

**THE MANAGEMENT AND BUDGET ACT (EXCERPT)**  
**Act 431 of 1984**

**18.1461 Audit pursuant to federal law; single audits; conduct; funding; encumbering amounts to finance cost of audits; carrying over unexpended amounts; schedule of expenditures of federal awards.**

Sec. 461. (1) Each audit performed pursuant to 31 USC 7501 to 7507 shall be conducted by an independent auditor in accordance with generally accepted government auditing standards. Single audits for this state shall be conducted in accordance with 31 USC 7501 to 7507 by the auditor general or an independent accounting firm selected by the auditor general. For fiscal years beginning October 1, 1985 and through September 30, 2011, biennial audits of state departments and agencies shall be performed for purposes of complying with the requirements of 31 USC 7501 to 7507 pertaining to audit evaluation of the internal controls of this state and the state's compliance with material features of laws and regulations related to major federal assistance programs. For fiscal years beginning October 1, 2011 and each fiscal year thereafter, an annual statewide single audit shall be performed for purposes of complying with the requirements of 31 USC 7501 to 7507 pertaining to audit evaluation of the internal controls of this state and the state's compliance with material features of laws and regulations related to major federal assistance programs.

(2) For fiscal years beginning October 1, 1985 and through September 30, 2011, the funding for single audits shall be from the respective federal grants audited, in accordance with 31 USC 7501 to 7507. For fiscal years beginning October 1, 2011 and each fiscal year thereafter, funding for the statewide single audit shall be allocated to federal programs based on a methodology determined by the director that is in accordance with federal compliance requirements. The chief executive officer of each principal department shall ensure that sufficient amounts are encumbered from the appropriate federal grants to finance the cost of the audits. Any unexpended amounts of encumbered funds may be carried over into succeeding years to cover the cost of the single audits.

(3) The director, in consultation with the auditor general, shall issue directives to all state agencies concerning the procedures and timelines for compiling the schedule of expenditures of federal awards and all other information required for the statewide single audit. The director shall submit the schedule of expenditures of federal awards to the auditor general and the fiscal agencies.

**History:** 1984, Act 431, Eff. Mar. 29, 1985;—Am. 1986, Act 251, Imd. Eff. Dec. 4, 1986;—Am. 1999, Act 8, Imd. Eff. Mar. 22, 1999;—Am. 2012, Act 233, Imd. Eff. June 29, 2012.

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