

State of Arkansas
87th General Assembly
Regular Session, 2009

A Bill

HOUSE BILL 1442

By: Representatives Pyle, Hoyt
By: Senator Glover

For An Act To Be Entitled

AN ACT CONCERNING THE WITHHOLDING OF TURNBACK FOR
NONCOMPLIANCE WITH MUNICIPAL ACCOUNTING LAWS; TO
CHANGE THE DEADLINES FOR SUBSTANTIAL COMPLIANCE
BY A MUNICIPALITY; AND FOR OTHER PURPOSES.

Subtitle

AN ACT CONCERNING THE WITHHOLDING OF
TURNBACK FOR NONCOMPLIANCE WITH
MUNICIPAL ACCOUNTING LAWS; AND TO CHANGE
THE DEADLINES FOR SUBSTANTIAL COMPLIANCE
BY A MUNICIPALITY.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

SECTION 1. Arkansas Code § 14-59-117 is amended to read as follows:

14-59-117. Withholding of turnback for noncompliance.

(a)(1)~~(A)~~ If the Division of Legislative Audit determines that a
municipal treasurer is not substantially complying with ~~the provisions of~~
this chapter, the division shall report the findings to the Legislative Joint
Auditing Committee.

~~(B)~~(2)(A) If a public official or a private accountant
determines that a municipal treasurer is not substantially complying with ~~the~~
~~provisions of~~ this chapter, the official or accountant shall notify the
Legislative Joint Auditing Committee of his or her findings.

~~(2)(A)~~(B) Upon notification, the Legislative Joint Auditing
Committee shall direct the division to confirm that the ~~required books and~~



~~records are not being maintained~~ municipal treasurer is not substantially complying with this chapter.

~~(B)~~(C) Upon confirmation, the division shall report the findings to the Legislative Joint Auditing Committee.

(b)(1) Upon notification of noncompliance by the division, the Legislative Joint Auditing Committee shall notify in writing the mayor and the city council or town council that the municipality's accounting records do not substantially comply with ~~the provisions of~~ this chapter.

(2) The municipality ~~shall have ninety (90)~~ has sixty (60) days after the date of notification to bring the accounting records into substantial compliance with ~~the requirements of~~ this chapter.

(3)(A) After the ~~ninety (90)~~ sixty (60) days allowed for compliance or upon request by the appropriate municipal officials, the division shall review the records to determine if the municipality substantially complies with ~~the provisions of~~ this chapter.

(B) The division shall report its findings to the Legislative Joint Auditing Committee.

(c)(1)(A) If the municipality has not achieved substantial compliance within the ~~ninety-day~~ sixty-day period, the Legislative Joint Auditing Committee ~~shall~~ may report the noncompliance to the Treasurer of State.

(B) Upon receipt of the notice of noncompliance from the Legislative Joint Auditing Committee, the Treasurer of State shall place fifty percent (50%) of the municipality's turnback in escrow until the Legislative Joint Auditing Committee reports to the Treasurer of State that the municipality has substantially complied with ~~the provisions of~~ this chapter.

(2) If the municipality has not achieved substantial compliance within the sixty-day period, the governing body of the municipality shall assign specific duties outlined in this chapter to another employee or shall contract for the services to be performed by a qualified person or entity.

~~(2)~~(3)(A) The division shall notify the Legislative Joint Auditing Committee when the municipality has substantially complied with ~~the provisions of~~ this chapter.

(B)(i) The Legislative Joint Auditing Committee shall notify the Treasurer of State that the municipality has substantially complied with ~~the provisions of~~ this chapter.

1 (ii) Upon notice of compliance from the Legislative
2 Joint Auditing Committee, the Treasurer of State shall remit all turnback due
3 to the municipality.

4 (d)(1) If the division has not received a request for a review of the
5 records from the municipality ~~prior to~~ before the end of the ~~six-month~~ one-
6 hundred-twenty-day period after the first date of notification of
7 noncompliance, the Legislative Joint Auditing Committee ~~shall~~ may notify the
8 municipality and the Treasurer of State of the continued noncompliance.

9 (2) Upon notice by the Legislative Joint Auditing Committee, the
10 Treasurer of State shall withhold all turnback until such time that the
11 accounting records have been reviewed and determined by the division to be in
12 substantial compliance with ~~the provisions of~~ this chapter.

13 (e)(1) If the division has not received a request for a review of the
14 records from the municipality ~~prior to~~ before the end of ~~one (1) year~~ six (6)
15 months after the initial notification of noncompliance, the Legislative Joint
16 Auditing Committee ~~shall~~ may notify the municipality and the Treasurer of
17 State of the continued noncompliance.

18 (2) Upon notice of noncompliance for ~~one (1) year~~ six (6)
19 months, the municipality forfeits all escrowed funds, and the Treasurer of
20 State shall redistribute all escrowed turnback funds applicable to the
21 municipality among all other municipalities receiving turnback.

22 (3) The municipality shall not be eligible to receive any
23 additional turnback from the state until the Legislative Joint Auditing
24 Committee notifies the Treasurer of State that the municipality has
25 substantially complied with ~~the provisions of~~ this chapter.