

# MAINE STATE LEGISLATURE

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# 117th MAINE LEGISLATURE

## SECOND REGULAR SESSION-1996

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Legislative Document

No. 1774

H.P. 1292

House of Representatives, February 13, 1996

### **An Act to Improve and Expand the Functions of the Department of Audit.**

(AFTER DEADLINE)

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Approved for introduction by a majority of the Legislative Council pursuant to Joint Rule 27.  
Reference to the Committee on Appropriations and Financial Affairs suggested and  
ordered printed.

A handwritten signature in cursive script that reads "Joseph W. Mayo".

JOSEPH W. MAYO, Clerk

Presented by Representative DUNN of Gray.

Cosponsored by Representative TUTTLE of Sanford, Senator KIEFFER of Aroostook and Representatives: AIKMAN of Poland, BAILEY of Township 27, BARTH of Bethel, BIGL of Bucksport, BIRNEY of Paris, BUCK of Yarmouth, CAMERON of Rumford, CAMPBELL of Holden, CHICK of Lebanon, CROSS of Dover-Foxcroft, DAGGETT of Augusta, DAMREN of Belgrade, DEXTER of Kingfield, DiPIETRO of South Portland, DONNELLY of Presque Isle, FARNUM of South Berwick, GERRY of Auburn, GIERINGER of Portland, GOOLEY of Farmington, GREEN of Monmouth, HARTNETT of Freeport, JACQUES of Waterville, JONES of Pittsfield, JOY of Crystal, JOYCE of Biddeford, JOYNER of Hollis, KEANE of Old Town, KERR of Old Orchard Beach, KILKELLY of Wiscasset, KNEELAND of Easton, LABRECQUE of Gorham, LANE of Enfield, LAYTON of Cherryfield, LEMONT of Kittery, LIBBY of Kennebunk, LIBBY of Buxton, LINDAHL of Northport, LOOK of Jonesboro, LOVETT of Scarborough, LUMBRA of Bangor, MARSHALL of Eliot, MARVIN of Cape Elizabeth, MAYO of Bath, McALEVEY of Waterboro, MERES of Norridgewock, MURPHY of Berwick, NASS of Acton, OTT of York, PEAVEY of Woolwich, PINKHAM of Lamoine,

Additional cosponsors on next page

PLOWMAN of Hampden, POIRIER of Saco, REED of Falmouth, REED of Dexter, RICE of South Bristol, ROBICHAUD of Caribou, SAVAGE of Union, SIMONEAU of Thomaston, SPEAR of Nobleboro, STEDMAN of Hartland, TAYLOR of Cumberland, TRIPP of Topsham, TRUE of Fryeburg, TUFTS of Stockton Springs, UNDERWOOD of Oxford, VIGUE of Winslow, WATERHOUSE of Bridgton, WHITCOMB of Waldo, WINGLASS of Auburn, WINSOR of Norway, Senators: ABROMSON of Cumberland, AMERO of Cumberland, BEGLEY of Lincoln, BENOIT of Franklin, BERUBE of Androscoggin, BUTLAND of Cumberland, CAREY of Kennebec, CARPENTER of York, CASSIDY of Washington, FERGUSON of Oxford, GOLDTHWAIT of Hancock, HALL of Piscataquis, HANLEY of Oxford, HARRIMAN of Cumberland, HATHAWAY of York, LONGLEY of Waldo, LORD of York, MILLS of Somerset, STEVENS of Androscoggin.

Be it enacted by the People of the State of Maine as follows:

2           **Sec. 1. 5 MRSA §244**, as amended by PL 1985, c. 785, Pt. A,  
4           §20, is further amended to read:

6           **§244. Records and reports**

8           The State Auditor ~~shall--keep~~ keeps no accounts in the  
10           Department of Audit, but he shall conduct a continuous postaudit  
12           of the accounts, books, records and other evidences of financial  
14           transactions kept in the Department of ~~Finance~~ Financial and  
16           Administrative Services or in the other departments and agencies  
18           of the State Government. He ~~The State Auditor~~ shall prepare and  
20           publish a report for each fiscal year, setting forth the  
22           essential facts of such ~~audit~~ audits in summary form, within the  
24           following fiscal year after the books of the State Controller  
26           have been officially closed. If ~~he--shall--find~~ the State Auditor  
28           finds in the course of his an audit evidences of material  
30           weaknesses, reportable conditions, improper transactions, or of  
32           incompetence in keeping accounts or handling funds or of any  
34           other improper practice of financial administration, he ~~the State~~  
          Auditor shall report the same to the Governor and the Legislature  
          immediately. After reporting evidence of material weaknesses or  
          reportable conditions, the State Auditor shall provide for  
          subsequent review to ensure that those conditions are corrected  
          in a timely manner and report to the Governor and the Legislature  
          to confirm the correction of those conditions. If ~~he--shall--find~~  
          the State Auditor finds evidences of illegal transactions, he ~~the~~  
          State Auditor shall ~~forthwith~~ immediately report ~~such~~ those  
          transactions both to the Governor and to the Attorney General.  
          All such evidences shall must be included in the annual reports  
          of the State Auditor and he ~~the State Auditor~~ may, at his ~~the~~  
          State Auditor's discretion, make them public at any time during  
          the fiscal year.

36           **Sec. 2. 5 MRSA §244-B** is enacted to read:

38           **§244-B. Committee to direct undertaking of audits**

40           Pursuant to section 243, subsection 6, the joint standing  
42           committee of the Legislature having jurisdiction over  
44           appropriations and financial affairs may direct the State Auditor  
          to undertake management audits, systems reviews or audits of any  
          department or agency of the State.

46           **Sec. 3. Consolidation of audits of state financial records within the**  
48           **Department of Audit.**

50           1. The Department of Audit shall prepare a proposal to  
          consolidate all of the audits of state financial records within  
          the Department of Audit, except for audits authorized under the

2 Maine Revised Statutes, Title 5, section 1621. The department  
shall ensure that, under its proposal:

4 A. All audits of state records are performed by individuals  
6 who have had necessary education, training and continuing  
education;

8 B. The auditors are properly supervised and independent of  
the area being audited;

10 C. All audits of state records are conducted in accordance  
12 with generally accepted auditing standards, governmental  
14 auditing standards issued by the Comptroller General of the  
United States, and relevant provisions published by the  
16 federal Office of Management and Budget; and

18 D. Adequate qualified audit staff exist under the State  
Auditor's supervision to audit all state departments on a  
reasonable cycle.

20 2. The Department of Audit shall provide progress reports  
22 to the Joint Standing Committee on Appropriations and Financial  
Affairs no later than August 1, 1996 and October 1, 1996. The  
24 committee may meet with representatives from the Department of  
Audit and any other department or agency of State Government to  
26 discuss these reports at any meeting of the committee scheduled  
in accordance with the Maine Revised Statutes, Title 3, section  
28 522.

30 3. The Department of Audit shall submit its proposal and  
any necessary implementing legislation, including proposals to  
32 transfer auditor positions to the Department of Audit from other  
state departments and agencies, to the Joint Standing Committee  
34 on Appropriations and Financial Affairs no later than December 1,  
1996.

### 38 STATEMENT OF FACT

40 This bill accomplishes the following:

42 1. It requires the State Auditor to inform the Governor and  
the Legislature of any material weaknesses or reportable  
44 conditions discovered in the course of an audit and directs the  
State Auditor to subsequently undertake a review to ensure the  
46 correction of those conditions.

48 2. It authorizes the joint standing committee of the  
Legislature having jurisdiction over appropriations and financial  
50 affairs to direct the State Auditor to undertake management

2 audits, systems reviews or audits of any department or agency of  
the State.

4 3. It directs the Department of Audit to prepare a proposal  
6 to consolidate all of the audits of state financial records  
the Joint Standing Committee on Appropriations and Financial  
8 Affairs no later than December 1, 1996.