revised edition, issued by the
22 Comptroller General of the United States,
- 23 b. "operational audit", which means an audit conducted in
24 accordance with applicable Government Auditing

1 Standards, the purpose of which is to evaluate
2 management's performance in administering assigned
3 responsibilities in accordance with applicable laws,
4 administrative rules, and other policies and
5 guidelines and to determine the extent to which the
6 internal control, as designed and placed in operation,
7 promotes and encourages the achievement of
8 management's control objectives in the categories of
9 compliance, reliability of financial records and
10 reports, and safeguarding of assets,

11 c. "performance audit", which means an audit of a
12 program, activity, or function of a state agency
13 conducted in accordance with applicable Government
14 Auditing Standards. The term includes, but is not
15 limited to, an audit to assess program, activity, or
16 function effectiveness, economy and efficiency,
17 internal control, or compliance,

18 d. "special or investigative audit", which means an audit
19 with respect to a particular situation which may be,
20 but is not required to be, conducted in accordance
21 with applicable Government Auditing Standards,

22 e. any other type of engagement conducted in accordance
23 with Government Auditing Standards, and
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1 f. engagements not conducted in accordance with
2 Government Auditing Standards, when engagements
3 involve state agencies that collect less than Three
4 Million Dollars (\$3,000,000.00) annually.

5 C. GUBERNATORIAL REQUEST

6 Whenever called upon to do so by the Governor, it shall be the
7 duty of the State Auditor and Inspector to examine the books and
8 accounts of any officer of the state or any of the officer's
9 predecessors. The cost of the audit shall be borne by the entity to
10 be audited.

11 D. COUNTY TREASURER

12 The State Auditor and Inspector shall examine without notice all
13 books and accounts of each county treasurer of the state twice each
14 year.

15 E. DISTRICT ATTORNEYS

16 1. The State Auditor and Inspector shall annually audit the
17 books and accounts of the several offices of the district attorneys
18 of this state. The audits shall be reported in separate reports for
19 each entity. The audit may include, but shall not be limited to,
20 the audit of the financial records, performance measures, and
21 compliance with state or federal statutes and rules, and compliance
22 with any regulations of state or federal programs. The expense of
23 the audits shall be paid by the entity audited.

1 2. The State Auditor and Inspector shall examine and file a
2 report of the accounts established within the office of each
3 district attorney for bogus check programs, drug task force
4 programs, child support collection programs, and any other programs
5 receiving any nonstate funds. The reports shall be filed with the
6 President Pro Tempore of the Senate, the Speaker of the House of
7 Representatives, and the Executive Coordinator of the District
8 Attorneys Council.

9 F. DEPARTMENT OF CORRECTIONS

10 The State Auditor and Inspector shall perform an annual audit,
11 as defined in paragraph 4 of subsection B of this section, of the
12 books and accounts of the Department of Corrections. The scope of
13 the audit shall be determined by the State Auditor and Inspector
14 using a risk-based approach. The audit may include, but shall not
15 be limited to, the audit of the financial records, performance
16 measures, and compliance with any state or federal statutes and
17 rules, and compliance with any regulations of state or federal
18 programs. The expense of the audits shall be paid by the Department
19 of Corrections.

20 G. OKLAHOMA EMPLOYEES INSURANCE AND BENEFITS BOARD

21 The State Auditor and Inspector shall cause to be audited the
22 books and accounts of the office of the Oklahoma Employees Insurance
23 and Benefits Board. The audit may include, but shall not be limited
24 to, the audit of the financial records, performance measures,

1 compliance with any state or federal statutes and rules, and
2 compliance with any regulations of state programs. The audit shall
3 be contracted out to private audit firms. The cost of the audit
4 shall be borne by the Oklahoma Employees Insurance and Benefits
5 Board.

6 H. DISTRICT ATTORNEY REQUEST

7 Whenever called upon to do so by any of the several district
8 attorneys of the state, it shall be the duty of the State Auditor
9 and Inspector to examine the books and accounts of any officer of
10 any public entity. The cost of the audit shall be borne by the
11 entity audited.

12 I. COUNTY OFFICERS BY REQUEST

13 Upon request of the county commissioners of any county or the
14 Governor, the State Auditor and Inspector shall examine the books
15 and accounts of all or any of the officers or custodians of the
16 various funds of the county; and payment for such examination shall
17 be made by the county so examined.

18 J. AUDITORS

19 The State Auditor and Inspector shall have power to employ
20 auditors. No auditor shall examine the books or records of the
21 county of the auditor's residence in counties of under two hundred
22 thousand (200,000) population according to the most recent Federal
23 Decennial Census. The State Auditor and Inspector may employ on an
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1 as-needed basis only, legal counsel to carry out the statutory
2 duties of the Office of the State Auditor and Inspector.

3 K. EXAMINATION OF LEVIES

4 It shall be the duty of the State Auditor and Inspector to
5 examine all levies to raise public revenue to see that they are made
6 according to law and constitutional provisions. The State Auditor
7 and Inspector shall have the power to order all excessive or
8 erroneous lines (levies) to be corrected by the proper officers, and
9 shall report any irregularities to the Governor, the Speaker of the
10 House of Representatives and the President Pro Tempore of the
11 Senate.

12 L. PETITION AUDITS

13 1. The State Auditor and Inspector shall audit the books and
14 records of any subdivision of the State of Oklahoma upon petition
15 signed by the requisite number of voters registered in the
16 subdivision and meeting the requirements set out in this subsection.

17 2. The petition must contain the number of signatures
18 equivalent to ten percent (10%) of the registered voters of the
19 subdivision as determined by the county election board or, if the
20 county election board determines that the number of registered
21 voters in the subdivision cannot be determined due to boundary lines
22 not conforming to precinct lines, the required number of petitioners
23 shall be twenty-five percent (25%) of the total number of persons
24 voting in the last general election. If the subdivision is a public

1 trust, the required number of petitioners shall be the same as those
2 required for an audit of its beneficiary. The appropriate county
3 election board shall provide the number of signatures so required
4 upon request.

5 3. Prior to the circulation of any petition pursuant to the
6 provisions of this subsection, the original petition or a conformed
7 copy thereof shall be filed with the clerk of the applicable
8 political subdivision or if the petition relates to a public trust,
9 the petition shall be filed with each and every clerk of the
10 political subdivision or subdivisions which have beneficiary status
11 with respect to the public trust. No modifications to the petition
12 shall be made once the original or conformed copy is filed with the
13 applicable clerk as required by this subsection.

14 3 4. The petition shall be in the form of an affidavit wherein
15 the signatory shall declare upon oath or affirmation that the
16 information given is true and correct and that he or she is a
17 citizen of the entity to be audited. The petition shall clearly
18 state that falsely signing shall constitute perjury. It shall
19 include the signature of the individual, the name of the signatory
20 in printed form, the individual's residential address, the date of
21 signing, the public entity to be audited and the anticipated range
22 of the cost of the audit provided by the State Auditor and
23 Inspector.

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1 4 5. Any person desiring to petition for an audit shall list
2 the areas, items or concerns they want to be audited, and request
3 from the State Auditor and Inspector the anticipated range of cost
4 of the audit. Within thirty (30) days from the receipt of the
5 request, the State Auditor and Inspector shall mail a petition form
6 to the person requesting the information which shall state the
7 anticipated range of the cost and the items or concerns to be
8 audited. The circulators of the petition shall have thirty (30)
9 days from the date the petition is mailed by the State Auditor and
10 Inspector to obtain the requisite number of signatures and return it
11 to the State Auditor and Inspector.

12 5 6. Upon collection of the required number of signatures, the
13 person desiring the audit shall present the signed petitions to the
14 State Auditor and Inspector. Within thirty (30) days of receipt of
15 the petitions, the State Auditor and Inspector shall present the
16 petitions to the county election board located in the county in
17 which the subdivision is located.

18 6 7. The county election board shall determine whether the
19 signers of the petition are registered voters of the county in which
20 the subdivision to be audited is located and whether the petition
21 has the requisite number of signatures of such registered voters.
22 The county election board shall certify the petition as having the
23 required number of signatures or as failing to have the required
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1 number of signatures and return it to the State Auditor and
2 Inspector.

3 7 8. The cost of the audit shall be borne by the public entity
4 audited. Upon notification by the State Auditor and Inspector of
5 receipt of the petition, certified by the county election board as
6 having the required number of signatures, the public entity shall
7 encumber funds in an amount specified by the State Auditor and
8 Inspector, which shall be within the range of anticipated cost
9 stated on the petition from any funds not otherwise specifically
10 appropriated or allocated. Payment for the audit from such
11 encumbered funds shall be made as work progresses, and final payment
12 shall be made on or before its publication.

13 8 9. The names of the signers of any petition shall be
14 confidential and neither the State Auditor and Inspector, the county
15 election board nor the county treasurer may release them to any
16 other person or entity except upon an order from a court of
17 competent jurisdiction.

18 M. PENALTIES FOR NONPAYMENT

19 Except as otherwise provided by law, the cost of any services
20 provided by the State Auditor and Inspector or as specified in an
21 audit contract shall be borne by the entity or fund audited and
22 shall be due and payable upon receipt of progress billing during the
23 course of an audit. Any such costs not paid within ninety (90) days
24 of the date of receipt of billing shall incur a penalty of Ten

1 Dollars (\$10.00) per day for each day from the date of receipt of
2 billing.

3 SECTION 2. This act shall become effective November 1, 2023.

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