

ENROLLED SENATE
BILL NO. 130

By: Reynolds of the Senate

and

Johnson of the House

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

SUBJECT: County finance audit procedures

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

SECTION 1. AMENDATORY 19 O.S. 2001, Section 171, as amended by Section 2, Chapter 132, O.S.L. 2007 (19 O.S. Supp. 2010, 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 the books, records and accounts of all officers who collect or disburse monies, fees, fines or public charges of any kind including therein a tax roll audit, a claim audit, and an audit of each of the justices of peace within the county.

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

- a. the financial audit shall be planned and conducted, and the results of the work reported, in accordance with auditing standards generally accepted in the United States and Government Auditing Standards issued by the Comptroller General of the United States,
- b. the performance audit shall be planned and conducted, and the results of the work reported, in accordance with Government Auditing Standards issued by the Comptroller General of the United States. The performance audit shall encompass an audit of internal controls and compliance with laws and regulations based on an individual risk assessment.

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

2. Unless the county elects to prepare its financial statement in accordance with Generally Accepted Accounting Principles as prescribed by the Governmental Accounting Standards Board, the county shall present their financial statements in a regulatory basis of accounting as prescribed in subsection C of this section.

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

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

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

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

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

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

3. Notes to the budget to actual schedule.

E. An audit may include a performance audit, a financial audit, agreed-upon procedures, or limited review, ~~or examination~~ of the books and records. In addition to the above, ~~such~~ the State Auditor and Inspector may require an audit of the books and records of any county official or custodian of any of the funds of the county upon the death, resignation or removal from office of ~~any such~~ the county official, covering a period from the date of the last general audit up to the date of ~~such~~ the death, resignation or removal therefrom.

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

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

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

1. Establish uniform and sound fiscal procedures for the preparation, adoption, execution and control of budgets, and foster

cooperation among the elected officials for the effective and informed operation of county government;

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

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

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

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

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

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

SECTION 5. It being immediately necessary for the preservation of the public peace, health and safety, an emergency is hereby declared to exist, by reason whereof this act shall take effect and be in full force from and after its passage and approval.

Passed the Senate the 7th day of March, 2011.

Presiding Officer of the Senate

Passed the House of Representatives the 30th day of March, 2011.

Presiding Officer of the House
of Representatives