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## SENATE BILL NO. 1125

Offered January 12, 2005

Prefiled January 12, 2005

A *BILL to amend and reenact § 30-133 of the Code of Virginia, as it is currently effective and as it shall become effective, and to amend the Code of Virginia by adding a section numbered 23-1.02, relating to audits of the accounts of public institutions of higher education*

Patron—Obenshain

Referred to Committee on Finance

**Be it enacted by the General Assembly of Virginia:**

**1. That § 30-133 of the Code of Virginia as it is currently effective and as it shall become effective is amended and reenacted, and that the Code of Virginia is amended by adding a section numbered 23-1.02 as follows:**

§ 23-1.02. *Independent annual audits of institutional accounts.*

A. *The governing board of each public institution of higher education shall provide for the conduct of an annual audit of the accounts of the relevant institution by a licensed independent certified public accountant.*

B. *The governing boards shall submit a certified copy of the annual audit to the Auditor of Public Accounts by October 1 of each year. The Auditor shall include a report of such audits in the summary prepared and presented as required by subsection C of § 30-133.*

C. *The costs of such audits shall be borne by the individual public institutions. The audit shall be performed each fiscal year, in accordance with generally accepted auditing standards and, accordingly, include such tests of the accounting records and such auditing procedures as considered necessary under the circumstances.*

D. *The Auditor of Public Accounts shall identify for the governing boards the specific qualifications necessary for licensed independent certified public accountants to conduct the annual audits.*

E. *In obtaining the professional services required for such annual audits, the governing boards shall comply with the provisions of the Virginia Public Procurement Act (§ 2.2-4300 et seq.).*

§ 30-133. Duties and powers generally.

A. The Auditor of Public Accounts shall audit all the accounts of every state department, officer, board, commission, institution or other agency handling any state funds, *with the exception of the annual audit of accounts of the public institutions of higher education, which shall be conducted by independent certified public accountants as provided in § 23-1.02.* In the performance of such duties and the exercise of such powers he may employ the services of certified public accountants, provided the cost thereof shall not exceed such sums as may be available out of the appropriation provided by law for the conduct of his office.

B. The Auditor of Public Accounts shall review the information required in § 2.2-1501 to determine that state agencies are providing and reporting appropriate information on financial and performance measures, and the Auditor shall review the accuracy of the management systems used to accumulate and report the results. The Auditor shall report annually to the General Assembly the results of such audits and make recommendations, if indicated, for new or revised accountability or performance measures to be implemented for the agencies audited.

C. The Auditor of Public Accounts shall prepare, by November 1, a summary of the results of all of the audits and other oversight responsibilities performed for the most recently ended fiscal year. *Such summary shall include a report of the independent audits conducted by the public institutions of higher education as required by § 23-1.02.* The Auditor of Public Accounts shall present this summary to the Senate Finance, House Appropriations and House Finance Committees on the day the Governor presents to the General Assembly the Executive Budget in accordance with §§ 2.2-1508 and 2.2-1509 or at the direction of the respective Chairman of the Senate Finance, House Appropriations or House Finance Committees at one of their committee meetings prior to the meeting above.

D. (Effective until January 1, 2006) As part of his normal oversight responsibilities, the Auditor of Public Accounts shall incorporate into his audit procedures and processes a review process to ensure that the Commonwealth's payments for qualifying vehicles, as defined in § 58.1-3523, are consistent with the provisions of §§ 58.1-3525 and 58.1-3526. The Auditor of Public Accounts shall report to the Governor and the Chairman of the Senate Finance Committee annually any material failure by a locality or the Commonwealth to comply with the provisions of Chapter 35.1 (§ 58.1-3523 et seq.) of Title 58.1.

D. (Effective January 1, 2006) As part of his normal oversight responsibilities, the Auditor of Public

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59 Accounts shall incorporate into his audit procedures and processes a review process to ensure that the  
60 Commonwealth's payments to counties, cities, and towns under Chapter 35.1 (§ 58.1-3523 et seq.) of  
61 Title 58.1 are consistent with the provisions of § 58.1-3524. The Auditor of Public Accounts shall report  
62 to the Governor and the Chairman of the Senate Finance Committee annually any material failure by a  
63 locality or the Commonwealth to comply with the provisions of Chapter 35.1 of Title 58.1.

64 E. The Auditor of Public Accounts when called upon by the Governor shall examine the accounts of  
65 any institution maintained in whole or in part by the Commonwealth and, upon the direction of the  
66 Comptroller, shall examine the accounts of any officer required to settle his accounts with him; and  
67 upon the direction of any other state officer at the seat of government he shall examine the accounts of  
68 any person required to settle his accounts with such officer.

69 F. Upon the written request of any member of the General Assembly, the Auditor of Public Accounts  
70 shall furnish the requested information and provide technical assistance upon any matter requested by  
71 such member.

72 G. In compliance with the provisions of the federal Single Audit Act Amendments of 1996, Public  
73 Law 104-156, the Joint Legislative Audit and Review Commission may authorize the Auditor of Public  
74 Accounts to audit biennially the accounts pertaining to federal funds received by state departments,  
75 officers, boards, commissions, institutions or other agencies.

76 *H. Pursuant to § 23-1.02, the Auditor of Public Accounts shall identify for the governing boards of*  
77 *the public institutions of higher education the specific qualifications necessary for licensed independent*  
78 *certified public accountants to conduct annual audits of the respective institutions.*