IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 496

BY REVENUE AND TAXATION COMMITTEE

1 AN ACT
2 RELATING TO AUDITS OF LOCAL GOVERNMENTAL ENTITIES; AMENDING SECTION
3   67-450B, IDAHO CODE, TO PROVIDE FOR THE POSTING OF AUDITS ON WEBSITES,
4   TO ESTABLISH PROVISIONS RELATING TO ACCOUNTS HOLDING TAXPAYER FUNDS,
5   TO ESTABLISH PROVISIONS RELATING TO CERTAIN POLICIES AND PROCEDURES,
6   TO ESTABLISH PROVISIONS RELATING TO CERTAIN COST STATISTICS AND TO MAKE
7   TECHNICAL CORRECTIONS.

8 Be It Enacted by the Legislature of the State of Idaho:

9   SECTION 1. That Section 67-450B, Idaho Code, be, and the same is hereby
10 amended to read as follows:

11   67-450B. INDEPENDENT FINANCIAL AUDITS OF LOCAL GOVERNMENTAL ENTITIES
12 -- FILING REQUIREMENTS. (1) The requirements set forth in this section are
13 minimum audit requirements for all local governmental entities, and in-
14 clude, without limitation, all cities, counties, authorities and districts
15 organized as separate legal and reporting entities under Idaho law, and
16 include the councils, commissions and boards as appointed or elected and
17 charged with fiscal management responsibilities of the local governmental
18 entity.
19   Audits under these requirements are to be performed by independent
20 auditors in accordance with generally accepted governmental auditing stan-
21 dards, as defined by the United States general accounting office. The
22 auditor shall be employed on written contract.
23   The entity's governing body shall be required to include in its annual
24 budget all necessary expenses for carrying out the provisions of this sec-
25 tion.
26   The entity shall file one (1) copy of each completed audit report with
27 the legislative services office within nine (9) months after the end of the
28 audit period and, if the entity maintains a website, the governing body shall
29 post each audit on its website.
30   (2) The minimum requirements for any audit performed under the provi-
31 sions of this section are:
32   (a) The governing body of a local governmental entity whose annual ex-
33   penditures (from all sources) exceed two hundred fifty thousand dollars
34   ($250,000) shall cause a full and complete audit of its financial state-
35   ments to be made each fiscal year.
36   (b) The governing body of a local governmental entity whose annual
37   expenditures (from all sources) exceed one hundred thousand dollars
38   ($100,000), but do not exceed two hundred fifty thousand dollars
39   ($250,000) in the current year shall have an annual audit or may elect
40   to have its financial statements audited on a biennial basis. The first
41   year that expenditures exceed one hundred thousand dollars ($100,000)
42   is the first year of the biennial audit period. The local government

entity may continue the biennial audit cycle in subsequent years as long as the entity's annual expenditures during the first year of the biennial audit period do not exceed two hundred fifty thousand dollars ($250,000). In the event that annual expenditures exceed two hundred fifty thousand dollars ($250,000) in the current year following a year in which a biennial audit was completed, the local government entity shall complete an annual audit. In the event that annual expenditures in the current year do not exceed one hundred thousand dollars ($100,000) following a year in which an annual or biennial audit was completed, the local government entity has no minimum audit requirement.

(c) The governing body of a local governmental entity whose annual expenditures ~~from all sources~~ do not exceed one hundred thousand dollars ($100,000) has no minimum audit requirements under this section.

(d) Federal audit requirements applicable because of expenditure of federal assistance supersede the minimum audit requirements provided in this section.

(e) For entities required by this section to have an audit, every account holding taxpayer funds shall:

    (i) Be audited every two (2) years; or

    (ii) The governing board of such entity shall establish written policies and procedures to prevent theft or embezzlement by establishing a system of management controls, internal oversight and specific management policies to safeguard taxpayer funds and property. The policies and procedures shall include the following:

        1. The entity must identify and provide to its auditor a list of all accounts holding public funds;

        2. If the entity has not established a system of management controls, the audit must randomly select some accounts to audit;

        3. Beginning in fiscal year 2015 and every other year thereafter, each audit shall report whether the governing board of the entity has established a written system of policies and internal controls as part of their scope of agreed upon audit procedures; and

        4. If the entity does not comply with establishing a system of management controls, or reporting employee salary and benefit costs as required by paragraph (f) of this subsection, the entity shall not receive any public funds from the Idaho state tax commission, city or county revenues.

(f) If the entity does not maintain a public website and report the following salary and benefit cost statistics on the website, then every annual audited financial report required pursuant to this section shall include a section reporting the following items:

    (i) The number of full-time position employees (FTP) of the entity for the year. A full-time position is a position expected to work thirty-five (35) or more hours per week for forty-eight (48) of more weeks per year; and

1   (ii) The total salary and bonus paid to all FTP employees, the to-
2   tal health care related benefits paid to all FTP employees, the to-
3   tal unpaid but accruing benefits to all FTP employees and the to-
4   tal retirement benefits paid by the entity and accruing to all FTP
5   employees. In addition, the report shall separately state the av-
6   erage wage costs, average benefit costs, average retirement costs
7   and average accrued but unpaid benefits, reported as the average
8   annual cost per FTP employee.
9   (g) Audit reports shall be self-contained.