

The House Committee on Ways and Means offers the following substitute to HB 1012:

A BILL TO BE ENTITLED
AN ACT

To amend Chapter 82 of Title 36 of the Official Code of Georgia Annotated, relating to bonds, so as to provide for additional performance audit requirements with respect to general obligation bonds and revenue bonds; to provide for a definition; to provide for power, duties, and authority of the inspector general; to provide an effective date; to repeal conflicting laws; and for other purposes.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

SECTION 1.

Chapter 82 of Title 36 of the Official Code of Georgia Annotated, relating to bonds, is amended by striking the Reserved designation of Article 4 and inserting in its place a new Article 4 to read as follows:

"ARTICLE 4

36-82-100.

(a) As used in this Code section, the term 'bonds' means any revenue or general obligation bonds issued under this chapter.

(b) When bonds are issued by a county, municipality, or local authority in the amount of \$5 million or more, the expenditure of bond proceeds shall be subject to an ongoing performance audit or performance review as provided in this Code section; but this Code section shall not apply if such bond issue is below \$5 million.

(c) Each county, municipality, or local authority expending bond proceeds shall provide for a continuing performance audit or performance review of the expenditure of such funds. The county, municipality, or local authority shall contract with a certified public accountant or with an outside auditor, consultant, or other provider accredited or certified in the field of performance audits or performance reviews. Such accountant, auditor, consultant, or other provider shall only be qualified to perform the audit and review functions under this

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Code section if such accountant, auditor, consultant, or other provider has significant experience and competence in conducting comprehensive audits and reviews in conformance with generally accepted government auditing standards. The performance audit or performance review contract shall:

(1) Include a goal of ensuring to the maximum extent possible that the bond funds are expended efficiently and economically, so as to secure to the county, municipality, or local authority the maximum possible benefit from the bond funds;

(2) Provide for the issuance of periodic public reports, made accessible through electronic or printed format, or both, at a location advertised in the legal organ not less often than once annually, with respect to the extent to which expenditures are meeting the goal specified in paragraph (1) of this subsection; and

(3) Provide for the issuance of periodic public recommendations, made accessible through electronic or printed format, or both, at a location advertised in the legal organ not less often than once annually, for improvements in meeting the goal specified in paragraph (1) of this subsection.

(d) The auditor, consultant, or other provider to carry out the performance audit or performance review shall be selected through a public request for proposals process. The reasonable cost of the performance audit or performance review shall be paid from the proceeds of the bonds unless a specific waiver of public accountability is included in a legal advertisement in bold print which expressly states that no performance audit or performance review shall be conducted with respect to such bond issue.

(e) On and after the effective date of this Code section, the expenditure of bond proceeds shall be under the jurisdiction of and subject to review by the inspector general of this state with respect to any claim of fraud, waste, abuse, or mismanagement of funds.

(f) This Code section shall apply with respect to any bonds which are subject to the requirements of subsection (b) of this Code section which are issued after the effective date of this Code section until the proceeds of such bond issue have been expended."

SECTION 2.

This Act shall become effective upon its approval by the Governor or upon its becoming law without such approval.

SECTION 3.

All laws and parts of laws in conflict with this Act are repealed.