

Legislative Analysis



STATEWIDE SINGLE AUDIT

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House Bill 5553

Sponsor: Rep. Cindy Denby

Committee: Oversight, Reform, and Ethics

Complete to 5-7-12

A SUMMARY OF HOUSE BILL 5553 AS INTRODUCED 4-24-12

House Bill 5553 would amend the Management and Budget Act (MCL 18.1461) to require that an annual statewide single audit be performed for purposes of complying with the requirements of federal law [31 USC 7501 to 7507, known as the Single Audit Act] pertaining to audit evaluation of the internal controls of the state government and compliance with material features of laws and regulations related to major federal assistance programs. As introduced, the bill applies to the fiscal year beginning October 1, 2011, and to each fiscal year thereafter.

Under the bill, funding for the statewide single audit would be allocated to federal programs based on a methodology determined by the director of the Department of Technology, Management, and Budget, in accord with federal compliance requirements.

Further, the bill would require that the department director, in consultation with the Auditor General, issue directives to all state agencies about the procedures and timelines for compiling the schedule of expenditures of federal awards, and all other information required for the statewide single audit. Also under the bill the director would be required to submit that schedule of expenditures of federal awards to the Auditor General, and to both the House and Senate Fiscal Agencies.

Currently the law specifies: "As required by federal law, all federal grants awarded to the state shall be audited by the Auditor General, an independent accounting firm selected by the Auditor General, or an auditor approved by the appropriate federal agency. The funding for each audit shall be from the respective federal grants audited." Under the bill, this language would be eliminated.

FISCAL IMPACT:

According to the Statewide Single Audit Feasibility Study, published by the Office of the Auditor General (OAG) in December of 2011, a conversion to a statewide single audit would have no net fiscal impact due to a shift in the use of the funds. The study estimated that the Office of Auditor General would bill state agencies approximately \$500,000 less under the statewide approach. The administrative funding saved through a statewide single audit would allow agencies to have an additional \$500,000 available for federal grant awards.

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