

1 STATE OF OKLAHOMA

2 2nd Session of the 55th Legislature (2016)

3 SENATE BILL 888

By: Thompson

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6 AS INTRODUCED

7 An Act relating to municipal audits; amending 11 O.S.  
8 2011, Section 17-105, which relates to municipal  
9 audit requirements; providing exception for certain  
10 grant monies; and declaring an emergency.

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

12 SECTION 1. AMENDATORY 11 O.S. 2011, Section 17-105, is  
13 amended to read as follows:

14 Section 17-105. A. The governing body of each municipality  
15 with an income of Twenty-five Thousand Dollars (\$25,000.00) or more  
16 to its general fund during a fiscal year shall cause to be prepared,  
17 by an independent licensed public accountant or a certified public  
18 accountant, an annual financial statement audit to be conducted in  
19 accordance with auditing standards generally accepted in the United  
20 States of America and "Government Auditing Standards" as issued by  
21 the Comptroller General of the United States. Such audit shall be  
22 ordered within thirty (30) days of the close of each fiscal year.  
23 Copies shall be filed with the State Auditor and Inspector within  
24 six (6) months after the close of the fiscal year in accordance with

1 the provisions of Sections 3022 and 3023 of Title 68 of the Oklahoma  
2 Statutes and with the governing body of the municipality.

3 B. The governing body of each municipality with an income of  
4 Twenty-five Thousand Dollars (\$25,000.00) or more to its general  
5 fund during a fiscal year and with a population of less than two  
6 thousand five hundred (2,500) as of the most recent Federal  
7 Decennial Census, and for whom an annual financial statement audit  
8 is not required by another law, regulation or contract, shall cause  
9 to be prepared, by an independent licensed public accountant or a  
10 certified public accountant, an annual financial statement audit in  
11 accordance with auditing standards generally accepted in the United  
12 States and Government Auditing Standards as issued by the  
13 Comptroller General of the United States, or an agreed-upon-  
14 procedures engagement over certain financial information and  
15 compliance requirements to be performed in accordance with the  
16 applicable attestation standards of The American Institute of  
17 Certified Public Accountants, and the fieldwork and reporting  
18 standards in Government Auditing Standards. The specific procedures  
19 to be performed are as follows for the fiscal year:

20 1. Prepare a schedule of changes in fund balances for each fund  
21 and determine compliance with the statutory prohibition of creating  
22 fund balance deficits;

23 2. Prepare a budget and actual financial schedule for the  
24 General Fund and any other significant funds listing separately each

1 federal fund and determine compliance with the legal level of  
2 appropriations by comparing expenditures and encumbrances to  
3 authorized appropriations;

4 3. Agree material bank account balances to bank statements, and  
5 trace significant reconciling items to subsequent clearance;

6 4. Compare uninsured deposits to fair value of pledged  
7 collateral;

8 5. Compare use of material-restricted revenues and resources to  
9 their restrictions;

10 6. Determine compliance with requirements for separate funds;  
11 and

12 7. Determine compliance with reserve account and debt service  
13 coverage requirements of bond indentures.

14 Such audit or agreed-upon-procedures engagement shall be ordered  
15 within thirty (30) days of the close of each fiscal year. Copies  
16 shall be filed with the State Auditor and Inspector within six (6)  
17 months after the close of the fiscal year in accordance with the  
18 provisions of Sections 3022 and 3023 of Title 68 of the Oklahoma  
19 Statutes and with the governing body of the municipality.

20 C. The municipal income requirements in subsections A and B of  
21 this section shall not include any grant monies provided to a  
22 municipality from any federal, state, or other governmental entity.

23 SECTION 2. It being immediately necessary for the preservation  
24 of the public peace, health, and safety, an emergency is hereby

1 declared to exist, by reason whereof this act shall take effect and  
2 be in full force from and after its passage and approval.

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