

# HOUSE BILL No. 4184

February 5, 2009, Introduced by Rep. Ball and referred to the Committee on Intergovernmental and Regional Affairs.

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 those departments, institutions, and offices, and for the tabulation and publication of comparative financial statistics relating to the departments, institutions, and offices; to provide for the administration of this act; to provide for the powers and duties of the department of treasury, the state treasurer, 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 sections 4 and 5 (MCL 21.44 and 21.45), as amended by 2002 PA 370.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1        Sec. 4. It shall be the duty of each county office to make an

1 annual financial report in accordance with forms prescribed by the  
2 state treasurer, which shall be uniform for all accounts of the  
3 same class. The reports shall be made in duplicate, 1 copy of which  
4 shall, within 6 months after the close of each fiscal year, be  
5 filed in the office of the state treasurer, and shall contain an  
6 accurate statement in summarized form showing, for each fiscal  
7 year, the amount of all collections and receipts from all sources,  
8 and their disposition, all accounts due the public treasury but not  
9 collected, the amount of expenditures for every purpose and by what  
10 authority authorized, the amount of indebtedness, the cost of  
11 operation of all industrial activities and financial results  
12 obtained, balance of funds on hand at the close of each fiscal  
13 period, together with any other information as may be required by  
14 the state treasurer. ~~The substance of these reports shall be~~  
15 ~~arranged by the state treasurer and published at the expense of the~~  
16 ~~state in an annual volume of comparative statistics, and shall be~~  
17 ~~in the form as shall show the comparative receipts from the various~~  
18 ~~sources of revenue and the comparative costs of county government.~~  
19 ~~A sufficient number of copies of the volume shall be published to~~  
20 ~~furnish a copy to each member of the legislature, a copy to each~~  
21 ~~county office, and 200 copies for general distribution.~~

22       Sec. 5. (1) The state treasurer is the supervisor of the  
23 accounts of all county offices. The state treasurer may examine, or  
24 cause to be examined, the books, accounts, and financial affairs of  
25 each county office. ~~The examination shall be made at least once in~~  
26 ~~each year, or as often as the state treasurer considers it to be~~  
27 ~~for the public good. The state treasurer may employ auditors,~~

~~examiners, and assistants as he or she considers necessary, the number and compensation of whom shall be subject to the approval of the state administrative board and shall be within the limits of the amount of money appropriated for that purpose. In addition to their compensation, they shall be paid their necessary traveling expenses, which compensation and expenses, when audited and approved by the state treasurer, shall be paid by the state treasurer out of the fund appropriated for that purpose, upon warrant of the proper officer. The state treasurer shall receive his or her actual traveling expenses incurred while engaged in administering the provisions of this act, which shall be paid by the state treasurer out of the funds appropriated for that purpose.~~

(2) A COUNTY SHALL OBTAIN AN ANNUAL AUDIT OF ITS FINANCIAL RECORDS, ACCOUNTS, AND PROCEDURES AND MAY RETAIN CERTIFIED PUBLIC ACCOUNTANTS TO PERFORM THE AUDITS. IF A COUNTY FAILS TO PROVIDE FOR AN AUDIT, THE STATE TREASURER SHALL EITHER CONDUCT THE AUDIT OR APPOINT A CERTIFIED PUBLIC ACCOUNTANT TO PERFORM THE AUDIT. THE ENTIRE COST OF ANY AUDIT SHALL BE BORNE BY THE COUNTY.

(3) THE STATE TREASURER SHALL PRESCRIBE MINIMUM AUDITING PROCEDURES AND STANDARDS, AND THESE SHALL CONFORM AS NEARLY AS PRACTICABLE TO GENERALLY ACCEPTED AUDITING STANDARDS AND PROCEDURES ESTABLISHED BY THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS.

(4) A REPORT OF THE AUDITING PROCEDURES APPLIED IN EACH AUDIT SHALL BE PREPARED ON A FORM PROVIDED FOR THIS PURPOSE BY THE STATE TREASURER. THE STATE TREASURER MAY REQUIRE THAT THE AUDIT REPORT, OR THE REPORT OF AUDITING PROCEDURES, OR BOTH, THAT ARE REQUIRED BY

1 THIS SUBSECTION TO BE FILED WITH THE STATE TREASURER BE FILED IN AN  
2 ELECTRONIC FORMAT PRESCRIBED BY THE STATE TREASURER.

3 (5) ONE COPY OF EVERY AUDIT REPORT AND 1 COPY OF THE REPORT OF  
4 AUDITING PROCEDURES APPLIED SHALL BE FILED WITH THE STATE  
5 TREASURER.

6 (6) THE COPY OF THE AUDIT REPORT AND THE COPY OF THE REPORT OF  
7 AUDITING PROCEDURES APPLIED REQUIRED BY SUBSECTION (5) SHALL BE  
8 FILED WITH THE STATE TREASURER WITHIN 6 MONTHS AFTER THE END OF THE  
9 FISCAL YEAR OF A COUNTY FOR WHICH AN AUDIT HAS BEEN PERFORMED UNDER  
10 THIS SECTION. THE CHIEF ADMINISTRATIVE OFFICER OF A COUNTY MAY  
11 REQUEST AN EXTENSION OF THE FILING DATE FROM THE STATE TREASURER,  
12 AND THE STATE TREASURER MAY GRANT THE REQUEST FOR REASONABLE CAUSE.  
13 A CHIEF ADMINISTRATIVE OFFICER WHO REQUESTS AN EXTENSION UNDER THIS  
14 SUBSECTION SHALL, WITHIN 10 DAYS OF MAKING THE REQUEST, INFORM THE  
15 GOVERNING BODY OF THE COUNTY IN WRITING OF THE REQUESTED EXTENSION.

16 (7) EVERY AUDIT REPORT REQUIRED UNDER THIS SECTION SHALL DO  
17 ALL OF THE FOLLOWING:

18 (A) STATE THAT THE AUDIT HAS BEEN CONDUCTED IN ACCORDANCE WITH  
19 GENERALLY ACCEPTED AUDITING STANDARDS AND WITH THE STANDARDS  
20 PRESCRIBED BY THE STATE TREASURER.

21 (B) STATE THAT FINANCIAL STATEMENTS IN THE AUDIT REPORTS HAVE  
22 BEEN PREPARED IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING  
23 PRINCIPLES AND WITH APPLICABLE RULES AND REGULATIONS OF ANY STATE  
24 DEPARTMENT OR AGENCY. ANY DEVIATIONS FROM SUCH PRINCIPLES, RULES,  
25 OR REGULATIONS SHALL BE DESCRIBED IN DETAIL.

26 (C) DISCLOSE ANY MATERIAL DEVIATIONS BY THE COUNTY FROM  
27 GENERALLY ACCEPTED ACCOUNTING PRACTICES OR FROM APPLICABLE RULES

1 AND REGULATIONS OF ANY STATE DEPARTMENT OR AGENCY.

2 (D) DISCLOSE ANY FISCAL IRREGULARITIES INCLUDING, BUT NOT  
3 LIMITED TO, ANY DEFALCATIONS, MISFEASANCE, NONFEASANCE, OR  
4 MALFEASANCE THAT CAME TO THE AUDITOR'S ATTENTION.

5 (8) A FINANCIAL AUDIT OF A COUNTY THAT IS PERFORMED BY A  
6 CERTIFIED PUBLIC ACCOUNTANT IN A MANNER CONSISTENT WITH AUDITING  
7 PROCEDURES AND STANDARDS ESTABLISHED BY THE STATE TREASURER AND  
8 THAT IS FILED WITH THE STATE TREASURER SHALL CONSTITUTE AN AUDIT OF  
9 COUNTY ACCOUNTS BY COMPETENT STATE AUTHORITY FOR PURPOSES OF  
10 SECTION 21 OF ARTICLE IX OF THE STATE CONSTITUTION OF 1963.

11 (9) AS USED IN THIS SECTION, "CHIEF ADMINISTRATIVE OFFICER"  
12 MEANS THAT TERM AS USED IN SECTION 2B(3)(F) OF THE UNIFORM  
13 BUDGETING AND ACCOUNTING ACT, 1968 PA 2, MCL 141.422B.