

1 State of Arkansas
2 88th General Assembly
3 Regular Session, 2011
4

A Bill

HOUSE BILL 1579

5 By: Representatives Summers, T. Bradford, English, Vines
6 By: Senators B. Sample, E. Williams
7

For An Act To Be Entitled

9 AN ACT TO AMEND STATUTES CONCERNING AUDITS PERFORMED
10 BY THE DIVISION OF LEGISLATIVE AUDIT; AND FOR OTHER
11 PURPOSES.
12
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Subtitle

14 TO AMEND STATUTES CONCERNING AUDITS
15 PERFORMED BY THE DIVISION OF LEGISLATIVE
16 AUDIT.
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20 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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22 SECTION 1. Arkansas Code § 10-4-412(b) and (c), concerning audits of
23 counties and municipalities, are amended to read as follows:

24 (b) FINANCIAL AUDITS.

25 (1)(A) For purposes of this subsection, a financial audit shall
26 be planned and conducted, and the results of the work reported in accordance
27 with auditing standards generally accepted in the United States and
28 Government Auditing Standards issued by the Comptroller General of the United
29 States.

30 (B) The report shall include a report on internal control
31 over financial reporting and on compliance and other matters based on an
32 audit of financial statements performed in accordance with the Government
33 Auditing Standards.

34 (2) REGULATORY BASIS ~~OF PRESENTATION~~.

35 (A) For county and municipal financial audits, the
36 financial statements shall be presented on a fund-basis format with, at a



1 minimum, the general fund and the street or road fund presented separately,
 2 and all other funds included in the audit presented in the aggregate.

3 (B) The financial statements shall consist of the
 4 following:

- 5 (i) A balance sheet;
- 6 (ii) A statement of revenues (receipts), expenditures
 7 (disbursements), and changes in fund equity (balances);
- 8 (iii) A comparison of the final adopted budget to the
 9 actual expenditures for the general fund and street or road fund of the
 10 entity; and
- 11 (iv) Notes to the financial statements.

12 (C) The report shall include as supplemental information a
 13 schedule of capital assets, including:

- 14 (i) ~~land~~ Land;
- 15 (ii) ~~buildings~~ Buildings; and
- 16 (iii) ~~equipment~~ Equipment.

17 (3) ~~ALTERNATIVE BASIS OF PRESENTATION~~. As an alternative to the
 18 ~~presentation~~ basis prescribed in subdivision (b)(2) of this section, the
 19 governing body of a municipality or a county may adopt an annual resolution
 20 requiring its annual financial audit to be performed and financial statements
 21 presented in accordance with the standards prescribed by the Governmental
 22 Accounting Standards Board, the American Institute of Certified Public
 23 Accountants, and the United States Government Accountability Office, if
 24 applicable.

25 (c) ~~MUNICIPAL~~ AGREED-UPON PROCEDURES.

26 (1) As an alternative to a financial audit, the Legislative
 27 Auditor may conduct an agreed-upon procedures engagement of the records and
 28 accounts of all municipal or county offices, officials, or employees.

29 (2) For purposes of this subsection, agreed-upon procedures
 30 engagements shall be conducted in accordance with standards established by
 31 the American Institute of Certified Public Accountants and subject to the
 32 minimum procedures prescribed by the ~~Legislative Auditor~~ Legislative Joint
 33 Auditing Committee.

34 (3)(A) Unless otherwise provided by law, the governing body
 35 of a municipality may choose and employ accountants licensed and in good
 36 standing with the Arkansas State Board of Public Accountancy to conduct

1 agreed-upon ~~procedure~~ procedures engagements.

2 (B) All reports shall be filed with the Legislative Auditor
3 within ten (10) days of issuance.

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5 SECTION 2. Arkansas Code § 10-4-417(d), concerning the presentation and
6 filing of audit reports, is amended to read as follows:

7 (d)(1) The governing body and executive official of an entity of the
8 state or political subdivision of the state shall receive a copy of the
9 entity's audit report prior to presentation to the Legislative Joint Auditing
10 Committee.

11 (2) Until the reports are presented to the Legislative Joint
12 Auditing Committee or approved for early release by the Cochairs of the
13 Legislative Joint Auditing Committee ~~cochairs~~, the reports are not considered
14 public information and are not open to public inspection.

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16 SECTION 3. Arkansas Code § 10-4-417 is amended to add an additional
17 subsection to read as follows:

18 (e) The exemption from public inspection under subsections (c) and (d)
19 of this section applies to all reports in the custody or possession of any
20 person before presentation of the report to the Legislative Joint Auditing
21 Committee or approval for early release, regardless of the actual physical
22 location of the report.

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25 **APPROVED: 03/18/2011**
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