

No. 95. An act relating to municipal financial audits.

(S.187)

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~~ 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.

Approved: May 8, 2010