

# Legislative Analysis

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## BIENNIAL AUDITS FOR CERTAIN AUTHORITIES

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### House Bill 4235

**Sponsor: Rep. Joel Johnson**

**Committee: Local Government**

**Complete to 9-17-14**

## A SUMMARY OF HOUSE BILL 4235 AS INTRODUCED 2-12-13

The Uniform Budgeting and Accounting Act says that a local unit with a population of 4,000 or more must obtain an annual audit of its financial records, accounts, and procedures. House Bill 4235 would provide an exception, by requiring local units that are authorities to obtain audits at least biennially if their annual budgets are less than \$50,000.

However, the bill specifies that if any audit disclosed a material deviation by a local unit from generally accepted accounting practices, or from applicable rules and regulations of a state department or agency, or if the audit discloses any fiscal irregularity, defalcation, misfeasance, nonfeasance, or malfeasance, the Department of Treasury could require an audit to be conducted in the next year.

MCL 141.425

### FISCAL IMPACT:

By allowing a local governmental authority to opt for a biennial, rather than an annual, audit, the bill would generate savings for affected authorities. There are no data available to indicate how many authorities would be affected by the bill. The bill would have no fiscal impact on the state.

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