

HOUSE BILL No. 5553

April 24, 2012, Introduced by Reps. Denby, McMillin, Jacobsen, Price, Lund, Bledsoe and Brown and referred to the Committee on Oversight, Reform, and Ethics.

A bill to amend 1984 PA 431, entitled
"The management and budget act,"
by amending section 461 (MCL 18.1461), as amended by 1999 PA 8.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 461. ~~(1) As required by federal law, all federal grants~~
2 ~~awarded to the state shall be audited by the auditor general, an~~
3 ~~independent accounting firm selected by the auditor general, or an~~
4 ~~auditor approved by the appropriate federal agency. The funding for~~
5 ~~each audit shall be from the respective federal grants audited.~~

6 (1) ~~(2)~~ Each audit performed pursuant to ~~Public Law 104-156-31~~
7 USC 7501 TO 7507 shall be conducted by an independent auditor in
8 accordance with generally accepted government auditing standards.
9 Single audits for this state shall be conducted in accordance with
10 ~~Public Law 104-156-31~~ USC 7501 TO 7507 by the auditor general ~~7~~ OR
11 an independent accounting firm selected by the auditor general. ~~7~~

1 ~~or an independent auditor approved by the appropriate federal~~
2 ~~agency.~~ For fiscal years beginning October 1, 1985 and thereafter,
3 **THROUGH SEPTEMBER 30, 2011,** biennial audits of state departments
4 and agencies shall be performed for purposes of complying with the
5 requirements of ~~Public Law 104-156~~ **31 USC 7501 TO 7507** pertaining
6 to audit evaluation of the internal controls of this state and the
7 state's compliance with material features of laws and regulations
8 related to major federal assistance programs. **FOR FISCAL YEARS**
9 **BEGINNING OCTOBER 1, 2011 AND EACH FISCAL YEAR THEREAFTER, AN**
10 **ANNUAL STATEWIDE SINGLE AUDIT SHALL BE PERFORMED FOR PURPOSES OF**
11 **COMPLYING WITH THE REQUIREMENTS OF 31 USC 7501 TO 7507 PERTAINING**
12 **TO AUDIT EVALUATION OF THE INTERNAL CONTROLS OF THIS STATE AND THE**
13 **STATE'S COMPLIANCE WITH MATERIAL FEATURES OF LAWS AND REGULATIONS**
14 **RELATED TO MAJOR FEDERAL ASSISTANCE PROGRAMS.**

15 (2) ~~(3) The~~ **FOR FISCAL YEARS BEGINNING OCTOBER 1, 1985 AND**
16 **THROUGH SEPTEMBER 30, 2011,** THE funding for single audits shall be
17 from the respective federal grants audited, in accordance with
18 ~~Public Law 104-156.~~ **31 USC 7501 TO 7507. FOR FISCAL YEARS BEGINNING**
19 **OCTOBER 1, 2011 AND EACH FISCAL YEAR THEREAFTER, FUNDING FOR THE**
20 **STATEWIDE SINGLE AUDIT SHALL BE ALLOCATED TO FEDERAL PROGRAMS BASED**
21 **ON A METHODOLOGY DETERMINED BY THE DIRECTOR THAT IS IN ACCORDANCE**
22 **WITH FEDERAL COMPLIANCE REQUIREMENTS.** The chief executive officer
23 of each principal department shall ensure that sufficient amounts
24 are encumbered from the appropriate federal grants to finance the
25 cost of the audits. Any unexpended amounts of encumbered funds may
26 be carried over into succeeding years to cover the cost of the
27 single audits.

1 (3) ~~(4) Before February 1 of each year, the director of each~~
2 ~~principal department shall submit to the director, fiscal agencies~~
3 ~~and the auditor general a~~ **THE DIRECTOR, IN CONSULTATION WITH THE**
4 **AUDITOR GENERAL, SHALL ISSUE DIRECTIVES TO ALL STATE AGENCIES**
5 **CONCERNING THE PROCEDURES AND TIMELINES FOR COMPILING THE** schedule
6 of **EXPENDITURES OF** federal financial assistance for the last
7 ~~completed fiscal year in a form approved by the auditor general.~~

8 **AWARDS AND ALL OTHER INFORMATION REQUIRED FOR THE STATEWIDE SINGLE**
9 **AUDIT. THE DIRECTOR SHALL SUBMIT THE SCHEDULE OF EXPENDITURES OF**
10 **FEDERAL AWARDS TO THE AUDITOR GENERAL AND THE FISCAL AGENCIES.**

11 ~~—— (5) As used in this section, "Public Law 104-156" means~~
12 ~~chapter 75 of title 31 of the United States Code, 31 U.S.C. 7501 to~~
13 ~~7507.~~