

1                   **HOUSE OF REPRESENTATIVES - FLOOR VERSION**

2                               STATE OF OKLAHOMA

3                               1st Session of the 56th Legislature (2017)

4   COMMITTEE SUBSTITUTE  
5   FOR  
6   HOUSE BILL NO. 1247

By: Sanders of the House

and

Smalley of the Senate

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10                               COMMITTEE SUBSTITUTE

11       An Act relating to counties and county officers;  
12       amending 19 O.S. 2011, Section 171, which relates to  
13       audits of the county; authorizing audits to be  
14       performed by independent certified public accounting  
15       firm; providing frequency of audit performed by State  
16       Auditor and Inspector; transferring authority to the  
17       county to determine type of audit to be performed;  
18       transferring authority to the county to determine  
19       whether to perform additional audit of certain  
20       persons; eliminating State Auditor and Inspector  
21       authority to perform additional audits; and providing  
22       an effective date.

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

24       SECTION 1.       AMENDATORY       19 O.S. 2011, 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, at the county's choosing, either the

1 State Auditor and Inspector ~~or a~~, the State Auditor and Inspector's  
2 duly appointed deputy or deputies or an independent certified public  
3 accounting firm to audit ~~of~~ all of the books, records and accounts  
4 of all the officers of each county of this state, which audit shall  
5 be general in its nature and shall include an audit of the books,  
6 records and accounts of all officers who collect or disburse monies,  
7 fees, fines or public charges of any kind including therein a tax  
8 roll audit, a claim audit, and an audit of each of the justices of  
9 peace within the county; provided that the State Auditor and  
10 Inspector shall perform the audit at a minimum of every six (6)  
11 years.

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

- 14 a. the financial audit shall be planned and conducted,  
15 and the results of the work reported, in accordance  
16 with auditing standards generally accepted in the  
17 United States and Government Auditing Standards issued  
18 by the Comptroller General of the United States,
- 19 b. the performance audit shall be planned and conducted,  
20 and the results of the work reported, in accordance  
21 with Government Auditing Standards issued by the  
22 Comptroller General of the United States. The  
23 performance audit shall encompass an audit of internal  
24

1 controls and compliance with laws and regulations  
2 based on an individual risk assessment.

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

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

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

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

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

22 D. The report shall include but not be limited to the following  
23 supplemental information:  
24

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

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

6 3. Notes to the budget to actual schedule.

7 E. An audit may include a performance audit, a financial audit,  
8 agreed-upon procedures, or limited review of the books and records.

9 In addition to the above, the ~~State Auditor and Inspector~~ county may  
10 ~~require~~ elect to have an audit of the books and records of any  
11 county official or custodian of any of the funds of the county upon  
12 the death, resignation or removal from office of the county  
13 official, covering a period from the date of the last general audit  
14 up to the date of the death, resignation or removal therefrom.

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

21 SECTION 2. This act shall become effective November 1, 2017.

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23 COMMITTEE REPORT BY: COMMITTEE ON RULES, dated 03/01/2017 - DO PASS,  
24 As Amended and Coauthored.