

**SUBSTITUTE FOR
HOUSE BILL NO. 5665**

A bill to amend 1919 PA 71, entitled

"An act to provide for the formulation and establishment of a uniform system of accounting and reporting in the several departments, offices, and institutions of the state government, and in all county offices; to provide for the examination of the books and accounts of each state department, office, and institution, and of each county office; to provide for financial reports from all such departments, institutions, and offices, and for the tabulation and publication of comparative financial statistics relating thereto; to provide for the administration of this act; to provide for the powers and duties of the department of treasury, the auditor general, the library of Michigan and depository libraries, and other officers and entities; to provide penalties; and to provide for meeting the expense authorized by this act,"

by amending the title and sections 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, and 12 (MCL 21.41, 21.42, 21.43, 21.44, 21.45, 21.46, 21.47, 21.48, 21.49, 21.50, 21.51, and 21.52), the title as amended by 1996 PA 426, section 5 as amended by 1993 PA 196, and sections 11 and 12 as amended by 1985 PA 48; and to repeal acts and parts of acts.

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THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 TITLE

2 An act to provide for the formulation and establishment of a
3 uniform system of accounting and reporting in the several depart-
4 ments, offices, and institutions of the state government, and in
5 all county offices; to provide for the examination of the books
6 and accounts of each state department, office, and institution,
7 and of each county office; to provide for financial reports from
8 all ~~such~~ THOSE departments, institutions, and offices, and for
9 the tabulation and publication of comparative financial statis-
10 tics relating ~~thereto~~ TO THE DEPARTMENTS, INSTITUTIONS, AND
11 OFFICES; to provide for the administration of this act; to pro-
12 vide for the powers and duties of the department of treasury, the
13 ~~auditor general~~ STATE TREASURER, the library of Michigan and
14 depository libraries, and other officers and entities; to provide
15 penalties; and to provide for meeting the expense authorized by
16 this act.

17 Sec. 1. ~~It shall be the duty of the auditor general to~~
18 THE STATE TREASURER SHALL formulate, prescribe, and install a
19 system of accounting and reporting in conformity with the provi-
20 sions of this act that shall be uniform for ~~every state depart-~~
21 ~~ment, office and institution, and for~~ every county office and
22 public account of the same class. ~~The auditor general is hereby~~
23 ~~required and directed to proceed to carry out the requirements of~~
24 ~~this section immediately following the date this act takes~~
25 ~~effect.~~

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1 Sec. 2. ~~Said~~ THE ACCOUNTING system shall embrace accounts
2 showing all sources of income, the amounts due, collected and
3 received from each source, including all fees collected by county
4 officers whether turned into the county treasury or not, the
5 amount expended for each purpose, bills, and accounts payable;
6 the receipt, use, and disposition of other public property and
7 the income, if any, derived ~~therefrom~~ FROM THEM. ~~Said system~~
8 ~~shall also embrace accounts which shall show for each industry~~
9 ~~conducted by any institution or department of the state govern-~~
10 ~~ment the unit cost of operation and shall be in such form as~~
11 ~~shall exhibit actual detailed financial results of each indus-~~
12 ~~trial activity.~~ ~~Said~~ THE ACCOUNTING system shall ~~embrace such~~
13 INCLUDE other forms of accounts as the ~~auditor general~~ STATE
14 TREASURER may ~~deem~~ CONSIDER wise and essential to efficient
15 financial administration of public affairs pertaining to ~~the~~
16 ~~state and~~ county governments.

17 Sec. 3. A separate account shall be kept of each appropria-
18 tion, or fund, made to or received by each ~~department, institu-~~
19 ~~tion and office of the state government, and by each~~ county
20 office, which shall show the date and manner of each payment,
21 ~~therefrom,~~ the name and address of the person or association of
22 persons to whom paid, and for what purpose paid.

23 Sec. 4. It shall be the duty of each ~~department, institu-~~
24 ~~tion and office of the state government, and each~~ county office
25 ~~—~~ to make an annual financial report in accordance with forms
26 prescribed by the ~~auditor general~~ STATE TREASURER, which shall
27 be uniform for all accounts of the same class. ~~Said~~ THE

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1 reports shall be made in duplicate, 1 copy of which shall, within
2 ~~30 days~~ 6 MONTHS after the close of each fiscal year, be filed
3 in the office of the ~~auditor general and 1 copy with the~~
4 ~~governor~~ STATE TREASURER, and shall contain an accurate state-
5 ment in summarized form showing, for each fiscal year, ~~ending~~
6 ~~June 30,~~ the amount of all collections and receipts from all
7 sources, and their disposition, all accounts due the public trea-
8 sury but not collected, the amount of expenditures for every pur-
9 pose and by what authority authorized, the amount of indebted-
10 ness, the cost of operation of all industrial activities and
11 financial results obtained, ~~therefrom,~~ balance of funds on hand
12 at the close of each fiscal period, together with ~~such~~ ANY
13 other information as may be required by the ~~auditor general~~
14 STATE TREASURER. The substance of these reports shall be
15 arranged by the ~~auditor general~~ STATE TREASURER and published
16 at the expense of the state in an annual volume of comparative
17 statistics, and shall be in ~~such~~ THE form as shall show the
18 comparative receipts from the various sources of revenue and the
19 comparative costs of ~~the several branches of the state and~~
20 county ~~governments~~ GOVERNMENT. A sufficient number of copies
21 of ~~said~~ THE volume shall be published to furnish a copy to each
22 member of the legislature, ~~a copy to each state department,~~
23 ~~institution and office,~~ a copy to each county office, and 200
24 copies for general distribution.

25 Sec. 5. The ~~auditor general shall hereafter be~~ STATE
26 TREASURER IS the supervisor of the accounts of all ~~state~~
27 ~~departments, institutions and offices, and of all~~ county

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1 offices. The ~~auditor general~~ STATE TREASURER may examine, or
2 cause to be examined, the books, accounts and financial affairs
3 of each ~~department, institution, and office of the state govern-~~
4 ~~ment, and of each~~ county office. ~~Such~~ THE examination shall
5 be made at least once in each year, or as often as ~~in the judg-~~
6 ~~ment of the auditor general it shall~~ THE STATE TREASURER CONSID-
7 ERS IT TO be for the public good. The ~~auditor general~~ STATE
8 TREASURER may employ ~~such~~ auditors, examiners, and assistants
9 as he or she considers necessary, the number and compensation of
10 whom shall be subject to the approval of the state administrative
11 board and shall be within the limits of the amount of money
12 appropriated for ~~such~~ THAT purpose. In addition to ~~such~~
13 THEIR compensation, they shall be paid their necessary traveling
14 expenses, which compensation and expenses, when audited and
15 approved by the ~~auditor general~~ STATE TREASURER, shall be paid
16 by the state treasurer out of the fund appropriated for that pur-
17 pose, upon warrant of the proper officer. The ~~auditor general~~
18 ~~and the deputy auditor general~~ STATE TREASURER shall receive
19 ~~their~~ HIS OR HER actual traveling expenses incurred while
20 engaged in administering the provisions of this act, which shall
21 be paid by the state treasurer out of the funds appropriated for
22 that purpose. ~~, upon warrant of the auditor general.~~

23 Sec. 6. Upon demand of the ~~auditor general, deputy auditor~~
24 ~~general~~ STATE TREASURER, or any person duly appointed by the
25 ~~auditor general~~ STATE TREASURER, to make the examinations
26 ~~herein~~ provided IN THIS ACT, ~~it shall be the duty of~~ any and
27 all officers of ~~the state and~~ county governments ~~to~~ SHALL

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1 produce, for examination, the books of account and papers of
2 their respective departments, institutions, and offices, and ~~to~~
3 SHALL truthfully answer all questions relating ~~thereto~~ TO THAT
4 EXAMINATION. In connection with ~~such~~ THE examinations, the
5 ~~auditor general, deputy auditor general~~ STATE TREASURER, or any
6 person designated to make ~~such~~ THE examinations, may issue sub-
7 poenas, direct the service ~~thereof~~ OF THOSE SUBPOENAS by any
8 police officer, and compel the attendance and testimony of wit-
9 nesses, may administer oaths and examine ~~such~~ THOSE persons as
10 may be necessary, and may compel the production of books and
11 papers. The orders and subpoenas issued by the ~~auditor general,~~
12 ~~deputy auditor general~~ STATE TREASURER, or by any person charged
13 with the duty of making the examinations ~~herein~~ AS provided IN
14 THIS SECTION, in pursuance of the authority in them vested by
15 provisions of this section, may be enforced upon their applica-
16 tion to any circuit court by proceedings in contempt, ~~therein,~~
17 as provided by law.

18 Sec. 7. A report shall be made, in duplicate, of each exam-
19 ination made in accordance with the provisions of this act.
20 ~~Said~~ THE duplicate report shall be signed and verified by the
21 officer making the examination, 1 copy of which shall be filed
22 ~~in the office of the auditor general~~ WITH THE STATE TREASURER
23 and 1 copy with the ~~executive officer of the department, insti-~~
24 ~~tution or office~~ COUNTY examined. If any ~~such~~ examination
25 discloses malfeasance, misfeasance, nonfeasance, or gross neglect
26 of duty on the part of any officer or ~~employee~~ EMPLOYEE of any
27 ~~department, institution, or office of the state government, or~~

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1 ~~on the part of any officer or employe of any~~ county office, for
2 which a criminal penalty is provided by law, an additional copy
3 of ~~such~~ THE report shall be made and filed with the attorney
4 general, ~~whose duty it shall be~~ AND THE ATTORNEY GENERAL,
5 within 60 days after receipt of ~~such~~ THAT report, ~~to~~ SHALL
6 institute criminal proceedings against ~~such~~ THE officer or
7 ~~employe~~ EMPLOYEE, or direct that ~~such~~ criminal proceedings be
8 instituted by the prosecuting attorney of the county in which the
9 offense was committed. ~~It shall also be the duty of the~~ THE
10 attorney general, or the prosecuting attorney, as the case may
11 be, ~~to~~ ALSO SHALL institute civil action in any court of compe-
12 tent jurisdiction for the recovery of any public ~~moneys~~ MONEY,
13 disclosed by any ~~such~~ examinations to have been illegally
14 expended, or collected and not accounted for ~~and also~~ AND for the
15 recovery of any public property disclosed to have been converted
16 and misappropriated. Refusal or neglect to comply with the
17 requirements of this section on the part of the attorney general,
18 or on the part of the prosecuting attorney of any county in the
19 state, ~~shall be~~ IS sufficient cause for his OR HER removal from
20 office by the governor.

21 Sec. 8. ~~It is hereby made the duty of the executive offi-~~
22 ~~cers of each state department, institution and office, and the~~
23 THE executive officer of each county office ~~to~~ SHALL adopt
24 and use the books, forms, records and systems of accounting and
25 reporting ~~prescribed by the auditor general~~ STATE TREASURER
26 and ~~to~~ SHALL promptly purchase ~~such~~ THE books, forms, and
27 records as may be necessary ~~thereto~~ TO IMPLEMENT THEIR USE, in

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1 the manner now provided by law for the purchase of ~~such~~ THOSE
2 articles. Refusal or neglect on the part of ~~any officer of any~~
3 ~~branch of the state government, or~~ any county officer ~~,~~ to
4 provide ~~such~~ THE books, forms, or records, or to use them, or
5 to make the reports required by this act, or keep the accounts of
6 his OR HER office as directed by the ~~auditor general~~ STATE
7 TREASURER, ~~shall be~~ IS sufficient cause for his OR HER removal
8 from office by the governor. ~~∴ Provided, That~~ IF, after the
9 uniform accounting system has been installed in any county,
10 ~~should it become~~ IT BECOMES necessary for an examiner employed
11 under this act to perform any service, which a county officer has
12 neglected or refused to do, in order to properly continue ~~such~~
13 THE system, then the per diem and expense incurred ~~shall be~~ IS
14 a proper charge against the county ~~wherein such~~ WHERE THE serv-
15 ice was performed. A statement covering ~~such~~ THAT per diem and
16 expense may be forwarded by the ~~auditor general~~ STATE TREASURER
17 to the county clerk who shall ~~forthwith~~ IMMEDIATELY issue his
18 OR HER warrant upon the county treasurer who shall pay it from
19 the general fund of the county. Money so received by the state
20 shall be paid into the state treasury to the credit of the gen-
21 eral fund.

22 Sec. 9. The governor ~~shall have the power~~ MAY, and he ~~is~~
23 ~~hereby directed~~ OR SHE SHALL upon a finding of guilt, ~~to~~
24 remove from office the officer of any branch of the state govern-
25 ment, or county government, who refuses or ~~wilfully~~ WILLFULLY
26 neglects to keep the accounts of his OR HER office in the manner
27 and form prescribed by the ~~auditor general~~ STATE TREASURER, or

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1 to make the reports ~~herein~~ provided IN THIS ACT, or who refuses
2 or neglects to comply with any other requirements of this act.
3 ~~It shall be the duty of the auditor general to~~ THE STATE TREA-
4 SURER SHALL promptly report to the governor ~~,~~ each ~~such~~
5 refusal or neglect and ~~thereupon~~ the governor, before taking
6 final action ~~thereon~~ ON THAT REPORT, shall summons the officer
7 complained against to make answer why he OR SHE should not be
8 removed from office.

9 Sec. 10. The ~~auditor general's~~ department OF TREASURY
10 shall be audited by the ~~state board of auditors who shall have~~
11 ~~like powers and authority for that purpose as hereby conferred~~
12 ~~upon the auditor general for the examination of other boards and~~
13 ~~institutions~~ AUDITOR GENERAL AS PROVIDED BY LAW.

14 Sec. 11. Any person who ~~shall give or offer~~ GIVES OR
15 OFFERS to any examiner, accountant, clerk, or other employee of
16 the ~~auditor general~~ DEPARTMENT OF TREASURY, any money, gift,
17 emolument, or thing of value for the purpose of influencing the
18 action of ~~such~~ THE examiner or other employee, in any matter
19 relating to the examination of any public account authorized by
20 this act, or for the purpose of preventing or delaying the exami-
21 nation of any ~~such~~ public account, or for the purpose of influ-
22 encing the action of the examiner or other employee, in framing,
23 changing, withholding, or delaying any report of any examination
24 of any ~~such~~ public account ~~shall be deemed~~ IS guilty of a
25 misdemeanor, punishable by a fine of not more than \$1,000.00 nor
26 less than \$200.00, or imprisonment for not more than 6 months and
27 not less than 30 days, or both.

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1 Sec. 12. Any person appointed by the ~~auditor general~~
2 STATE TREASURER to make the examinations provided for under this
3 act, or any officer, clerk, or other employee of the ~~auditor~~
4 ~~general~~ STATE TREASURER, who ~~shall receive, or solicit~~
5 RECEIVES OR SOLICITS any money, gift, emolument, or anything of
6 value for the purpose of being influenced in the matter of the
7 examination of any public account authorized by this act, or for
8 the purpose of being influenced to prevent or delay the examina-
9 tion of any ~~such~~ public account, ~~shall be deemed~~ IS guilty of
10 a misdemeanor, punishable by a fine of not more than \$1,000.00
11 and not less than \$200.00, or imprisonment for not more than 6
12 months and not less than 30 days, or both.

13 Enacting section 1. Section 13 of 1919 PA 71, MCL 21.53, is
14 repealed.