

1 S.187

2 Introduced by Senators Brock and Carris

3 Referred to Committee on Government Operations

4 Date: January 5, 2010

5 Subject: Municipal government; audits

6 Statement of purpose: This bill proposes to require: (1) municipalities with
7 annual revenue that exceeds \$5 million to contract with a certified public
8 accountant to perform the annual financial audit of all funds of the
9 municipality; (2) all municipal audits to be conducted in accordance with
10 generally accepted government auditing standards, including the issuance of a
11 report of internal controls over financial reporting that shall be provided to
12 recipients of the financial statements; (3) the entire audit report to be included
13 in the next published annual report of the town when there are “material
14 weaknesses” or “significant deficiencies” found in the internal controls; and
15 (4) the auditor or certified public accountant to appear before the legislative
16 body of the municipality to present the audit report and explain any “material
17 weaknesses” or “significant deficiencies.”

18 An act relating to municipal financial audits

19 It is hereby enacted by the General Assembly of the State of Vermont:

Sec. 1. 24 V.S.A. § 1690 is amended to read:

§ 1690. CERTIFIED OR PUBLIC ACCOUNTANT TO AUDIT TOWN ACCOUNTS; WARNING; FORM

(a) The selectmen legislative body of a city, town, and the trustees of an or incorporated village may, and upon its own motion contract with a public accountant, licensed in this state, to perform an annual financial audit of all funds of the town; or upon petition in writing of legal voters equal to five percent of the legal voters of the town or village, the legislative body shall, insert in the warning for any annual town or village meeting, or in the warning for a special town or village meeting, which shall be called upon such petition, an article in substantially the following form:

"To see if the [city, town, or village] will vote to instruct the selectmen or trustees [legislative body] to employ a certified public accountant or public accountant to aid the work of the auditors licensed in this state, to perform an annual financial audit of all funds of the [city, town, or village]."

(b) Audits performed by a public accountant under this section shall be conducted in accordance with generally accepted government auditing standards, including the issuance of a report on internal control over financial reporting that shall be provided to recipients of the financial statements. When there are material weaknesses or significant deficiencies found in the internal control over financial reporting or the auditor's or public accountant's opinion is qualified, adverse, or disclaimed:

(1) the auditor or public accountant shall present the findings or opinion to the legislative body of the town and explain those material weaknesses or significant deficiencies or his or her opinion at a meeting duly warned for the purpose;

(2) after the audit report is delivered to the legislative body of a municipality, the notice for the next meeting of the legislative body shall also notify the voters of the availability of the audit report and the accompanying report on internal control over financial reporting;

(3) the next published annual report of the town shall include a summary of material weaknesses or significant deficiencies found in the internal controls over financial reporting or a statement that the audit report sets forth an opinion that is qualified, adverse, or disclaimed; and

(4) the legislative body shall post the audit report and the accompanying report on internal control over financial reporting on the municipality's website, if the municipality has a website.

1 ~~Sec. 1. 24V.S.A. § 1681 is amended to read:~~

2 § 1681. AUDITORS; DUTIES; MEETING

3 (a) Town auditors shall meet at least ~~twenty-five~~ 25 days before each
4 annual town meeting; to examine and adjust the accounts of all town and town
5 school district officers and all other persons authorized by law to draw orders
6 on the town treasurer. ~~Such~~ The auditing shall include the account which the
7 treasurer is required to keep with the collector, the tax accounts of the
8 collector, trust accounts where the town or any town officer, as ~~such~~ the
9 officer, is trustee or where the town is sole beneficiary, accounts relating to the
10 town and town school district indebtedness and accounts of any special funds
11 in the care of any town or town school district official. Notice of ~~such~~ the
12 meeting shall be given by posting or publication ~~ten~~ 10 days in advance of
13 ~~such~~ the meeting. However, if the town has not elected to eliminate the office
14 of auditor, and town auditors and the school board concur, the town auditors
15 need not conduct an audit of school district accounts as to school district fiscal
16 years which are audited by a public accountant.

17 (b) Regardless of whether or not the town has voted to eliminate the office
18 of auditor pursuant to section 2651b of Title 17, a town with an annual revenue
19 that exceeds \$5 million shall contract with a public accountant, licensed in this
20 state, to perform an annual financial audit of all funds of the town.

1 ~~(c) All audits required by this section shall be conducted in accordance~~
2 ~~with generally accepted government auditing standards, including the issuance~~
3 ~~of a report of internal controls over financial reporting that shall be provided to~~
4 ~~recipients of the financial statements. When there are material weaknesses or~~
5 ~~significant deficiencies found in the internal controls:~~

6 ~~(1) The entire audit report shall be included in the next published annual~~
7 ~~report of the town.~~

8 ~~(2) The auditor or public accountant shall present the audit report to the~~
9 ~~legislative body of the town and explain those material weaknesses or~~
10 ~~significant deficiencies at a meeting duly warned for the purpose.~~