

1 ENGROSSED SENATE  
2 BILL NO. 130

By: Reynolds of the Senate

and

Johnson of the House

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7 An Act relating to county finance procedures;  
8 amending 19 O.S. 2001, Section 171, as amended by  
9 Section 2, Chapter 132, O.S.L. 2007 (19 O.S. Supp.  
10 2010, Section 171), which relates to county audits  
11 and financial reporting; defining financial and  
12 performance audit; determining type of audit under  
13 certain circumstances; adding requirements for  
14 financial statements; providing for reporting;  
15 amending 19 O.S. 2001, Sections 1402 and 1405, which  
16 relate to the County Budget Act; clarifying purpose  
17 of the County Budget Act; modifying requirements for  
18 the establishment and maintenance of county records;  
19 providing an effective date; and declaring an  
20 emergency.

21 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

22 SECTION 1. AMENDATORY 19 O.S. 2001, Section 171, as  
23 amended by Section 2, Chapter 132, O.S.L. 2007 (19 O.S. Supp. 2010,  
24 Section 171), is amended to read as follows:

Section 171. A. Each county of this state shall every two (2)  
years have an audit made by the State Auditor and Inspector or ~~his~~ a  
duly appointed deputy or deputies of all of the books, records and  
accounts of all the officers of each county of this state, which  
audit shall be general in its nature and shall include an audit of

1 the books, records and accounts of all officers who collect or  
2 disburse monies, fees, fines or public charges of any kind including  
3 therein a tax roll audit, a claim audit, and an audit of each of the  
4 justices of peace within the county.

5 B. 1. For purposes of this subsection, an audit shall be a  
6 financial or performance audit defined as follows:

7 a. the financial audit shall be planned and conducted,  
8 and the results of the work reported, in accordance  
9 with auditing standards generally accepted in the  
10 United States and Government Auditing Standards issued  
11 by the Comptroller General of the United States,

12 b. the performance audit shall be planned and conducted,  
13 and the results of the work reported, in accordance  
14 with Government Auditing Standards issued by the  
15 Comptroller General of the United States. The  
16 performance audit shall encompass an audit of internal  
17 controls and compliance with laws and regulations  
18 based on an individual risk assessment.

19 The type of audit to be performed will be determined by the State  
20 Auditor and Inspector.

21 2. Unless the county elects to prepare its financial statement  
22 in accordance with Generally Accepted Accounting Principles as  
23 prescribed by the Governmental Accounting Standards Board, the

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1 county shall present their financial statements in a regulatory  
2 basis of accounting as prescribed in subsection C of this section.

3 C. 1. For county, primary government only, financial audits,  
4 the financial statements shall be presented on a fund-basis format  
5 with, at a minimum, the general fund and all other county funds  
6 which represent ten percent (10%) or greater of total county  
7 revenue. All other funds included in the audit shall be presented  
8 in the aggregate.

9 2. The financial statements shall include but not be limited to  
10 the following:

- 11 a. a statement of revenues or receipts, expenditures or  
12 disbursements, and changes in cash balances for the  
13 funds identified in the preceding paragraph, and  
14 b. notes to the financial statements.

15 D. The report shall include but not be limited to the following  
16 supplemental information:

17 1. A combining schedule detailing by fund the information  
18 presented in the aggregate;

19 2. A comparison of the final adopted budget to the actual  
20 expenditures for all funds required by law to have an adopted  
21 budget; and

22 3. Notes to the budget to actual schedule.

23 E. An audit may include a performance audit, a financial audit,  
24 agreed-upon procedures, or limited review, ~~or examination~~ of the

1 books and records. In addition to the above, ~~such~~ the State Auditor  
2 and Inspector may require an audit of the books and records of any  
3 county official or custodian of any of the funds of the county upon  
4 the death, resignation or removal from office of ~~any such~~ the county  
5 official, covering a period from the date of the last general audit  
6 up to the date of ~~such~~ the death, resignation or removal therefrom.

7 F. Each biennial county audit shall cover the two preceding  
8 fiscal years beginning as of July 1st immediately preceding the year  
9 in which the appropriation is made for ~~such~~ the general audit,  
10 provided, that nothing herein shall prevent ~~such~~ the State Auditor  
11 and Inspector from causing an audit to be made for any prior year of  
12 all the books, records and accounts of ~~any such~~ the county official.

13 SECTION 2. AMENDATORY 19 O.S. 2001, Section 1402, is  
14 amended to read as follows:

15 Section 1402. The purpose of ~~this act~~ the County Budget Act is  
16 to provide a budget procedure for county governments which shall:

17 1. Establish uniform and sound fiscal procedures for the  
18 preparation, adoption, execution and control of budgets, and foster  
19 cooperation among the elected officials for the effective and  
20 informed operation of county government;

21 2. Enable counties to make financial plans for both current and  
22 capital expenditures and to ensure that their executive staffs  
23 administer their respective functions in accordance with adopted  
24 budgets;

1           3. Make available to the public and investors sufficient  
2 information as to the financial conditions, requirements and  
3 expectations of the county government; and

4           4. ~~Assist~~ If requested, assist county governments to improve  
5 and implement generally accepted accounting principles as applied to  
6 governmental accounting, auditing and financial reporting and  
7 standards of governmental finance management if the principles are  
8 adopted.

9           SECTION 3.           AMENDATORY           19 O.S. 2001, Section 1405, is  
10 amended to read as follows:

11           Section 1405. The accounting records of each county ~~shall~~ may  
12 be established and maintained and financial statements prepared  
13 therefrom in conformity with generally accepted accounting  
14 principles promulgated from time to time by authoritative bodies in  
15 the United States. ~~The~~ For counties that so choose, the State  
16 Auditor and Inspector shall prescribe a uniform system of accounting  
17 that conforms to generally accepted accounting principles for  
18 counties which have elected to come under the provisions of ~~this act~~  
19 the County Budget Act. ~~The~~ When requested, the State Auditor and  
20 Inspector shall disseminate to each county, through accounting  
21 manuals or other means, current generally accepted accounting  
22 principles.

23           SECTION 4. This act shall become effective July 1, 2011.  
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