

CHAPTER 1100

S.B. No. 85

AN ACT

relating to the accounting and reporting of state funds.

Be it enacted by the Legislature of the State of Texas:

SECTION 1. Title 70, Revised Statutes, as amended, is amended by adding Article 4345a to read as follows:

Art. 4345a. ACCOUNTING PROCEDURES. (a) The comptroller shall prescribe uniform accounting and financial reporting procedures that shall be used by all state agencies in the preparation of the information requested under Subsection (b) of this article. The procedures must be in compliance with generally accepted accounting principles as established by the Governmental Accounting Standards Board and the American Institute of Certified Public Accountants or their successors. In addition, the uniform accounting and financial reporting procedures shall include the requirements for compliance with the Single Audit Act of 1984 and Office of Management and Budget Circular A-128 and any subsequent changes or amendments which will fulfill the audit requirements for a statewide single audit. In order that the uniform system of accounting and financial reporting shall provide for maximum consistency with the national reporting system for higher education, the uniform system shall incorporate insofar as possible the provisions of the financial accounting and reporting manual published by the National Association of College and University Business Officers. The accounts of the institutions shall be maintained and audited in accordance with the approved reporting system.

(b) State agencies, except for university systems and institutions of higher education as defined by Section 61.003, Education Code, shall submit the financial information requested by the comptroller, including information requested about state funds held outside the State Treasury to the governor, comptroller, State Treasurer, State Auditor, and the Legislative Budget Board not later than December 9 of each year. University systems and institutions of higher education shall submit this information to these offices and officials not later than January 1 of the following year.

(c) *Before adopting or changing the accounting and financial reporting procedures, the comptroller shall submit the proposed procedures to the State Auditor for review and comment. In adopting or changing procedures, the comptroller shall consider any comments received from the State Auditor.*

(d) *The State Auditor shall ensure that each agency's accounting and financial reporting procedures conform to the procedures adopted under this article.*

(e) *In this article, "state agency" means:*

(1) *any department, commission, board, office, or other agency in the executive or legislative branch of state government created by the constitution or a statute of this state;*

(2) *the Supreme Court of Texas, the Court of Criminal Appeals of Texas, a court of appeals, the Texas Civil Judicial Council, the Office of Court Administration of the Texas Judicial System, the State Bar of Texas, or another state judicial agency created by the constitution or a statute of this state;*

(3) *a university system or an institution of higher education as defined by Section 61.003, Education Code; or*

(4) *other governmental organizations which the comptroller determines to be a component unit of state government for purposes of financial reporting under the provisions of this article. If the comptroller determines that a state agency or governmental organization is not a component unit of state government for purposes of financial reporting under the provisions of this article, the state agency or other governmental organization shall not be required to submit information.*

SECTION 2. Article 4348, Revised Statutes, as amended, is amended to read as follows:

Art. 4348. STATEMENT TO GOVERNOR. *Sec. 1. [(a)] In addition to the reports required by the Constitution, the Comptroller shall exhibit to the Governor, on the first Monday of November of each year, and at such other times as he shall require, an exact and complete statement of the funds of the State, of its revenues, and of the public expenditures during the preceding year (or for such other times as may be required), with a detailed estimate of the expenditures to be defrayed from the Treasury for the ensuing year, specifying therein each object of the expenditures and distinguishing between such as are provided for by general or special appropriation, and such as are required to be provided for by law, and showing the means from which such expenditures are to be defrayed.*

Sec. 2. (a) In addition to the reports required by the Constitution and this article, the Comptroller shall exhibit to the Governor, on the last day of February of each year, a report to include:

(1) *a statewide financial report covering all state agencies prepared in accordance with generally accepted accounting principles which includes financial information of all state agencies determined to be part of the statewide reporting entity as defined by the Governmental Accounting Standards Board;*

(2) *the outstanding encumbrances of all such agencies;*

(3) *the spending authority of those state agencies;*

(4) *all major funds, pension funds, and other funds of those state agencies;*

(5) *a summary of financial information for all state funds held outside the Treasury;*

(6) *the status of all outstanding major revenue fund appropriation accounts by agency and appropriation account; and*

(7) *any other information required by the Governor, Comptroller, State Treasurer, State Auditor, or Legislative Budget Board.*

(b) *The report shall be compiled from the financial information requested by the comptroller pursuant to Article 4345a, Revised Statutes, until it can be prepared from information contained in a fully operational uniform automated statewide accounting and reporting system.*

Sec. 3. In this article, "state agency" means:

(1) any department, commission, board, office, or other agency in the executive or legislative branch of state government created by the Constitution or a statute of this State;

(2) the Supreme Court of Texas, the Court of Criminal Appeals of Texas, a court of appeals, the Texas Civil Judicial Council, the Office of Court Administration of the Texas Judicial System, the State Bar of Texas, or another state judicial agency created by the Constitution or a statute of this State; or

(3) a university system or an institution of higher education as defined by Section 61.003, Education Code; or

(4) other governmental organization which the Comptroller determines to be a component unit of state government for purposes of financial reporting under the provisions of this article. If the Comptroller determines that a state agency or other governmental organization is not a component unit of state government for purposes of financial reporting under the provisions of this article, the state agency or other governmental organization shall not be included in the report.

~~(b) Each year, each state agency shall submit reports to the Governor, the Comptroller, the State Treasurer, and the Legislative Budget Board in accordance with this article. The report shall be prepared on forms prescribed by the Comptroller and must include the following information:~~

~~[(1) the amount appropriated to the reporting agency for the fiscal year;~~

~~[(2) cost-cutting measures taken or to be taken by the reporting agency to reduce expenditures and the estimated resulting savings in each category of appropriation;~~

~~[(3) the estimated expenditures of the reporting agency by category of appropriation for the remainder of the fiscal year;~~

~~[(4) the estimated amount of appropriations to be returned by the reporting agency to the Treasury at the end of the fiscal year;~~

~~[(5) the estimated cash balance in earned federal funds as of the last day of February of the current year, the estimated income in earned federal funds for the remainder of the current fiscal year, and the detailed encumbrances of those earned federal funds;~~

~~[(6) the estimated cash balances as of the last day of February of the current year in funds deposited outside the Treasury that are available for expenditure at the direction of or on behalf of the operations of the reporting agency;~~

~~[(7) the number of employees of the reporting agency budgeted (full-time equivalent) and actually filled (full-time equivalent) for the preceding fiscal year and budgeted and actually filled as of the last day of February of the current year; and~~

~~[(8) any other information required by the Governor, the Comptroller, the State Treasurer, or the Legislative Budget Board.~~

~~[(c) A report containing information required by Subdivisions (5), (6), and (7) of Subsection (b) of this article shall be submitted not later than April 1 of each odd-numbered year. A report containing the other required information shall be submitted not later than March 15 of each odd-numbered year.~~

~~[(d) For the purposes of Subsection (b) of this article, "state agency" means:~~

~~[(1) any department, commission, board, office, or other agency in the executive branch of state government created by the Constitution or a statute of this State;~~

~~[(2) the Supreme Court of Texas, the Court of Criminal Appeals of Texas, a Court of Appeals, the Texas Judicial Council, or other entity in the judicial branch of state government; or~~

~~[(3) a university system or an institution of higher education as defined by Section 61.003, Education Code.]~~

SECTION 3. This Act takes effect September 1, 1987.

SECTION 4. The importance of this legislation and the crowded condition of the calendars in both houses create an emergency and an imperative public necessity that the

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constitutional rule requiring bills to be read on three several days in each house be suspended, and this rule is hereby suspended.

Passed the Senate on March 2, 1987, by a viva-voce vote; Senate concurred in House amendments on May 28, 1987, by a viva-voce vote; passed the House, with amendments, on May 27, 1987, by a non-record vote.

Approved June 19, 1987.

Effective Sept. 1, 1987.