

House Bill 1012 (COMMITTEE SUBSTITUTE)

By: Representatives Millar of the 79<sup>th</sup>, Watson of the 91<sup>st</sup>, Chambers of the 81<sup>st</sup>, Jennings of the 82<sup>nd</sup>, and Jacobs of the 80<sup>th</sup>

A BILL TO BE ENTITLED  
AN ACT

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

6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

7 **SECTION 1.**

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

11 "ARTICLE 4

12 36-82-100.

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

15 (b) When bonds are issued by a county, municipality, or local authority in the amount of  
16 \$5 million or more, the expenditure of bond proceeds shall be subject to an ongoing  
17 performance audit or performance review as provided in this Code section; but this Code  
18 section shall not apply if such bond issue is below \$5 million.

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

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

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

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

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

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

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

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

## 28 SECTION 2.

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

## 31 SECTION 3.

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