

REFERENCE TITLE: elections; auditor general; attorney general

State of Arizona  
House of Representatives  
Fifty-fifth Legislature  
Second Regular Session  
2022

## **HB 2777**

Introduced by  
Representatives Finchem: Barton, Biasiucci, Burges, Carter, Chaplik, Cook,  
Diaz, Fillmore, Hoffman, Kavanagh, Parker, Pingerelli

### **AN ACT**

REPEALING SECTION 41-1279.03, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2021, CHAPTER 405, SECTION 25; AMENDING SECTION 41-1279.03, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2019, CHAPTER 3, SECTION 11; APPROPRIATING MONIES; RELATING TO THE AUDITOR GENERAL.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Repeal

3 Section 41-1279.03, Arizona Revised Statutes, as amended by Laws  
4 2021, chapter 405, section 25, is repealed.

5 Sec. 2. Section 41-1279.03, Arizona Revised Statutes, as amended by  
6 Laws 2019, chapter 3, section 11, is amended to read:

7 41-1279.03. Powers and duties

8 A. The auditor general shall:

9 1. Prepare an audit plan for approval by the committee and report  
10 to the committee the results of each audit and investigation and other  
11 reviews conducted by the auditor general.

12 2. Conduct or cause to be conducted at least biennial financial and  
13 compliance audits of financial transactions and accounts kept by or for  
14 all state agencies subject to the single audit act of 1984 (P.L. 98-502).  
15 The audits shall be conducted in accordance with generally accepted  
16 governmental auditing standards and accordingly shall include tests of the  
17 accounting records and other auditing procedures as may be considered  
18 necessary in the circumstances. The audits shall include the issuance of  
19 suitable reports as required by the single audit act of 1984 (P.L. 98-502)  
20 so that the legislature, the federal government and others will be  
21 informed as to the adequacy of financial statements of ~~the~~ THIS state in  
22 compliance with generally accepted governmental accounting principles and  
23 to determine whether this state has complied with laws and regulations  
24 that may have a material effect on the financial statements and on major  
25 federal assistance programs.

26 3. Perform procedural reviews for all state agencies at times  
27 determined by the auditor general. These reviews may include evaluation  
28 of administrative and accounting internal controls and reports on these  
29 reviews.

30 4. Perform special research requests, special audits and related  
31 assignments as designated by the committee and conduct performance audits,  
32 special audits, special research requests and investigations of any state  
33 agency, whether created by the constitution or otherwise, as may be  
34 requested by the committee.

35 5. Annually on or before the fourth Monday of December, prepare a  
36 written report to the governor and to the committee that contains a  
37 summary of activities for the previous fiscal year.

38 6. In the tenth year and in each fifth year thereafter in which a  
39 transportation excise tax is in effect in a county as provided in section  
40 42-6106 or 42-6107, conduct a performance audit that:

41 (a) Reviews past expenditures and future planned expenditures of  
42 the transportation excise revenues and determines the impact of the  
43 expenditures in solving transportation problems within the county and, for  
44 a transportation excise tax in effect in a county as provided in section

1 42-6107, determines whether the expenditures of the transportation excise  
2 revenues comply with section 28-6392, subsection B.

3 (b) Reviews projects completed to date and projects to be completed  
4 during the remaining years in which a transportation excise tax is in  
5 effect. Within six months after each review period, the auditor general  
6 shall present a report to the speaker of the house of representatives and  
7 the president of the senate detailing findings and making recommendations.

8 (c) Reviews, determines, reports and makes recommendations to the  
9 speaker of the house of representatives and the president of the senate  
10 whether the distribution of ARIZONA highway user revenues complies with  
11 title 28, chapter 18, article 2.

12 7. If requested by the committee, conduct performance audits of  
13 counties and incorporated cities and towns receiving ARIZONA highway user  
14 revenue fund monies pursuant to title 28, chapter 18, article 2 to  
15 determine whether the monies are being spent as provided in section  
16 28-6533, subsection B.

17 8. Perform special audits designated pursuant to law if the auditor  
18 general determines that there are adequate monies appropriated for the  
19 auditor general to complete the audit. If the auditor general determines  
20 the appropriated monies are inadequate, the auditor general shall notify  
21 the committee.

22 9. Establish a schoolwide audit team in the office of the auditor  
23 general to conduct performance audits and monitor school districts to  
24 determine the percentage of every dollar spent in the classroom by the  
25 school district. Each school district shall prominently post on its  
26 website home page a copy of its profile pages that displays the percentage  
27 of every dollar spent in the classroom by that school district from the  
28 most recent status report issued by the auditor general pursuant to this  
29 paragraph. The performance audits shall determine whether school  
30 districts that receive monies from the Arizona English language learner  
31 fund established by section 15-756.04 and the statewide compensatory  
32 instruction fund established by section 15-756.11 comply with title 15,  
33 chapter 7, article 3.1. The auditor general shall determine, through  
34 random selection, the school districts to be audited each year, subject to  
35 review by the joint legislative audit committee. A school district that  
36 is subject to an audit pursuant to this paragraph shall notify the auditor  
37 general in writing whether the school district agrees or disagrees with  
38 the findings and recommendations of the audit and whether the school  
39 district will implement the findings and recommendations, implement  
40 modifications to the findings and recommendations or refuse to implement  
41 the findings and recommendations. The school district shall submit to the  
42 auditor general a written status report on the implementation of the audit  
43 findings and recommendations every six months for two years after an audit  
44 conducted pursuant to this paragraph. The auditor general shall review  
45 the school district's progress toward implementing the findings and

1 recommendations of the audit every six months after receipt of the  
2 district's status report for two years. The auditor general may review a  
3 school district's progress beyond this two-year period for recommendations  
4 that have not yet been implemented by the school district. The auditor  
5 general shall provide a status report of these reviews to the joint  
6 legislative audit committee. The school district shall participate in any  
7 hearing scheduled during this review period by the joint legislative audit  
8 committee or by any other legislative committee designated by the joint  
9 legislative audit committee.

10 10. Annually review per diem compensation and reimbursement of  
11 expenses for employees of this state and members of a state board,  
12 commission, council or advisory committee by judgmentally selecting  
13 samples and evaluating the propriety of per diem compensation and expense  
14 reimbursements.

15 11. ON REQUEST OF THE HOUSE OF REPRESENTATIVES OR THE SENATE,  
16 CONDUCT ONE OR MORE AUDITS OF COUNTY ELECTIONS FOR STATE AND FEDERAL  
17 OFFICES. THE AUDITS MAY INCLUDE REVIEWS OF VOTER ROLLS, ELECTION SYSTEMS  
18 AND PROCESSES AND VOTING EQUIPMENT AND CERTIFICATION OF BALLOT TABULATION  
19 EQUIPMENT AND RECORDKEEPING EQUIPMENT.

20 B. The auditor general may:

21 1. Subject to approval by the committee, adopt rules necessary to  
22 administer the duties of the office.

23 2. Hire consultants to conduct the studies required by subsection  
24 A, paragraphs 6 and 7 of this section.

25 C. If approved by the committee, the auditor general may charge a  
26 reasonable fee for the cost of performing audits or providing accounting  
27 services for auditing federal funds, special audits or special services  
28 requested by political subdivisions of this state. Monies collected  
29 pursuant to this subsection shall be deposited in the audit services  
30 revolving fund.

31 D. The department of transportation, the board of supervisors of a  
32 county that has approved a county transportation excise tax as provided in  
33 section 42-6106 or 42-6107 and the governing bodies of counties, cities  
34 and towns receiving ARIZONA highway user revenue fund monies shall  
35 cooperate with and provide necessary information to the auditor general or  
36 the auditor general's consultant.

37 E. The department of transportation shall reimburse the auditor  
38 general as follows, and the auditor general shall deposit the reimbursed  
39 monies in the audit services revolving fund:

40 1. For the cost of conducting the studies or hiring a consultant to  
41 conduct the studies required by subsection A, paragraph 6, subdivisions  
42 (a) and (b) of this section, from monies collected pursuant to a county  
43 transportation excise tax levied pursuant to section 42-6106 or 42-6107.

1           2. For the cost of conducting the studies or hiring a consultant  
2 pursuant to subsection A, paragraph 6, subdivision (c) and paragraph 7 of  
3 this section, from the Arizona highway user revenue fund.

4           Sec. 3. Appropriations; auditor general; attorney general;  
5                   elections; exemption

6           A. The sum of \$800,000 is appropriated from the state general fund  
7 in fiscal year 2022-2023 to the office of the auditor general for the  
8 purposes of this act.

9           B. The sum of \$\_\_\_\_\_ is appropriated from the state general  
10 fund in fiscal year 2022-2023 to the office of the attorney general for  
11 funding four additional attorneys for the election integrity unit.

12           C. The appropriations made in subsections A and B of this section  
13 are exempt from the provisions of section 35-190, Arizona Revised  
14 Statutes, relating to lapsing of appropriations.