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House Bill 4184 (as reported without amendment)

Sponsor: Representative Richard Ball

House Committee: Intergovernmental and Regional Affairs

Senate Committee: Local, Urban and State Affairs

CONTENT

The bill would amend the uniform system of accounting Act to revise procedures related to county audits. The bill would do the following:

- -- Delete requirements for the State to publish annual county financial reports and examine county financial affairs.
- -- Require a county to obtain and pay for an annual audit.
- -- Require the State Treasurer to prescribe minimum auditing procedures and standards.
- -- Prescribe the information that would have to be included in an annual county audit.

The bill would require a county to obtain an annual audit of its financial records, accounts, and procedures, and would allow a county to retain certified public accountants (CPAs) to perform the audits. If a county failed to provide for an audit, the State Treasurer either would have to perform the audit or would have to appoint a CPA to perform it. One copy of every audit report, and one copy of a report of auditing procedures applied, would have to be filed with the State Treasurer within six months after the end of the fiscal year. For reasonable cause, the State Treasurer could grant an extension of the filing date.

Every audit report would have to state that the audit was conducted in accordance with generally accepted auditing standards and with the standards prescribed by the State Treasurer; state that financial statements in the audit reports were prepared in accordance with generally accepted accounting principles and with applicable rules and regulations of any State department or agency, and describe any deviations from those principles, rules, or regulations in detail; disclose any material deviations by the county from generally accepted accounting practices or from applicable rules and regulations of any State department or agency; and disclose any fiscal irregularities, including any defalcations, misfeasance, nonfeasance, or malfeasance that came to the auditor's attention.

A financial audit of a county that was performed by a CPA in a manner consistent with auditing procedures and standards established by the State Treasurer and that was filed with him or her would constitute an audit of county accounts by competent State authority for purposes of Article IX, Section 21 of the State Constitution.

MCL 21.44 & 21.45 Legislative Analyst: Julie Cassidy

FISCAL IMPACT

The bill would have little to no fiscal impact on the State or local units of government. The bill largely would adjust the statute to reflect current practices.

Date Completed: 6-10-09 Fiscal Analyst: David Zin