

Senate Engrossed

**FILED**  
**MICHELE REAGAN**  
**SECRETARY OF STATE**

State of Arizona  
Senate  
Fifty-second Legislature  
Second Regular Session  
2016

CHAPTER 328

# **SENATE BILL 1421**

AN ACT

AMENDING SECTION 41-1279.03, ARIZONA REVISED STATUTES; RELATING TO THE  
AUDITOR GENERAL.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 41-1279.03, Arizona Revised Statutes, is amended to  
3 read:

4 41-1279.03. Powers and duties

5 A. The auditor general shall:

6 1. Prepare an audit plan for approval by the committee and report to  
7 the committee the results of each audit and investigation and other reviews  
8 conducted by the auditor general.

9 2. Conduct or cause to be conducted at least biennial financial and  
10 compliance audits of financial transactions and accounts kept by or for all  
11 state agencies subject to the single audit act of 1984 (P.L. 98-502). The  
12 audits shall be conducted in accordance with generally accepted governmental  
13 auditing standards and accordingly shall include tests of the accounting  
14 records and other auditing procedures as may be considered necessary in the  
15 circumstances. The audits shall include the issuance of suitable reports as  
16 required by the single audit act of 1984 (P.L. 98-502) so the legislature,  
17 federal government and others will be informed as to the adequacy of  
18 financial statements of the state in compliance with generally accepted  
19 governmental accounting principles and to determine whether the state has  
20 complied with laws and regulations that may have a material effect on the  
21 financial statements and on major federal assistance programs.

22 3. Perform procedural reviews for all state agencies at times  
23 determined by the auditor general. These reviews may include evaluation of  
24 administrative and accounting internal controls and reports on these reviews.

25 4. Perform special research requests, special audits and related  
26 assignments as designated by the committee and conduct performance audits,  
27 special audits, special research requests and investigations of any state  
28 agency, whether created by the constitution or otherwise, as may be requested  
29 by the committee.

30 5. Annually on or before the fourth Monday of December, prepare a  
31 written report to the governor and to the committee that contains a summary  
32 of activities for the previous fiscal year.

33 6. In the tenth year and in each fifth year thereafter in which a  
34 transportation excise tax is in effect in a county as provided in section  
35 42-6106 or 42-6107, conduct a performance audit that:

36 (a) Reviews past expenditures and future planned expenditures of the  
37 transportation excise revenues and determines the impact of the expenditures  
38 in solving transportation problems within the county and, for a  
39 transportation excise tax in effect in a county as provided in section  
40 42-6107, determines whether the expenditures of the transportation excise  
41 revenues comply with section 28-6392, subsection B.

42 (b) Reviews projects completed to date and projects to be completed  
43 during the remaining years in which a transportation excise tax is in effect.  
44 Within six months after each review period the auditor general shall present  
45 a report to the speaker of the house of representatives and the president of

1 the senate detailing findings and making recommendations. If the parameters  
2 of the performance audit are set by the citizens transportation oversight  
3 committee, the auditor general shall also present the report to the citizens  
4 transportation oversight committee.

5 (c) Reviews, determines, reports and makes recommendations to the  
6 speaker of the house of representatives and the president of the senate  
7 whether the distribution of highway user revenues complies with title 28,  
8 chapter 18, article 2. If the parameters of the performance audit are set by  
9 the citizens transportation oversight committee, the auditor general shall  
10 also present the report to the citizens transportation oversight committee.

11 7. If requested by the committee, conduct performance audits of  
12 counties and incorporated cities and towns receiving highway user revenue  
13 fund monies pursuant to title 28, chapter 18, article 2 to determine if the  
14 monies are being spent as provided in section 28-6533, subsection B.

15 8. Perform special audits designated pursuant to law if the auditor  
16 general determines that there are adequate monies appropriated for the  
17 auditor general to complete the audit. If the auditor general determines the  
18 appropriated monies are inadequate, the auditor general shall notify the  
19 committee.

20 9. Beginning on July 1, 2001, establish a school-wide audit team in  
21 the office of the auditor general to conduct performance audits and monitor  
22 school districts to determine the percentage of every dollar spent in the  
23 classroom by a school district. The performance audits shall determine  
24 whether school districts that receive monies from the Arizona structured  
25 English immersion fund established by section 15-756.04 and the statewide  
26 compensatory instruction fund established by section 15-756.11 are in  
27 compliance with title 15, chapter 7, article 3.1. The auditor general shall  
28 determine, through random selection, the school districts to be audited each  
29 year, subject to review by the joint legislative audit committee. A school  
30 district that is subject to an audit pursuant to this paragraph shall notify  
31 the auditor general in writing as to whether the school district agrees or  
32 disagrees with the findings and recommendations of the audit and whether the  
33 school district will implement the findings and recommendations, implement  
34 modifications to the findings and recommendations or refuse to implement the  
35 findings and recommendations. The school district shall submit to the  
36 auditor general a written status report on the implementation of the audit  
37 findings and recommendations every six months for two years after an audit  
38 conducted pursuant to this paragraph. The auditor general shall review the  
39 school district's progress toward implementing the findings and  
40 recommendations of the audit every six months after receipt of the district's  
41 status report for two years. The auditor general may review a school  
42 district's progress beyond this two-year period for recommendations that have  
43 not yet been implemented by the school district. The auditor general shall  
44 provide a status report of these reviews to the joint legislative audit  
45 committee. The school district shall participate in any hearing scheduled

1 during this review period by the joint legislative audit committee or by any  
2 other legislative committee designated by the joint legislative audit  
3 committee.

4 10. ANNUALLY REVIEW PER DIEM COMPENSATION AND REIMBURSEMENT OF  
5 EXPENSES FOR EMPLOYEES OF THE STATE AND MEMBERS OF A STATE BOARD, COMMISSION,  
6 COUNCIL OR ADVISORY COMMITTEE BY JUDGMENTALLY SELECTING SAMPLES AND  
7 EVALUATING THE PROPRIETY OF PER DIEM COMPENSATION AND EXPENSE REIMBURSEMENTS.

8 B. The auditor general may:

9 1. Subject to approval by the committee, adopt rules necessary to  
10 administer the duties of the office.

11 2. Hire consultants to conduct the studies required by subsection A,  
12 paragraphs 6 and 7 of this section.

13 C. If approved by the committee the auditor general may charge a  
14 reasonable fee for the cost of performing audits or providing accounting  
15 services for auditing federal funds, special audits or special services  
16 requested by political subdivisions of the state. Monies collected pursuant  
17 to this subsection shall be deposited in the audit services revolving fund.

18 D. The department of transportation, the board of supervisors of a  
19 county that has approved a county transportation excise tax as provided in  
20 section 42-6106 or 42-6107 and the governing bodies of counties, cities and  
21 towns receiving highway user revenue fund monies shall cooperate with and  
22 provide necessary information to the auditor general or the auditor general's  
23 consultant.

24 E. The department of transportation shall reimburse the auditor  
25 general as follows, and the auditor general shall deposit the reimbursed  
26 monies in the audit services revolving fund:

27 1. For the cost of conducting the studies or hiring a consultant to  
28 conduct the studies required by subsection A, paragraph 6, subdivisions (a)  
29 and (b) of this section, from monies collected pursuant to a county  
30 transportation excise tax levied pursuant to section 42-6106 or 42-6107.

31 2. For the cost of conducting the studies or hiring a consultant  
32 pursuant to subsection A, paragraph 6, subdivision (c) and paragraph 7 of  
33 this section, from the Arizona highway user revenue fund.

34 Sec. 2. Boards and commissions; compensation and reimbursement;  
35 department of administration; report; delayed repeal

36 A. Each board, commission, council or advisory committee shall report  
37 to the department of administration all of the following information on or  
38 before October 1, 2016:

39 1. The amount of compensation that a member of the board, commission,  
40 council or advisory committee is authorized to receive, if any.

41 2. The amount of compensation that was paid in fiscal year 2015-2016  
42 to any member of the board, commission, council or advisory committee, if  
43 any.

1           3. The amount of reimbursement of expenses that was paid in fiscal  
2 year 2015-2016 to any member of the board, commission, council or advisory  
3 committee, if any.

4           B. The department of administration shall compile the data that is  
5 reported pursuant to subsection A of this section and report the information  
6 on or before December 15, 2016 to the governor, the president of the senate  
7 and the speaker of the house of representatives and provide a copy of this  
8 report to the secretary of state.

9           C. This section is repealed from and after September 30, 2017.

APPROVED BY THE GOVERNOR MAY 18, 2016.

FILED IN THE OFFICE OF THE SECRETARY OF STATE MAY 18, 2016.

Passed the House May 7, 2016,

by the following vote: 54 Ayes,

0 Nays, 6 Not Voting

[Signature]  
Speaker of the House

[Signature]  
Chief Clerk of the House

Passed the Senate February 22, 2016,

by the following vote: 30 Ayes,

0 Nays, 0 Not Voting

[Signature]  
President of the Senate

[Signature]  
Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF GOVERNOR

This Bill was received by the Governor this

9th day of May, 2016,

at 10:07 o'clock A. M.

[Signature]  
Secretary to the Governor

Approved this 18th day of

May, 2016,

at 8:40 o'clock A. M.

[Signature]  
Governor of Arizona

S.B. 1421

EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State

this 18th day of May, 2016,

at 11:05 o'clock A. M.

[Signature]  
Secretary of State