

REFERENCE TITLE: empowerment scholarship accounts; financial audit

State of Arizona  
House of Representatives  
Fifty-sixth Legislature  
Second Regular Session  
2024

## **HB 2478**

Introduced by  
Representatives Terech: Gutierrez, Pawlik, Schwiebert

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  
3 to 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  
7 to the committee the results of each audit and investigation and other  
8 reviews conducted by the auditor general.

9 2. Conduct or cause to be conducted annual financial and compliance  
10 audits of financial transactions and accounts kept by or for all state  
11 agencies subject to the federal single audit requirements. The audits  
12 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  
15 the circumstances. The audits shall include the issuance of suitable  
16 reports as required by the federal single audit requirements so that the  
17 legislature, the federal government and others will be informed as to the  
18 adequacy of financial statements of this state in compliance with  
19 generally accepted accounting principles and to determine whether this  
20 state has complied with laws and regulations that may have a material  
21 effect on the financial statements and on major federal assistance  
22 programs.

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

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

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

35 6. In the fifth year and in each fifth year thereafter in which a  
36 transportation excise tax is in effect in a county as provided in section  
37 42-6106 or 42-6107, conduct a performance audit that:

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

44 (b) Reviews projects completed to date and projects to be completed  
45 during the remaining years in which a transportation excise tax is in

1 effect. Within six months after each review period, the auditor general  
2 shall present a report to the speaker of the house of representatives and  
3 the president of the senate detailing findings and making recommendations.

4 (c) Reviews, determines, reports and makes recommendations to the  
5 speaker of the house of representatives and the president of the senate  
6 whether the distribution of Arizona highway user revenues complies with  
7 title 28, chapter 18, article 2.

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

13 8. Perform special audits designated pursuant to law if the auditor  
14 general determines that there are adequate monies appropriated for the  
15 auditor general to complete the audit. If the auditor general determines  
16 the appropriated monies are inadequate, the auditor general shall notify  
17 the **JOINT LEGISLATIVE AUDIT** committee. Based on information provided by  
18 the auditor general, for any legislative measure that requires the auditor  
19 general to perform a special audit, the joint legislative budget committee  
20 staff shall notify all the members of the legislature as soon as  
21 practicable of the cost to conduct the special audit.

22 9. Establish a schoolwide audit team in the office of the auditor  
23 general to conduct performance audits and monitor school districts to  
24 determine the percentage of every dollar spent in the classroom by the  
25 school district. Each school district shall prominently post on its  
26 website home page a copy of its profile pages that displays the percentage  
27 of every dollar spent in the classroom by that school district from the  
28 most recent status report issued by the auditor general pursuant to this  
29 paragraph. The auditor general shall determine, through random selection,  
30 the school districts to be audited each year, subject to review by the  
31 joint legislative audit committee. A school district that is subject to  
32 an audit pursuant to this paragraph shall notify the auditor general in  
33 writing whether the school district agrees or disagrees with the findings  
34 of the audit and whether the school district will implement the  
35 recommendations, implement modifications to the recommendations or refuse  
36 to implement the recommendations. The school district shall submit to the  
37 auditor general a written status report on the implementation of the audit  
38 recommendations at the request of the auditor general, within the two-year  
39 period following the issuance of an audit conducted pursuant to this  
40 paragraph. The auditor general shall review the school district's  
41 progress toward implementing the recommendations of the audit and provide  
42 status reports of the reviews to the joint legislative audit committee  
43 during this two-year period. The auditor general may review a school  
44 district's progress beyond this two-year period for recommendations that  
45 have not yet been implemented by the school district. The school district

1 shall participate in any hearing scheduled during this review period by  
2 the joint legislative audit committee or by any other legislative  
3 committee designated by the joint legislative audit committee.

4 10. Annually review per diem compensation and reimbursement of  
5 expenses for employees of this state and members of a state board,  
6 commission, council or advisory committee by judgmentally selecting  
7 samples and evaluating the propriety of per diem compensation and expense  
8 reimbursements.

9 11. ANNUALLY CONDUCT A FINANCIAL AUDIT OF THE ARIZONA EMPOWERMENT  
10 SCHOLARSHIP ACCOUNT PROGRAM PURSUANT TO TITLE 15, CHAPTER 19.

11 B. The auditor general may:

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

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

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

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

29 E. The department of transportation or the county transportation  
30 excise tax recipients shall reimburse the auditor general as follows, and  
31 the auditor general shall deposit the reimbursed monies in the audit  
32 services revolving fund:

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

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