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STATUTORY REFERENCES TO AUDITOR GENERAL

House Bill 5665 (Substitute H-1) First Analysis (3-14-02)

Sponsor: Rep. Wayne Kuipers
**Committee: House Oversight and
Operations**

THE APPARENT PROBLEM:

As part of the rewriting of the state constitution in 1963, the office of auditor general was converted from an elected position to a position appointed by the legislature. The 1963 constitution requires the auditor general to conduct post audits of financial transactions and accounts of the state and of all branches, departments, offices, boards, commissions, agencies, authorities and institutions of the state, and to conduct performance post audits of those entities. It also authorizes the auditor general to make investigations pertinent to the conduct of audits, and requires the auditor general to report annually (and at other times as considered necessary) to the legislature and the governor. The constitution says that the auditor general "shall be assigned no other duties than those specified" in the constitution (Article 4, Section 53).

Accordingly, the Executive Organization Act of 1965 transferred all of the auditor general's powers (except those granted under the constitution) to the Department of Treasury. However, many statutes that refer to the auditor general were never amended to reflect these changes. In particular, the current language of the Uniform System of Accounting Act charges the auditor general with developing and implementing a system of accounting for the state government and for county governments. As noted above, the auditor general no longer has this responsibility. Currently, the Department of Treasury supervises the accounting system for local governments, and the Department of Management and Budget oversees accounting for state agencies.

THE CONTENT OF THE BILL:

House Bill 5665 would amend the Uniform System of Accounting Act (MCL 21.41 et al.), which requires the auditor general to formulate and install a system of accounting for state government and county governments, requires periodic auditing, and sets penalties for soliciting or receiving bribes. The

bill would amend the act to eliminate references to accounting practices for state agencies, so that the act instead would refer to a system of accounting for county governments, and clarify that the state treasurer, rather than the auditor general, would be responsible for developing this accounting system. (The Management and Budget Act requires the DMB to develop and implement an accounting system for state agencies, and requires state agencies to adopt and use this system of accounting.)

Further, the bill would amend a provision that requires counties to make an annual financial report. Current law requires that this report be filed with the auditor general within 30 days after the close of the fiscal year. The bill would specify instead that the report be filed with the state treasurer within six months of the close of the fiscal year. And, in a provision requiring the compilation and printing of these annual reports, the bill would delete a requirement that a copy be furnished to each state department, institution, and office.

Further, the bill would repeal a section of the act that requires the auditor general to make a biennial estimate to the amount of money necessary to implement the act, and requires the legislature to appropriate the necessary funds.

BACKGROUND INFORMATION:

Related legislation. The bill is part of a larger package of legislation, which also includes House Bills 5611-5615, 5661-5664, 5666-5673, 5707-5722, and 5742 and Senate Bills 884-918.

Duties and operations of the Office of the Auditor General. The Office of the Auditor General's web site (www.state.mi.us/audgen) provides information about the office's constitutional and statutory responsibilities, including financial audits, single audits, performance audits, and combined

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performance and financial audits. The site also contains the text of audit reports completed by the office.

FISCAL IMPLICATIONS:

Fiscal information is not available.

ARGUMENTS:

For:

House Bill 5665 is part of a package of bills that would simply “clean up” many statutory references that have been obsolete since the office of auditor general became an appointed position with the adoption of the 1963 state constitution. The functions referred to in many of the listed statutes have long since been transferred to the treasury department, or have been abolished. With many citizens now using electronic search engines and Internet access to obtain information about state government, these outdated references simply serve to confuse people, and they should be removed from the compiled laws.

POSITIONS:

The Office of the Auditor General supports the bill.
(2-12-02)

Analyst: D. Martens

■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.