



S.B. 143

123rd General Assembly
(As Introduced)

Sens. DiDonato, Furney, Shoemaker, McLin, Brady, Latell, Herington

BILL SUMMARY

- Authorizes municipal corporations, townships, and county offices to engage an independent certified public accountant to conduct a biennial or special audit of the municipal corporation, township, or county office in accordance with standards approved by the Auditor of State.

CONTENT AND OPERATION

Existing law

Under existing law, the Auditor of State is generally required to begin an audit of each public office not more than two years from the release date of the last audit report of the public office. If the Auditor of State is unable to conduct the biennial audit, the Auditor of State must provide written notice to the clerk of the legislative authority or governing board of the public office. Then, within six months after receiving that notice, the legislative authority or governing board may engage by contract (see below) an independent certified public accountant (CPA) to conduct an audit in accordance with the standards, procedures, and guidelines the Auditor of State must establish for such audits (sec. 117.12, not in, but referred to by, the bill). In addition, if the chief fiscal officer of a public office notifies the Auditor of State that an audit is required before the next regularly scheduled audit by the Auditor of State, the Auditor of State must either conduct an earlier audit or authorize the legislative authority or governing board of the public office to engage by contract (see below) an independent CPA to conduct the audit. In either case, the Auditor of State is required to approve the scope of the audit as set forth in the contract for the proposed audit before the contract is executed on behalf of the public office that is to be audited. The public office is required to pay for the services of the independent CPA conducting the audit. (Sec. 117.11(A) and (B).)

Existing law allows the Auditor of State, by rule, to provide for waiver of the two-year audit requirement if a public office participates in a uniform

accounting network established by the Auditor of State (sec. 117.101, not in the bill) or if a public office is not required by federal law to be audited in accordance with federal auditing standards (sec. 117.11(D)).

Changes proposed by the bill

The bill creates three additional situations in which an audit of a public office may be performed by an independent CPA. In addition to the authority explained above, the bill authorizes (1) the legislative authority of a municipal corporation by ordinance or resolution, (2) a board of township trustees by resolution, or (3) the governing board or chief executive officer of a county office (see **COMMENT**) to engage an independent CPA to conduct a regularly scheduled biennial audit or to conduct an audit that is required before the next regularly scheduled biennial audit. The clerk of the legislative authority of a municipal corporation or the township clerk must transmit to the Auditor of State a certified copy of the ordinance or resolution and a certified copy of the contract the municipal corporation or township enters into with the independent CPA. The governing board or chief executive officer of a county office is required to transmit to the Auditor of State a certified copy of the contract the county office enters into with the independent CPA. The Auditor of State is required to approve the scope of the audit to be conducted as set forth in the contract for the audit *before that contract is executed* on behalf of the municipal corporation, township, or county office. The municipal corporation, township, or county office is responsible for paying the independent CPA for the cost of conducting the audit. (Sec. 117.11(B)(4), (5), and (6).)

An independent CPA conducting an audit authorized by the bill is subject to the standards, procedures, and guidelines of the Auditor of State for private audits of public offices (sec. 117.12, not in the bill) and other provisions of law pertaining to audits of public offices conducted by public accountants (authority for the Auditor of State to access work papers of the public accountant; authority for the public accountant to request "issuance of subpoena and compulsory process" assistance of the Auditor of State and assistant auditors; a requirement that the public accountant sign the audit report and file it with the Auditor of State's office; a requirement that the Auditor of State analyze the report to determine whether public money has been illegally expended or collected and not accounted for; and a requirement that the Auditor of State incorporate the report of the public accountant and the analysis into an audit report of the public office-- (secs. 117.21 to 117.25, not in, but referred to by, the bill).

COMMENT

The bill defines "county office" as any agency, department, authority, commission, office, or board of a county (sec. 117.11(B)(6)).

HISTORY

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