

HOUSE BILL 343

Introduced by Strizich, et al.

1/25	Introduced
1/25	Referred to Local Government
1/25	First Reading
2/09	Hearing
2/09	Tabled in Committee

1 *House* BILL NO. *343*
 2 INTRODUCED BY *Dave Brown* *Billent* *Griffel*
 3 *Business* *amended*

4 A BILL FOR AN ACT ENTITLED: "AN ACT EXEMPTING PUBLIC
 5 AIRPORTS FROM STATE AUDIT REQUIREMENTS; AND AMENDING SECTION
 6 2-7-503, MCA."

7
 8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

9 **Section 1.** Section 2-7-503, MCA, is amended to read:

10 "2-7-503. Financial reports and audits of local
 11 government entities. (1) The governing body or managing or
 12 executive officer of a local government entity, other than a
 13 school district, or an associated cooperative, or a
 14 municipal airport or airport authority required pursuant to
 15 federal law to undertake an annual audit, shall ensure that
 16 a financial report is made every year. A school district or
 17 associated cooperative shall comply with the provisions of
 18 20-9-213. The financial report must cover the preceding
 19 fiscal year, be in a form prescribed by the department, and
 20 be completed within 4 months of the end of the reporting
 21 period. The local government entity shall submit the
 22 financial report to the department for review.

23 (2) The department shall prescribe a uniform reporting
 24 system for all local government entities subject to
 25 financial reporting requirements, other than school

1 districts. The superintendent of public instruction shall
 2 prescribe the reporting requirements for school districts.

3 (3) (a) The governing body or managing or executive
 4 officer of each local government entity receiving revenues
 5 or financial assistance in the period covered by the
 6 financial report in excess of \$200,000 or federal financial
 7 assistance in excess of \$25,000 shall cause an audit to be
 8 made at least every 2 years. The audit must cover the
 9 entity's preceding 2 fiscal years. The audit must commence
 10 within 9 months from the close of the last fiscal year of
 11 the audit period. The audit must be completed and submitted
 12 to the department for review within 1 year from the close of
 13 the last fiscal year covered by the audit.

14 (b) The governing body or managing or executive officer
 15 of a local government entity that does not meet the criteria
 16 established in subsection (3)(a) shall at least once every 4
 17 years, if directed by the department, or, in the case of a
 18 school district, if directed by the department at the
 19 request of the superintendent of public instruction, cause a
 20 financial review, as defined by department rule, to be
 21 conducted of the financial statements of the entity for the
 22 preceding fiscal year.

23 (4) An audit conducted in accordance with this part is
 24 in lieu of any financial or financial and compliance audit
 25 of an individual financial assistance program that a local

1 government is required to conduct under any other state or
2 federal law or regulation. If an audit conducted pursuant to
3 this part provides a state agency with the information it
4 requires to carry out its responsibilities under state or
5 federal law or regulation, the state agency shall rely upon
6 and use that information to plan and conduct its own audits
7 or reviews in order to avoid a duplication of effort.

8 (5) In addition to the audits required by this section,
9 the department may at any time conduct or contract for a
10 special audit or review of the affairs of any local
11 government entity referred to in this part. The special
12 audit or review must, to the extent practicable, build upon
13 audits performed pursuant to this part.

14 (6) The fee for the special audit or review must be a
15 charge based upon the costs incurred by the department in
16 relation to the special audit or review. The audit fee must
17 be paid by the local government entity to the state
18 treasurer and deposited in the enterprise fund to the credit
19 of the department."

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