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SYNOPSIS:

Under existing law, a nonprofit corporation that is not incorporated pursuant to Title 11, Code of Alabama 1975, that provides water service to the public may be audited one time by the Department of Examiners of Public Accounts.

This bill would specify that the law applies to a nonprofit corporation that provides water service to its members or the public.

This bill would also authorize the Department of Examiners of Public Accounts to conduct an additional one-time audit of a nonprofit corporation if the department suspects fraud or mismanagement of funds.

A BILL
TO BE ENACTED
AN ACT

Relating to water utilities; to amend Act 2022-378 of the 2022 Regular Session, now appearing as Section 41-5A-12.2 of the Code of Alabama 1975, relating to certain nonprofit corporations providing water service and providing a one-time audit by the Department of Examiners of Public Accounts, to specify that the law applies to nonprofit corporations providing water service to its members or the public; and to



29 authorize the department to conduct an additional one-time
30 audit of a nonprofit corporation if the department suspects
31 fraud or mismanagement of funds.

32 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

33 Section 1. Act 2022-378 of the 2022 Regular Session,
34 now appearing as Section 41-5A-12.2 of the Code of Alabama
35 1975, is amended to read as follows:

36 "§41-5A-12.2

37 (a) After ~~April 14, 2022,~~ the effective date of the
38 act adding this amendatory language, beginning after the close
39 of the then current fiscal year, any nonprofit corporation
40 organized under the laws of this state as a nonprofit
41 corporation that is not incorporated pursuant to Title 11,
42 which provides water service to its members or the public, may
43 be audited or examined one time by the Department of Examiners
44 of Public Accounts in the same manner as provided in Chapter
45 5A of Title 41. The department may charge a reasonable fee for
46 the audits.

47 (b) After the effective date of the act adding this
48 amendatory language, beginning after the close of the then
49 current fiscal year, any nonprofit corporation that is not
50 incorporated pursuant to Title 11, which provides water
51 service to its members or the public, may be audited or
52 examined one time in addition to the audit provided in
53 subsection (a) by the Department of Examiners of Public
54 Accounts in the same manner as provided in Chapter 5A of Title
55 41, if the department suspects fraud or mismanagement of funds
56 by the nonprofit corporation. The department may charge a



57 reasonable fee for the audits or examinations.

58 ~~(b)~~ (c) This section does not apply to or affect any
59 public water supply system, waterworks plant, or water
60 distribution system owned or operated by a municipality or
61 county, or by a public corporation, board, or other entity
62 organized, created, or incorporated pursuant to Title 11."

63 Section 2. This act shall become effective immediately
64 following its passage and approval by the Governor, or its
65 otherwise becoming law.