

SHORT TITLE: State finance; requiring certain audits and statements to be filed by certain date and in certain manner; modifying amount of state travel reimbursement for portion of day; effective date; emergency.

STATE OF OKLAHOMA

2nd Session of the 45th Legislature (1996)

SENATE BILL NO. 1149

By: Wright

AS INTRODUCED

An Act relating to state finance; amending 11 O.S. 1991, Sections 24-115, 49-100.5, 50-104.2, as amended by Section 2, Chapter 173, O.S.L. 1995 (11 O.S. Supp. 1995, Section 50-104.2), which relate to cities and towns, 47 O.S. 1991, Section 2-303.1, as last amended by Section 5, Chapter 81, O.S.L. 1995 (47 O.S. Supp. 1995, Section 2-303.1), which relates to motor vehicles, 60 O.S. 1991, Section 180.1, which relates to property, 62 O.S. 1991, Sections 7.2, as last amended by Section 2, Chapter 212, O.S.L. 1995, 7.3, 41.19, as amended by Section 1, Chapter 152, O.S.L. 1992 and 41.21, as last amended by Section 6, Chapter 292, O.S.L. 1995 (62 O.S. Supp. 1995, Sections 7.2, 41.19 and 41.21), which relate to public finance, 64 O.S. 1991, Section 156, which relates to public lands, 69 O.S. 1991, Section 1720, which relates to roads, bridges and ferries, 70 O.S. 1991, Section 3909, as last amended by Section 1, Chapter 317, O.S.L. 1994 (70 O.S. Supp. 1995, Section 3909), which relates to schools, 74 O.S. 1991, Sections 34, 212A, as last amended by Section 1, Chapter 299, O.S.L. 1994, 452.10, 500.9, as last amended by Section 4, Chapter 335, O.S.L. 1995, 907, as amended by Section 2, Chapter 381, O.S.L. 1994 and 5062.19 (74 O.S. Supp. 1995, Sections 212A, 500.9 and 907), which relate to state government, 82 O.S. 1991, Section 866, which relates to waters and water rights and 85 O.S. 1991, Section 139, as amended by Section 2, Chapter 60, O.S.L. 1992 (85 O.S. Supp. 1995, Section 139), which relates to workers' compensation; requiring certain statements and audits to be filed in accordance with certain requirements and by certain dates; clarifying statutory references; deleting obsolete language; requiring certain statements to be audited in accordance with certain requirements; deleting requirement that certain report and accompanying information be filed monthly; modifying required minimum balance in Canceled Warrant Fund; modifying claims subject to certain procedures and authorizing Director of State Finance to establish certain alternative procedures; deleting requirement for preaudit of certain claims; modifying responsibilities of Division of Central Accounting and Reporting; deleting provision that certain provisions are notwithstanding other provisions; requiring annual audit of accounts and records of State School Land Department; deleting

requirement for certain bond and form for affidavit of lost or destroyed warrant; deleting certain duty of State Treasurer; providing for determination of government entities to which certain filing requirements apply; modifying amount of travel reimbursement for portion of day under State Travel Reimbursement Act; requiring Director of State Finance to cause to be prepared comprehensive annual financial report and specifying requirements related thereto; authorizing Director to establish certain procedures and guidelines; providing for codification; providing an effective date; and declaring an emergency.

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

SECTION 1. AMENDATORY 11 O.S. 1991, Section 24-115, is amended to read as follows:

Section 24-115. Within ninety (90) days following the closing of each fiscal year, the Authority shall cause to be prepared certified financial statements which shall be filed with the State Auditor and Inspector ~~within sixty (60) days of preparation~~ and with the Director of State Finance no later than the date set forth in the requirements for financial statement audits in Section 212A of Title 74 of the Oklahoma Statutes.

SECTION 2. AMENDATORY 11 O.S. 1991, Section 49-100.5, is amended to read as follows:

Section 49-100.5 A. The principal office of the System shall be in Oklahoma City, Oklahoma. Offices shall be assigned to the System by the ~~Office of Public Affairs~~ Department of Central Services. Upon the failure or inability of the ~~Office of Public Affairs~~ Department of Central Services to provide adequate facilities, the State Board is hereby authorized to contract for necessary office space in suitable quarters.

B. The State Board shall keep a record of all of its proceedings, which shall be open for inspection at all reasonable hours. A report including such information as the operation of the Req. No. 2147

System for the past fiscal year, including income, disbursements, and the financial condition of the System at the end of each fiscal year and showing the valuation of its assets, investments, and liabilities, shall be delivered to the Governor after the end of each fiscal year but prior to October 1 of the next fiscal year and made available to the firefighters and participating municipalities.

C. The State Auditor and Inspector shall make an annual audit of the accounts of the System. ~~Said~~ The audit shall be filed as soon after the close of the fiscal year as practicable, but not later than ~~December 31 of the next fiscal year~~ the date set forth in the requirements for financial statement audits in Section 212A of Title 74 of the Oklahoma Statutes.

SECTION 3. AMENDATORY 11 O.S. 1991, Section 50-104.2, as amended by Section 2, Chapter 173, O.S.L. 1995 (11 O.S. Supp. 1995, Section 50-104.2), is amended to read as follows:

Section 50-104.2 A. The principal office of the System shall be in Oklahoma City, Oklahoma. ~~Notwithstanding any statutes or rules to the contrary, the~~ The State Board is hereby authorized to contract for necessary office space in suitable quarters.

B. The State Board shall keep a record of all of its proceedings, which shall be open for inspection at all reasonable hours. A report including such information as the operation of the System for the past fiscal year, including income, disbursements, and the financial condition of the fund at the end of each fiscal year and showing the valuation of its assets, investments, and liabilities, shall be delivered to the Governor after the end of each fiscal year but prior to October 1 of the next fiscal year and made available to the members and participating municipalities.

C. The State Auditor and Inspector shall make an annual audit of the accounts of the System. ~~Said~~ The audit shall be filed as

soon after the close of the fiscal year as practicable, but not later than ~~December 31 of the next fiscal year~~ the date set forth in the requirements for financial statement audits in Section 212A of Title 74 of the Oklahoma Statutes.

SECTION 4. AMENDATORY 47 O.S. 1991, Section 2-303.1, as last amended by Section 5, Chapter 81, O.S.L. 1995 (47 O.S. Supp. 1995, Section 2-303.1), is amended to read as follows:

Section 2-303.1 A. The Oklahoma Law Enforcement Retirement Board shall discharge ~~their~~ its duties with respect to the System solely in the interest of the participants and beneficiaries and:

1. For the exclusive purpose of:

- a. providing benefits to participants and their beneficiaries, and
- b. defraying reasonable expenses of administering the System;

2. With the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims;

3. By diversifying the investments of the System so as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so; and

4. In accordance with the laws, documents and instruments governing the System.

B. The Board may procure insurance indemnifying the members of the Board from personal loss or accountability from liability resulting from a member's action or inaction as a member of the Board.

C. The Board may establish an investment committee. The investment committee shall be composed of not more than five (5)

members of the Board appointed by the president of the Board. The committee shall make recommendations to the full Board on all matters related to the choice of custodians and managers of the assets of the System, on the establishment of investment and fund management guidelines, and in planning future investment policy. The committee shall have no authority to act on behalf of the Board in any circumstances whatsoever. No recommendation of the committee shall have effect as an action of the Board nor take effect without the approval of the Board as provided by law.

D. The Board shall retain qualified investment managers to provide for the investment of the monies of the System. The investment managers shall be chosen by a solicitation of proposals on a competitive bid basis pursuant to standards set by the Board. Subject to the overall investment guidelines set by the Board, the investment managers shall have full discretion in the management of those monies of the System allocated to the investment managers. The Board shall manage those monies not specifically allocated to the investment managers. The monies of the System allocated to the investment managers shall be actively managed by the investment managers, which may include selling investments and realizing losses if such action is considered advantageous to longer term return maximization. Because of the total return objective, no distinction shall be made for management and performance evaluation purposes between realized and unrealized capital gains and losses.

E. Funds and revenues for investment by the investment managers or the Board shall be placed with a custodian selected by the Board. The custodian shall be a bank or trust company offering pension fund master trustee and master custodial services. The custodian shall be chosen by a solicitation of proposals on a competitive bid basis pursuant to standards set by the Board. In compliance with the

investment policy guidelines of the Board, the custodian bank or trust company shall be contractually responsible for ensuring that all monies of the System are invested in income-producing investment vehicles at all times. If a custodian bank or trust company has not received direction from the investment managers of the System as to the investment of the monies of the System in specific investment vehicles, the custodian bank or trust company shall be contractually responsible to the Board for investing the monies in appropriately collateralized short-term interest-bearing investment vehicles.

F. ~~By November 1, 1988, and prior~~ Prior to August 1 of each year ~~thereafter~~, the Board shall develop a written investment plan for the System.

G. The Board shall compile a quarterly financial report of all the funds of the System on a fiscal year basis. The report shall be compiled pursuant to uniform reporting standards prescribed by the Oklahoma State Pension Commission for all state retirement systems. The report shall include several relevant measures of investment value, including acquisition cost and current fair market value with appropriate summaries of total holdings and returns. The report shall contain combined and individual rate of returns of the investment managers by category of investment, over periods of time. The Board shall include in the quarterly reports all commissions, fees or payments for investment services performed on behalf of the Board. The report shall be distributed to the Governor, the Oklahoma State Pension Commission, the Legislative Service Bureau, the Speaker of the House of Representatives and the President Pro Tempore of the Senate.

H. After July 1 and before October 1 of each year, the Board shall publish widely an annual report presented in simple and easily understood language pursuant to uniform reporting standards

prescribed by the Oklahoma State Pension Commission for all state retirement systems. The report shall be submitted to the Governor, the Speaker of the House of Representatives, the President Pro Tempore of the Senate, the Oklahoma State Pension Commission and the members of the System. The annual report shall cover the operation of the System during the past fiscal year, including income, disbursements, and the financial condition of the System at the end of the fiscal year. The annual report shall also contain the information issued in the quarterly reports required pursuant to subsection G of this section as well as a summary of the results of the most recent actuarial valuation to include total assets, total liabilities, unfunded liability or over funded status, contributions and any other information deemed relevant by the Board. The annual report shall be written in such a manner as to permit a readily understandable means for analyzing the financial condition and performance of the System for the fiscal year. The annual financial statements must be audited and filed in accordance with requirements set forth for financial statement audits in Section 212A of Title 74 of the Oklahoma Statutes.

I. The Board may retain an attorney licensed to practice law in this state. The attorney shall serve at the pleasure of the Board for such compensation as set by the Board. The Attorney General shall furnish such legal services as may be requested by the Board.

SECTION 5. AMENDATORY 60 O.S. 1991, Section 180.1, is amended to read as follows:

Section 180.1 The trustees of every trust created for the benefit and furtherance of any public function with the State of Oklahoma or any county or municipality as the beneficiary or beneficiaries thereof must cause an audit to be made of, including, but not limited to, the funds, accounts, and fiscal affairs of such

trust, such audit to be ordered within thirty (30) days of the close of each fiscal year of the trust. The audit shall be filed in accordance with requirements set forth for financial statement audits in Section 212A of Title 74 of the Oklahoma Statutes.

SECTION 6. AMENDATORY 62 O.S. 1991, Section 7.2, as last amended by Section 2, Chapter 212, O.S.L. 1995 (62 O.S. Supp. 1995, Section 7.2), is amended to read as follows:

Section 7.2 A. There is hereby re-created, to continue until July 1, 1996, in accordance with the provisions of the Oklahoma Sunset Law, Section 3901 et seq. of Title 74 of the Oklahoma Statutes, a Special Agency Account Board, to consist of the Director of State Finance, the State Treasurer and the Director of the Legislative Service Bureau. The Board shall have the authority to approve the establishment of agency special accounts in the official depository of the State Treasury. In the case of institutions of higher education, the Special Agency Account Board, acting in conjunction with the Oklahoma State Regents for Higher Education, shall establish special agency accounts as appropriate which shall be consistent with provisions of the Oklahoma Budget Law of 1947, Section 41.1 et seq. of this title, as it relates to institutions in The Oklahoma State System of Higher Education.

B. The Board, created by this section, shall adopt procedures including application forms, justification and other pertinent information as to the basis for a state agency application for the establishment of agency special accounts.

C. The Board may approve agency special accounts for money received by state agencies for the following purposes:

1. Benefit programs for individuals, including, but not limited to, unemployment compensation, workers' compensation and state retirement programs;

2. Revenues produced by activities or facilities ancillary to the operation of a state agency which receive no money, directly or indirectly, from or through that state agency, including, but not limited to, revenues from the sales of food at retail level, sales at canteens, sales at student unions, sales at student bookstores, receipts from athletic programs and receipts from housing. Provided, however, that a state institution of higher learning may purchase necessary equipment and instructional supplies and office supplies from a student bookstore, or, subject to authorization by the Oklahoma State Regents for Higher Education, may rent building space for institutional use in a building operated by an organization or entity whose existence is ancillary to the operation of a state agency, and whose cost was financed in whole or in part with revenue-type bonds; provided, further, that the cost of such office supplies or space rental shall not exceed the cost of similar supplies or rentals available commercially;

3. Gifts, devises and bequests with an agency as beneficiary, unless otherwise provided by statute;

4. Evidence funds for law enforcement agencies;

5. Student loan funds and scholarship funds;

6. Funds held in escrow;

7. Land Commission funds;

8. Funds for which the state agency acts as custodian, including, but not limited to, fees from employee earnings approved by the governing board of the agency, funds of student organizations including student activity fees collected by an educational institution as a separate item in enrollment procedures, professional organizations, patients and inmates;

9. Funds used by the Oklahoma Tax Commission to pay for the filing of liens with the Federal Aviation Administration;

10. Temporary accounts for funds arising from new or amended legislation not otherwise provided for in statute or for other emergency situations. Such accounts are to be utilized only pending legislative action directing custody of such funds;

11. Payment of liability claims against the state;

12. Activities of the various Armory Boards of the Oklahoma Military Department to receive and dispense funds derived by the Armory Boards pursuant to Sections 232.6 and 232.7 of Title 44 of the Oklahoma Statutes; and

13. Payment of expenses incurred in connection with the acceptance of payments made with nationally recognized credit cards.

D. The State Treasurer is authorized to accept deposit of money made directly to agency special accounts approved by the Board. All money received by a state agency, as described in Section 7.1 of this title, shall be deposited in State Treasury funds or accounts and no money shall be deposited in banks or other depositories unless the ~~said~~ bank accounts are maintained by the State Treasurer or are for the deposit of authorized petty cash funds.

~~E. The balances in agency bank accounts or depository accounts, as of July 1, 1973, shall be transferred to agency clearing accounts or agency special accounts created by law. However, a sufficient balance to fund outstanding checks and vouchers, if any, shall be retained in said bank or depository accounts for a period of one (1) year. A list of all outstanding checks or vouchers for each bank or depository account so abolished shall be furnished to the State Treasurer by the state agency as of July 1, 1973.~~

~~F.~~ Money deposited in agency special accounts shall be disbursed on vouchers issued by the state agency concerned to accomplish the purpose for which the money was intended.

~~G.~~ F. Funds and revenues of the Grand River Dam Authority are exempt from the requirements of this section.

~~H.~~ G. Funds and revenues of the Oklahoma Municipal Power Authority are exempt from the requirements of this section.

~~I.~~ H. Monies used for investment purposes by the Oklahoma Firefighters Pension and Retirement System, the Oklahoma Police Pension and Retirement System, the Uniform Retirement System for Justices and Judges, the Oklahoma Law Enforcement Retirement System, the Oklahoma Public Employees Retirement System, the Teachers' Retirement System of Oklahoma, the State Insurance Fund, the State and Education Employees Group Insurance Board, the Commissioners of the Land Office, and the Oklahoma State Regents for Higher Education for its Endowment Trust Fund are exempt from the requirements of this section, and shall be placed with the respective custodian bank or trust company.

SECTION 7. AMENDATORY 62 O.S. 1991, Section 7.3, is amended to read as follows:

Section 7.3 A. ~~At the end of each month, each~~ Each state agency shall furnish to the Director of State Finance, in such form as ~~he~~ the Director shall prescribe, ~~a report~~ detailed information showing the income, disbursements, and transfers for each agency clearing account and each agency's special account. ~~Such report shall be accompanied by a reconciliation of agency and State Treasury records of income, disbursements and transfers.~~ Income, disbursements and transfers shall be identified in accordance with code designations as provided in the ~~State Budget Office~~ accounting procedures of the Office of State Finance.

B. The Director of State Finance may approve any modification in the code designations of income, disbursements and transfers that he or she finds expedient.

C. The State Treasurer shall not honor vouchers disbursing and transferring monies from agency clearing accounts or special accounts, when he or she has been notified by the Director of State Finance that an agency ~~has~~ is not ~~filed reports as provided in~~ compliance with the provisions of subsection A of this section.

SECTION 8. AMENDATORY 62 O.S. 1991, Section 41.19, as amended by Section 1, Chapter 152, O.S.L. 1992 (62 O.S. Supp. 1995, Section 41.19), is amended to read as follows:

Section 41.19 A. ~~Effective July 1, 1947, and thereafter, all~~ All bonds and interest coupons redeemed by the State Treasurer and a duplicate of each and every receipt issued ~~by him~~ for monies received into the State Treasury, shall be delivered immediately to, and receipted for, by the Director of State Finance who shall maintain such documents as a permanent record of his or her office. It shall be the duty of the Director of State Finance to audit such redeemed documents and to apportion and distribute the collections as indicated by the State Treasury receipts to the respective funds and account to which the same shall have accrued, or may belong. ~~Beginning July 1, 1989, all~~ All warrants and checks redeemed by the State Treasurer shall be maintained by the State Treasurer in accordance with the provisions of Sections ~~564~~ 305 through ~~571~~ 317 of Title ~~74~~ 67 of the Oklahoma Statutes. In the event that nonpayable warrants are issued pursuant to the provisions of Section 23 of Article ~~10~~ X of the Constitution of the State of Oklahoma, it shall be the duty of the Director of State Finance to issue and publish the official call for payment for any warrants that may be outstanding and registered as "nonpayable". Notice of such call shall be published in some newspaper of general circulation, published at the seat of government, and interest on all warrants so called for payment shall cease on or after ten (10) days from the

date of the first publication of such notice. The Director of State Finance shall be responsible for the custody of claims certified ~~to him~~ for payment which call for the disbursement of money from the Treasury. Such claims shall be maintained in files accessible to the Division of Central Accounting and Reporting and the employees of the Division of Central Accounting and Reporting shall have authority to inspect such claims for the purpose of making accounting adjustments on the records maintained by the Director of State Finance.

B. All warrants, checks or orders issued ~~after June 30, 1980,~~ by the State Treasurer against claims submitted through the Director of State Finance in payment of obligations of the state which shall for any cause remain outstanding or unpaid for a period of ninety (90) days after funds are available for their payment shall be revoked and canceled. The Director of State Finance shall forthwith make proper entry thereof on the records of his or her office and shall notify both the State Treasurer and the administrative head of the agency certifying the claim for payment of the fact of such entry of cancellation. Thereafter, no such warrants shall be paid except that the holder of any warrant that may be canceled pursuant to the provisions of this section, may, within thirty-six (36) months following the month in which the warrant was canceled, present the warrant or an affidavit of loss or destruction, and a request for reissue to the Director of State Finance who shall on the third Monday of each month certify a claim for payment of those verified unpaid requests presented during months past. ~~Provided, the Director of State Finance shall reissue a warrant for any valid claim upon receipt, prior to October 1, 1988, of a request for reissue, regardless of the date on which the warrant was canceled.~~ If, for any reason, a warrant should not be issued to replace a

warrant canceled pursuant to the provisions of this section, the administrative head of the agency originally certifying the claim for payment shall, within seven (7) days after notification of the cancellation, advise the Director of State Finance that a reissue should not be made. Warrants issued or caused to be issued by the Department of Human Services for public assistance or medical assistance may be reissued at any time within three (3) years after cancellation upon submission of the canceled warrants to the Department, provided the three-year limitation shall not apply to warrants issued prior to ~~the effective date of the act~~ May 1, 1992. ~~However, any warrants outstanding at the time of the passage of this act, must be reissued within three (3) years.~~

C. There is hereby created in the State Treasury a fund to be known as the Canceled Warrant Fund. The Director of State Finance shall transfer to the Canceled Warrant Fund the total of the payable amounts of the warrants canceled pursuant to the provisions of this section from the funds and accounts against which the canceled warrants had been drawn, and shall disburse from the fund such amounts as necessary to pay warrants reissued as provided in this section. The expenditure shall be recorded in the fund and account against which the original canceled warrant was issued and disbursements from the Canceled Warrant Fund shall not be considered expenses of the state nor shall receipts to the fund be considered revenue to the state. Claims drawn against the Canceled Warrant Fund shall identify the current holder of record and the warrant number of the canceled warrant.

D. The Director of State Finance shall determine the minimum necessary balance to be maintained in the Canceled Warrant Fund and on the third Monday of October ~~he~~ shall transfer the amount in excess of the required minimum balance to the General Revenue Fund

of the current year. The minimum balance retained shall be not less than the total amount of the warrants canceled ~~in the most recently completed fiscal year~~ nor more than two times the total amount of ~~warrants canceled in such fiscal year~~ by statute within the past thirty-six (36) months preceding October 1 of each year and which remain eligible for replacement according to the records of the Office of State Finance.

~~E. The obligations and balances of the Payroll Reserve Fund, created by Section 7.8 of this title, are hereby transferred to the Canceled Warrant Fund created by subsection C of this section.~~

SECTION 9. AMENDATORY 62 O.S. 1991, Section 41.21, as last amended by Section 6, Chapter 292, O.S.L. 1995 (62 O.S. Supp. 1995, Section 41.21), is amended to read as follows:

Section 41.21 A. Except as otherwise provided by subsections B, C, D, E, F, G and H of this section, procedures for effecting payment of claims or payrolls shall include the following:

1. All miscellaneous claims and ~~payrolls~~ payroll claims which are to be used to authorize the payment of money from the State Treasury, shall be filed with the Director of State Finance for audit and settlement prior to being filed for payment with the State Treasurer. ~~The;~~ provided, the Director of State Finance may establish alternative procedures for the settlement of claims through the Office of State Finance whenever such procedures are deemed more advantageous and consistent with the requirements of this act. Such procedures may include, but are not limited to, at the discretion of the Director of State Finance may, at his or her discretion, establish:

- a. a procedure to permit consolidated payment to vendors for claims involving more than one agency of the state when audit and settlement of such claims, as

hereinafter provided, can in all respects be accomplished~~7,~~

- b. procedures based upon valid statistical sampling models for preaudit of claims, except for payroll claims and travel claims, against contracts, purchase orders and other commitments before entering such claims against the appropriation allotment accounts, and
- c. policies, procedures and performance criteria for the participation of agencies or departments, not authorized in subsections B through H of this section, to engage in an alternative system for the settlement of claims through the Office of State Finance; and

~~2. The Division of Central Accounting and Reporting shall preaudit all claims against contracts, purchase orders and other commitments before entering such claims against the appropriation allotment accounts; and~~

~~3.~~ After claims ~~and/or~~ or payrolls or both have been properly audited and recorded against the respective contracts, purchase orders, other commitments and appropriation allotment accounts, the Division of Central Accounting and Reporting shall certify such claims ~~and/or~~ or payrolls to the State Treasurer for payment. It shall be the responsibility of the Division of Central Accounting and Reporting to determine:

- a. that all material legal requirements concerning the expenditure of monies involved in each claim or payroll have been complied with, and
- b. that funds have been properly and legally allotted for the payment of the claim or payroll and that a sufficient balance exists for the payment of same.

Sufficient space shall be provided on each claim ~~and/or~~ and payroll for the Director of State Finance to indicate that the claim or payroll has been approved for payment by the Division of Central Accounting and Reporting. The Director of State Finance shall authorize bonded employees in the Division of Central Accounting and Reporting to execute the signed approval of each claim or payroll which shall be certified to the State Treasurer for payment.

B. ~~Notwithstanding the provisions of subsection A of this section, the~~ The Department of Human Services is authorized to establish an encumbrance and preaudit system for settlement of claims relating to public assistance, social service benefits and medical benefits to or for persons eligible under applicable federal laws and regulations, Oklahoma Statutes, and policies established by the Oklahoma Commission for Human Services. The following programs shall be eligible for this procedure:

1. Aid to Families with Dependent Children;
2. Aid to Aged, Blind and Disabled;
3. Medical Assistance;
4. Day Care;
5. Refugee Resettlement;
6. Low Income Heating and Energy Assistance;
7. General Assistance;
8. Crippled Children;
9. Social Services under Title XX of the U.S. Social Security Act, 42 U.S.C., Section 301 et seq.;
10. Adoption Subsidies;
11. Foster Care;
12. Medical Examination;
13. Area Agencies on Aging;

14. Any contract for service for which the Department of Central Services has approved as qualifying for a fixed and uniform rate pursuant to Section 85.7 of Title 74 of the Oklahoma Statutes;

15. Sheltered Workshops;

16. Contracted Group Homes;

17. Rehabilitative Client Interpreters;

18. Rehabilitative Client Drivers; and

19. Maternal and Child Health Services Block Grant.

The Department of Human Services shall provide to the Director of State Finance, for approval prior to inclusion in this procedure, detailed listings of the type of payments to be made for each of these programs. The Department of Human Services shall provide the Director of State Finance a daily report of the dollar amount of claims settled and checks or warrants written, the dollar amount of checks or warrants canceled, and the dollar amount of checks or warrants canceled by statutes.

C. ~~Notwithstanding the provisions of subsection A of this section, the~~ The State Department of Rehabilitation Services is authorized to establish an encumbrance and preaudit system for settlement of claims relating to social service benefits and medical benefits to or for persons eligible under applicable federal laws and regulations, Oklahoma Statutes, and policies established by the Commission for Rehabilitation Services for the following programs:

1. Vocational and other rehabilitation;

2. Educational services;

3. Disability Determination Services; and

4. Visual Services.

The State Department of Rehabilitation Services shall provide to the Director of State Finance, for approval prior to inclusion in this procedure, detailed listings of the type of payments to be made

for each of these programs. The State Department of Rehabilitation Services shall provide the Director of State Finance a daily report of the dollar amount of claims settled and checks or warrants written, the dollar amount of checks or warrants canceled, and the dollar amount of checks or warrants canceled by statutes.

D. ~~Provisions of subsection A of this section notwithstanding,~~ ~~the~~ The Oklahoma State Regents for Higher Education and the Director of State Finance shall jointly establish a system for the settlement of claims, excepting payroll, by entities of The Oklahoma State System of Higher Education. The settlement system shall include policy, procedures, and performance criteria for participation. The State Regents are authorized to approve or disapprove the participation of any institution or other entity of the State System in the claims settlement system.

E. ~~Notwithstanding the provisions of subsection A of this section, agencies~~ Agencies administering certain major federal assistance programs are authorized to establish a preaudit and settlement system for claims ~~and/or~~ or payments or both relating to the purposes of the stated federal assistance programs. The State Treasurer shall promulgate rules and regulations for the state in accordance with Federal Banking and National Automated Clearing House Association standards and agencies shall be required to utilize automated clearing house procedures and regulations established by the State Treasurer provided that no individual or entity shall be required to have a bank account unless required by federal law or federal regulation. Agencies shall be further required to present these transactions to the Office of State Finance in a summarized format and shall include any accounting information necessary as determined by the Director of State Finance including, but not limited to, information related to Public Law

101-453 the Cash Management Improvement Act, 31 U.S.C., Sections 3335, 6501 and 6503. Expenditures for administration of the stated federal assistance programs shall not be eligible for these procedures.

The following programs shall be eligible for this procedure:

1. National School Lunch Program;
2. Job Training Partnership Act, 29 U.S.C., Section 1501 et seq.;
3. Chapter 1 Programs - Local Education Agencies;
4. Pell Grant Program;
5. School Breakfast Program;
6. Federal, State and Local Partnerships for Educational Improvement;
7. Unemployment Trust Fund;
8. Special Education State Grants;
9. Alcohol and Drug Abuse and Mental Health Services Block Grant;
10. Child and Adult Care Food Program;
11. Special Supplemental Food Program for Women, Infants and Children;
12. Community Development Block Grant;
13. Community Services Block Grant;
14. Vocational Education - Basic Grants to States;
15. Capitalization Grants for State Revolving Funds;
16. Highway Planning and Construction (contractor estimates and right-of-way payments);
17. Special Milk Program;
18. Summer Food Service;
19. U.S. Departments of Health and Human Services, Housing and Urban Development, Education, and the Bureau of Indian Affairs grant

awards administered by the Oklahoma Department of Education and ultimately received by eligible subrecipients;

20. Home Investment Partnership Program;
21. Emergency Shelter Grant Program;
22. Rental Rehabilitation;
23. Emergency Homeless Program;
24. Weatherization;
25. Employment Service;
26. Veterans State Nursing Home Care;
27. Cooperative Extension Service;
28. Rehabilitative Services-Base Support;
29. Medical Assistance;
30. Social Security Disability Insurance;
31. Food Stamps;
32. Payments to States for Child Care Assistance;
33. Drug Free Schools and Communities - State Grants;
34. Drug Control and System Improvement - Formula Grant; ~~and~~
35. Disaster Assistance; and
36. Low Income Heating and Energy Assistance.

The Director of State Finance shall establish a disbursing fund which shall receive all federal, state matching and other funds which make up the total funding sources for each of the above federal programs.

F. ~~Notwithstanding the provisions of subsection A of this section, the~~ The Director of State Finance shall be authorized to process payments for federal tax withholding without claim forms. The Director of State Finance shall establish a separate fund for the purpose of accumulating federal income tax withholding from payrolls and remitting same to the United States Treasury.

G. ~~Notwithstanding the provisions of subsection A of this section, the~~ The Department of Education and the State Department of Vocational and Technical Education are authorized to establish a preaudit and settlement system for claims and/or payments of state funded assistance to school districts and institutions within the Oklahoma State System of Higher Education. ~~Said~~ The payment system shall be neutral as to interest income to the state and the school districts.

H. ~~Notwithstanding the provisions of subsection A of this section, the~~ The Director of State Finance shall be authorized to process, without claim forms, interest payments to the U.S. Treasury as required by Public Law 191-453, the Cash Management Improvement Act, 31 U.S.C., Sections 3335, 6501 and 6503. Agencies ~~and entities defined as a component unit of the state for financial reporting purposes~~ are responsible for the accrual of such interest liability of the state and shall provide payment to the Office of State Finance in the amount and method prescribed by the Office of State Finance. Any liability of the U.S. Treasury as determined by Public Law 191-453, the Cash Management Improvement Act, 31 U.S.C., Sections 3335, 6501 and 6503 shall be deposited in the State Treasury and transferred by the Director of State Finance to the General Revenue Fund of the state subsequent to final determination and necessary audit resolution.

I. The State Treasurer shall write checks or warrants in payment of claims and payrolls certified to him or her for payment by the Division of Central Accounting and Reporting or the Department of Human Services or institutions within The Oklahoma State System of Higher Education. The State Treasurer, at his or her discretion and within such limitations as he or she may prescribe, may authorize the Director of State Finance, the

Department of Human Services, or an institution within The Oklahoma State System of Higher Education to write the checks or warrants for payment of claims and payrolls that have been certified by the respective agency. The Director of State Finance, the Department of Human Services, and The Oklahoma State System of Higher Education institutions shall provide the State Treasurer a register of each payment for each check or warrant written. Provided, in lieu of checks or warrants:

1. The Director of State Finance may, with the concurrence of the State Treasurer, establish a procedure to effect the settlement of interagency claims by transfer entry; and

2. At the discretion of the State Treasurer, payment of claims and payrolls may be made by the electronic transfer of funds.

Such optional settlement modes may be implemented when the authorized officer or officers of the state are satisfied such modes will substantially operate to the benefit of the state and without sacrifice to the security and integrity of the monies and records of the state.

J. The Director of State Finance is authorized to use a numeric or alphanumeric designation to cross-reference claims or payrolls to check warrant numbers, transfer entry or optional settlement mode used in the payment thereof.

SECTION 10. AMENDATORY 64 O.S. 1991, Section 156, is amended to read as follows:

Section 156. The accounts and records of the State School Land Department shall be audited ~~every two (2) years~~ annually by an Oklahoma certified public accountant, ~~the first audit covering a period beginning July 1, 1932, and ending June 30, 1937, said.~~ The audit and the return thereof shall contain a statement of inventory of all property owned by the State School Land Department, together

with the appraised value thereof. A commission consisting of the Governor, the President Pro Tempore of the Senate, and the Speaker of the House is hereby authorized to contract for such audits. Copies of ~~said~~ the audits shall be filed with the Governor, the Commissioners of the Land Office, the State Senate, and the House of Representatives, ~~not less than five (5) days after the opening of the regular session of the Legislature following the end of the period covered by said audits~~ in accordance with the requirements set forth for financial statement audits in Section 212A of Title 74 of the Oklahoma Statutes.

SECTION 11. AMENDATORY 69 O.S. 1991, Section 1720, is amended to read as follows:

Section 1720. The authority shall make and submit to the Governor, within ninety (90) days of the close of the Authority's fiscal year, a full report showing anticipated projects, projects under construction and projects in operation, and the financial condition of the Authority and the sinking fund of each separate project, and such other information as the Governor shall require. The annual financial statements must be audited and filed in accordance with requirements set forth for financial statement audits in Section 212A of Title 74 of the Oklahoma Statutes.

SECTION 12. AMENDATORY 70 O.S. 1991, Section 3909, as last amended by Section 1, Chapter 317, O.S.L. 1994 (70 O.S. Supp. 1995, Section 3909), is amended to read as follows:

Section 3909. A. In addition to such other audits as may be required of or desired by the various boards of regents responsible for the institutions of The Oklahoma State System of Higher Education, each board shall annually obtain the services of an independent accounting firm or individual holding a permit to practice public accounting in this state to perform a complete

financial audit for the preceding fiscal year of each institution for which the board is responsible. The Oklahoma State Regents for Higher Education shall likewise annually obtain the services of an independent accounting firm or individual holding a permit to practice public accounting in this state to perform a complete financial audit of all the offices, operations, and accounts of the State Regents which are not subject to the control of other boards of regents. The audits shall be filed in accordance with requirements set forth for financial statement audits in Section 212A of Title 74 of the Oklahoma Statutes.

B. Each board of regents shall appoint a standing Audit Committee of the board consisting of not fewer than three (3) board members. The Audit Committee shall be responsible for establishing the qualifications of any accounting firm or individual seeking to be hired to perform an audit for the board and shall recommend to the board the firms or individuals whom the board shall invite to submit competitive bids. The full board shall select the auditor from among the competitive bidders. Audit committees shall not recommend any firm or individual unwilling to meet the following specifications. ~~Said~~ The specifications shall be among the terms and conditions of any contract awarded:

1. All revolving fund accounts, special accounts, special agency accounts, auxiliary enterprise accounts, and technical area school district accounts, if any, shall be included within the scope of the audit;

2. Where operations of constituent agencies or technical area school districts are relevant to the complete financial audit of the institution, records of those enterprises shall be included within the scope of the audit;

3. To the extent required by subsection (d) of Section 4306 of this title, records of college- or university-related foundations shall be included within the scope of the audit;

4. At the conclusion of the audit, the auditor shall meet with the president of the institution and the Audit Committee to review the audit report to be issued, the management letter or other comments or suggestions to be issued, and any other findings; and

5. Findings of material weaknesses, qualifications of the auditor's report other than those deriving from inadequate plant records, and of defalcations, or a report of lack of such findings, shall be communicated in writing to the board, the State Auditor and Inspector, the Legislative Service Bureau, and the Oklahoma State Regents for Higher Education with or in advance of the filing of the audit report required by Section 452.10 of Title 74 of the Oklahoma Statutes; and such written communications shall include any responses or other comments which the president or the Audit Committee wishes to have included.

C. The State Auditor and Inspector whenever he or she deems it appropriate, or upon receiving a written request to do so by the Governor, Attorney General, President Pro Tempore of the Senate, the Speaker of the House of Representatives, the governing board of an institution of higher education, the Oklahoma State Regents for Higher Education or the president of an institution of higher education, shall conduct a special audit of any institution of higher education within The Oklahoma State System of Higher Education. The special audit shall include, but not necessarily be limited to, a compliance audit as defined in subsection C of Section 213 of Title 74 of the Oklahoma Statutes. The State Auditor and Inspector shall have the power to take custody of any records necessary to the performance of the audit but shall minimize actual

physical removal of or denial of access to such records. At the conclusion of the audit, the State Auditor and Inspector shall meet with the president of the institution and the Audit Committee of the board which governs the component audited to review the audit report to be issued. The report, when issued, shall include any responses to the audit which the president or the Audit Committee wishes to have included and shall be presented to the full board, the Legislative Service Bureau, and the Oklahoma State Regents for Higher Education with or in advance of the filing required by Section 452.10 of Title 74 of the Oklahoma Statutes. The cost of such audit shall be borne by the audited entity and may be defrayed in whole or in part by any federal funds available for that purpose.

D. Each board of regents shall require the employment of a sufficient number of internal auditors to meet the board's fiduciary responsibilities. Internal audits shall be conducted in accordance with the provisions of Sections 228 and 229 of Title 74 of the Oklahoma Statutes. The internal auditors shall submit a report directly and simultaneously to the audit committee of the board and the president of the institution; all members of the board of regents governing the institution, however, shall receive all internal audit reports and the board of regents shall, at least annually, review and prescribe the plan of work to be performed by the internal auditors.

E. Any person who alters or destroys records needed for the performance of an audit or causes or directs a subordinate to do such acts shall be guilty of a felony punishable by imprisonment in the ~~State Penitentiary~~ custody of the Department of Corrections for a period of not more than five (5) years or by a fine of not more than Twenty Thousand Dollars (\$20,000.00), or by both such fine and

imprisonment. Such person shall also be subject to immediate removal from office or employment.

SECTION 13. AMENDATORY 74 O.S. 1991, Section 34, is amended to read as follows:

Section 34. The State Treasurer is hereby authorized and empowered to issue a replacement warrant or bond in lieu of any warrant or bond that has been lost or destroyed; provided, that no replacement warrant or bond shall be issued until an affidavit setting forth the facts as to the loss or destruction of ~~said~~ the original warrant or bond has been filed with the State Treasurer, ~~together with an indemnifying bond running to the state, the form of which shall be as follows:~~

~~AFFIDAVIT OF LOST OR DESTROYED WARRANT~~

~~State of Oklahoma Warrant (\$issued to has been lost or destroyed.~~

~~The loss or~~

~~destruction occurred on or about under the following circumstances:~~

~~The warrant was _____ (not)~~

~~Signature of Original Payee~~

~~Subscribed to before me this _____ Notary Public~~

~~My Commission expires _____ INDEMNIFYING BOND~~

~~In consideration of the issuance of a replacement warrant, the undersigned Principal and Sureties, residents of Oklahoma at the addresses shown, agree to indemnify and protect the State of Oklahoma from any loss or harm arising from the issuance of such replacement warrant. For this purpose, we agree and do bind ourselves to the State of Oklahoma in the sum of~~

~~(\$ (Double Amount of Warrant)~~

~~Dated _____ PRINCIPAL (Original Payee)~~

~~of _____ Street Address~~

~~City or Town _____ Zip~~

~~SURETY~~

~~SURETY~~

~~Of Street Address~~

~~Street Address~~

~~City or Town Zip~~

~~City or Town Zip~~

~~Approved: STATE TREASURER~~

~~The State Treasurer shall, upon being satisfied as to the sufficiency of said bond and sureties, endorse his approval thereon.~~

The Director of State Finance and the State Treasurer shall make such records in their respective offices as will, as nearly as possible, preclude any loss being sustained by the state on account of the issue of any replacement warrant or bond.

Such entries shall include a stop payment order against the original warrant which will, as nearly as possible, cancel ~~said the~~ the original warrant. The Director of State Finance shall transfer to the Canceled Warrant Fund the payable amount of lost or destroyed warrants on which payment has been stopped pursuant to the provisions of this section from the fund and account against which ~~said the~~ the warrant had been drawn. Warrants issued to replace lost or destroyed warrants pursuant to the provisions of this section shall be drawn against the Canceled Warrant Fund. The expenditure shall be recorded in the fund and account against which the warrant being replaced was originally issued.

SECTION 14. AMENDATORY 74 O.S. 1991, Section 212A, as last amended by Section 1, Chapter 299, O.S.L. 1994 (74 O.S. Supp. 1995, Section 212A), is amended to read as follows:

Section 212A. A. 1. All government entities, as defined by the Governmental Accounting Standards Board, shall have an audit prepared in accordance with generally accepted auditing standards and Government Auditing Standards. Copies shall be filed with the State Auditor and Inspector by the auditor that prepared the audit. The expense of the audit shall be paid by the government entity.

For fiscal years ending after December 31, 1995, all government entities receiving public funds that are included in the reporting entity of the State of Oklahoma shall file a copy of the audit required by this paragraph with the Director of State Finance no later than four (4) months after the end of the fiscal year of the government entity. For purposes of this paragraph, the reporting entity of the State of Oklahoma includes all government entities included in the State of Oklahoma Comprehensive Annual Financial Report. The government entities included in the State of Oklahoma reporting entity shall be determined by the Director of State Finance using criteria set by the Governmental Accounting Standards Board.

2. Any public accountant or certified public accountant filing a report with the State Auditor and Inspector pursuant to this section shall be required to pay a filing fee of Forty Dollars (\$40.00) for the purposes of processing such reports and ensuring compliance with the provisions of this section. Such payments shall be deposited in the State Auditor and Inspector Revolving Fund, created pursuant to Section 227.9 of this title.

B. All registrants, as defined in the Oklahoma Accountancy Act, before entering into audit contracts required under this section, shall satisfy the Oklahoma Accountancy Board and the State Auditor and Inspector that such registrant meets Government Auditing Standards and has a current permit to practice issued by the Oklahoma Accountancy Board.

The State Auditor and Inspector shall receive annual reports from the Oklahoma Accountancy Board of all registrants meeting the requirements of this subsection. The Oklahoma Accountancy Board shall provide changes and updates to the annual report to the State Auditor and Inspector at least quarterly.

C. Schedules of federal financial assistance will be in a form consistent with the guidance in "Audits of State and Local Governmental Units", which is prepared by "The American Institute of Certified Public Accountants" and recognized by Government Auditing Standards issued by the Comptroller General of the United States. State agencies or other pass through grantors of Federal Financial Assistance will not place reporting requirements on a grantee or sub-recipients in addition to the required federal compliance reports and schedules of Federal Financial Assistance, without approval of the State Auditor and Inspector.

SECTION 15. AMENDATORY 74 O.S. 1991, Section 452.10, is amended to read as follows:

Section 452.10 Each state agency, board, and commission shall furnish copies of financial audits, compliance audits, and program reviews on its entity to the Office of State Finance, the State Auditor and Inspector, and the Legislative Service Bureau. The Legislative Service Bureau shall provide copies to the House of Representatives and the Senate. Copies of financial audits furnished to the Office of State Finance shall be furnished in accordance with the provisions of Section 212A of this title.

SECTION 16. AMENDATORY 74 O.S. 1991, Section 500.9, as last amended by Section 4, Chapter 335, O.S.L. 1995 (74 O.S. Supp. 1995, Section 500.9), is amended to read as follows:

Section 500.9 A. Reimbursement for overnight lodging, while in official travel status, may be made at not to exceed Forty Dollars (\$40.00) or the actual cost, if lower, per night except as provided in subsections C, D and F of this section and Section 500.9A of this title. Receipts issued by the hotel, motel or other public lodging place shall accompany claims for reimbursement.

B. A per diem allowance in lieu of subsistence may be authorized by a travel claim issued in accordance with Section 500.3 of this title, which shall include all charges for meals and lodging. Not to exceed Thirty-five Dollars (\$35.00) per diem may be authorized on the travel claim for the performance of travel within the State of Oklahoma and not to exceed Thirty-six Dollars (\$36.00) per diem may be authorized for the performance of travel outside the State of Oklahoma. In computing the per diem allowance, a day shall be a period of twenty-four (24) hours. Reimbursement for each one-fourth (1/4) day consisting of six (6) hours or major fraction thereof, more than three (3) hours, may be made at the rate of ~~Eight Dollars and twenty-five cents (\$8.25)~~ Eight Dollars and seventy-five cents (\$8.75) in state and Nine Dollars (\$9.00) out of state. Provided, however, that no per diem shall be allowed pursuant to this section for periods of less than overnight in travel status. Reimbursement for expenses other than meals and lodging may also be made in accordance with the provisions of ~~this act~~ the State Travel Reimbursement Act, Section 500.1 et seq. of this title.

C. State officers or employees attending meetings, workshops, conferences or other objectives of trips which are conducted at a designated hotel, motel or other public lodging place or where lodging has been arranged for by the blocking of rooms or by rate reductions for the participants by the sponsor as evidenced by the announcement or notice of the meeting, workshop, conference or other objective shall be reimbursed the actual lodging expense not to exceed the single occupancy room rate charged by the designated hotel, motel or other public lodging place, provided that the officials or employees are in official travel status approved by the agency head or designee. Provided further, those state officers or employees attending meetings, workshops, conferences or other

objectives of trips, which are conducted at a designated hotel, motel or other public lodging place as provided by this subsection, who choose to acquire less expensive lodging at another hotel, motel or other public lodging place shall be reimbursed the actual lodging expense not to exceed the single occupancy room rate charged by the designated hotel, motel or other public lodging place. Provided further, those state officers or employees so choosing this option shall not be reimbursed for local transportation costs incurred traveling between such optional lodging and the designated hotel, motel or other public lodging place. Receipts issued by the hotel, motel or other public lodging place shall accompany claims for reimbursement.

D. The Legislature recognizes the existence of areas where the reimbursement is not sufficient to pay lodging costs, and wherein a higher lodging reimbursement should be allowed. It is hereby provided that any state officials or employees in official travel status out of the state in one of the designated high rate geographical areas shall be reimbursed their actual lodging expense up to a maximum of Sixty-five (\$65.00) Dollars per night, except as provided in Section 500.9A of this title. The high rate geographical areas are hereby designated as follows:

Anchorage, AK

Atlanta, GA

Baltimore, MD

Boston, MA including all locations within Middlesex, Norfolk and Suffolk Counties

Chicago, IL including all locations within Lake and Cook Counties

Dallas and Fort Worth, TX including all locations within Dallas and Tarrant Counties

Denver, CO including all locations within Denver, Adams,
Arapahoe and Jefferson Counties

Detroit, MI

Honolulu, HI

Houston, TX including all locations within the corporate limits
of Houston

Kansas City, MO and Kansas City, KS

Los Angeles, CA including all locations within Los Angeles,
Orange and Ventura Counties

Miami, FL including all locations within Dade, Broward, Palm
Beach and Monroe Counties

Minneapolis-St. Paul, MN including all locations within Anoka,
Hennepin and Ramsey Counties

New Orleans, LA including all locations within Jefferson,
Orleans, Plaquemines and St. Bernard Parishes

New York, NY including all locations within the boroughs of the
Bronx, Brooklyn, Manhattan, Queens and Staten Island and the
counties of Nassau and Suffolk

Newark, NJ including all locations within Bergen, Essex, Hudson,
Passaic and Union Counties

Philadelphia, PA including all locations within Philadelphia and
Bala Cynwyd, PA

Pittsburgh, PA

St. Louis, MO

San Diego, CA including all locations within San Diego County

San Francisco and Oakland, CA including all locations within San
Francisco and Alameda Counties

San Jose, CA including all locations within Santa Clara County

Seattle, WA including all locations within King County

Washington, DC including all locations within the corporate limits of Washington, DC, the cities of Alexandria, Falls Church and Fairfax, and the counties of Arlington, Loudoun and Fairfax in Virginia, and the counties of Montgomery and Prince Georges in Maryland.

E. State officers and employees who have been required to attend hearings or meetings of any congressional committee or subcommittee or any federal agency, board or commission shall be reimbursed for their actual and necessary travel and lodging expenses; however, the agency head must approve any claims in connection with such expenses.

F. Reimbursement for meals and lodging on out-of-state trips shall not begin more than twenty-four (24) hours before the meeting, workshop, conference or other objective of trip begins and shall not continue more than twenty-four (24) hours after ~~said~~ the meeting, workshop, conference or other objective of trip ends.

G. Reimbursement for meals and lodging incurred in official travel in areas outside of the United States to implement the objectives of contracts, grants, agreements or gifts for which funds from these sources are furnished shall be reimbursed from ~~said~~ such funds at actual cost not to exceed the amount authorized United States Government employees in its periodical publication entitled "Standard Regulations (Government Civilians, Foreign Areas), Department of State, Washington, DC". Provided, however, travel to points outside of the United States, whether performed under authority of contract, grant, agreement or otherwise, shall not begin more than forty-eight (48) hours before or end more than forty-eight (48) hours after the objective of the trip.

H. Claims submitted to the Director of State Finance for payment under the provisions of this section shall be certified to

by the principal fiscal officer or contract and grant administrator of each agency. Such officer shall certify that such claim complies with and is authorized under this section.

SECTION 17. AMENDATORY 74 O.S. 1991, Section 907, as amended by Section 2, Chapter 381, O.S.L. 1994 (74 O.S. Supp. 1995, Section 907), is amended to read as follows:

Section 907. A. The principal office of the System shall be in quarters at Oklahoma City, Oklahoma. Offices shall be assigned to the System by the Department of Central Services. Upon the failure or inability of the Department of Central Services to provide adequate facilities, the Board is hereby authorized to contract for necessary office space in suitable quarters.

B. The Board shall keep a record of all of its proceedings, which shall be open at all reasonable hours to inspection. A statement covering the operation of the System for the past fiscal year, including income, disbursements, and the financial condition of the fund at the end of each fiscal year and showing the valuation of its assets, investments, and liabilities, shall be delivered to the Governor after the end of each fiscal year and prior to December 1 of the next fiscal year and made readily available to the members and participating employers.

C. The Office of the State Auditor and Inspector shall make an annual audit of the accounts of the System. ~~Said~~ The audit shall be filed as soon after the close of the fiscal year as practicable, but not later than ~~December 31 of the next fiscal year~~ the date set forth in the requirements for financial statement audits in Section 212A of this title.

SECTION 18. AMENDATORY 74 O.S. 1991, Section 5062.19, is amended to read as follows:

Section 5062.19 A. Within sixty (60) days after the end of each fiscal year, the Oklahoma Development Finance Authority shall, in its annual report, account for:

1. The manner in which the purpose as described in Section 5062.1 et seq. of this title has been carried out by the Oklahoma Development Finance Authority;

2. A list of all bonds issued by the Authority and an itemized list of costs of issuance and an evaluation of the extent to which the purposes of the bond proceeds have been realized;

3. A list of all loans made by the Authority and a description of projects financed;

4. Documentation and estimates of jobs created and jobs preserved as a result of loans made by the Authority;

5. Estimates of the multiplier effects on the local and/or statewide economy of loans made by the Authority;

6. An analysis by size, sector and location of the targeting of loans by the Authority to agricultural enterprises, industrial enterprises, and to the state and any of its political subdivisions;

7. A preliminary financial report showing the financial condition of the Authority at the end of the fiscal year; provided, an independent audit in accordance with generally accepted accounting principles shall be undertaken by an accounting firm or individual holding a permit to practice public accounting in this state and shall be submitted to the Governor, the Speaker of the House of Representatives, the President Pro Tempore of the Senate, Oklahoma Futures and the Office of the State Auditor and Inspector within six (6) months of the close of each fiscal year in accordance with the requirements set forth for financial statement audits in Section 212A of this title. ~~Said~~ The audit shall include:

- a. a statement of the aggregate dollar amount, if any, of obligations which are backed by the Credit Enhancement Reserve Fund and which are more than ninety (90) days delinquent in their payments, and
- b. a statement of payments made from the Credit Enhancement Reserve Fund, and
- c. a statement on the loss rate percentage derived by dividing the outstanding principal balance of unpaid obligations of the Credit Enhancement Reserve Fund by the amount of payments made from ~~said~~ the fund during the fiscal year; and

8. Policy recommendations for programs which will enhance the economic growth and development of the state.

B. All public accountants and certified public accountants, as a condition of being approved by the Oklahoma Development Finance Authority to perform the annual independent audit required pursuant to this section, shall comply with the most recent "Governmental Auditing Standards" of the Standards for Audit of Governmental Organizations, Programs, Activities, and Functions, issued by the United States General Accounting Office. A copy of the peer review performed in accordance with the above standards shall be filed with the Authority. Should the results of ~~said~~ the peer review indicate that material deficiencies exist in the audit work performed by the reviewed auditing firm, the Oklahoma State Board of Public Accountancy shall so notify the Authority, which shall immediately remove the reviewed firm from any approved list of auditors maintained by the Authority for a period of at least two (2) years or until such time as the firm has demonstrated satisfactory correction of the deficiencies reported in the peer review.

SECTION 19. AMENDATORY 82 O.S. 1991, Section 866, is amended to read as follows:

Section 866. The domicile of the district shall be in the City of Vinita, County of Craig, where the district shall maintain its principal office in charge of its general manager, until otherwise designated by the affirmative vote of four directors. The district shall cause to be kept complete and accurate accounts conforming to approved methods of bookkeeping. ~~Said~~ The accounts and all contracts, documents and records of the district shall be kept at ~~said~~ the principal office. ~~Said~~ The accounts and contracts shall be open to public inspection at all reasonable times. The Board shall cause to be made and completed within ninety (90) days after the end of each calendar year an audit of the books of account and financial records of the district for such calendar year, such audit to be made by an independent certified public accountant or firm of certified public accountants. Copies of a written report of such audit, certified to by ~~said~~ the accountant or accountants, shall be placed and kept on file with the Governor, the State Treasurer, Oklahoma Department of Libraries and the State Auditor and Inspector of the State of Oklahoma, and at ~~said~~ the principal office, and shall be open to public inspection at all reasonable times. The audit shall also be filed with the Director of State Finance, in accordance with requirements set forth for financial statement audits in Section 212A of Title 74 of the Oklahoma Statutes

SECTION 20. AMENDATORY 85 O.S. 1991, Section 139, as amended by Section 2, Chapter 60, O.S.L. 1992 (85 O.S. Supp. 1995, Section 139), is amended to read as follows:

Section 139. The entire expenses of administering "The State Insurance Fund" shall be paid out of such fund upon warrants issued by the State Treasurer against claims filed as prescribed by law

with the Director of State Finance for approval and payment. On or before the first day of June of each year, or as soon thereafter as possible, there shall be submitted to the Board of Managers of the State Insurance Fund, for approval, an estimated budget of expenses for the succeeding fiscal year. The State Insurance Fund Commissioner may not expend from the funds belonging to the State Insurance Fund for purposes of administering any sum in excess of the amount specified in such budget for any item of expense therein set forth unless such expenditure is authorized by the Board of Managers of the State Insurance Fund. In no event shall the entire expenses of administration of the State Insurance Fund, as authorized for the entire year, exceed twenty percent (20%) of the earned premiums of ~~said~~ the year. The Board of Managers shall cause to be made and completed within ninety (90) days after the end of each calendar year, an audit of the books of account and financial records of the fund for such calendar year, such audit to be made by an independent certified public accountant, a licensed public accountant, a firm of certified public accountants, or an accounting firm or individual holding a permit to practice accounting in this state. The audit shall be filed with the Director of State Finance in accordance with the requirements set forth for financial statement audits in Section 212A of Title 74 of the Oklahoma Statutes.

The Fund shall submit to the State Insurance Commissioner an annual financial statement in the same manner as a domestic insurance carrier. The Insurance Commissioner may audit the State Insurance Fund in the same manner as a domestic insurance company. The State Insurance Fund Commissioner shall provide a copy of the annual financial statement to the Governor and State Insurance Fund Board of Managers.

SECTION 21. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 7.13 of Title 62, unless there is created a duplication in numbering, reads as follows:

The Director of State Finance shall cause to be prepared a comprehensive annual financial report, in accordance with generally accepted accounting principles for governments, and shall further have the report audited by the State Auditor and Inspector, in accordance with generally accepted auditing standards. The Director of State Finance is hereby authorized to establish procedures and guidelines applicable to state agencies, colleges and universities and other entities who are included in the report, for purposes of establishing consistent application of accounting principles and to ensure the timeliness of the report.

SECTION 22. This act shall become effective July 1, 1996.

SECTION 23. It being immediately necessary for the preservation of the public peace, health and safety, an emergency is hereby declared to exist, by reason whereof this act shall take effect and be in full force from and after its passage and approval.

45-2-2147

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