

BILL ANALYSIS

Senate Research Center
79R10954 KEG-D

H.B. 905
By: Delisi (Williams)
Finance
5/14/2005
Engrossed

AUTHOR'S/SPONSOR'S STATEMENT OF INTENT

The state contracts with vendors to represent its interests in negotiating for certain items with other third party vendors. Because these vendors claim that pricing and other information is proprietary, the state has no way to determine whether arrangements between the vendors are in the state's best interest.

State agencies and institutions of higher education contract for many services, including external audits. Currently, however, the state does not know how much is being spent on external audit services, or whether these funds are being spent appropriately.

H.B. 905 requires entities subject to an audit to provide information to the state auditor to ensure that the state auditor can evaluate the entity's performance, determine the state's rights and remedies, and evaluate whether the entity has acted in the state's best interest. The bill also clarifies that certain not-for-profit corporations or state agencies can contract with a private auditor only if that authority is delegated to the corporation or agency by the state auditor. The bill also eliminates certain auditing exemptions provided to institutions of higher education.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 321.020(a), Government Code, to specify that certain state agencies or corporations may employ a private auditor for an audit only if that agency or corporation is authorized to contract with a private auditor through a delegation of authority from the state auditor, rather than authorized to do so by law or through the delegation of authority from the state auditor.

SECTION 2. Amends Section 2262.002, Government Code, as follows:

Sec. 2262.002. EXEMPTIONS. (a) Specifies that, except as otherwise provided, this chapter (Statewide Contract Management) does not apply to institutions of higher education.

(b) Specifies that, except as otherwise provided, this chapter does not apply to certain contracts that relate to highway construction or highway engineering.

SECTION 3. Amends Section 2262.003, Government Code, by amending Subsection (a) and adding Subsection (c), as follows:

(a) Includes among those terms that each state agency must include in each of its contracts, a term that provides that an entity that is the subject of an audit or investigation by the state auditor must provide the state auditor with access to any information the state auditor considers relevant to making certain evaluations and determinations. Makes nonsubstantive changes.

(c) Specifies that this section applies to all state agency contracts of institutions of higher education and contracts that relate to highway construction or highway engineering.

SECTION 4. Makes application of Section 321.020(a), Government Code, as amended by this Act, prospective.

SECTION 5. Effective date: upon passage or September 1, 2005.