

SENATE SUBSTITUTE FOR
HOUSE BILL NO. 5158

A bill to amend 1984 PA 431, entitled
"The management and budget act,"
(MCL 18.1101 to 18.1594) by adding section 470.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 SEC. 470. (1) BEGINNING JANUARY 1, 2013, IF A STATE AGENCY
2 ENTERS INTO A PROCUREMENT CONTRACT FOR SERVICES, THE CONTRACT SHALL
3 PROVIDE THAT THE DEPARTMENT OR ITS DESIGNEE MAY AUDIT THE VENDOR TO
4 VERIFY COMPLIANCE WITH THE CONTRACT. THE FINANCIAL AND ACCOUNTING
5 RECORDS ASSOCIATED WITH THE CONTRACT SHALL BE MADE AVAILABLE TO THE
6 DEPARTMENT OR ITS DESIGNEE AND THE AUDITOR GENERAL, UPON REQUEST,
7 DURING THE TERM OF THE CONTRACT AND ANY EXTENSION OF THE CONTRACT
8 AND FOR 3 YEARS AFTER THE LATER OF THE EXPIRATION DATE OR FINAL
9 PAYMENT UNDER THE CONTRACT. THE DEPARTMENT AND ITS DESIGNEE SHALL

1 NOT AUDIT ANY MATTERS OUTSIDE THE SCOPE OF THE INDIVIDUAL CONTRACT
2 UNLESS THERE IS A SEPARATE CONSTITUTIONAL OR STATUTORY BASIS FOR
3 THAT AUDIT.

4 (2) BEGINNING JANUARY 1, 2013, IF A PERSON RECEIVES A GRANT OF
5 STATE FUNDS, THE PERSON SHALL AGREE TO ALLOW THE DEPARTMENT OR ITS
6 DESIGNEE TO AUDIT THE PERSON TO VERIFY COMPLIANCE WITH THE TERMS OF
7 THE GRANT. THE PERSON SHALL ALSO AGREE THAT THE FINANCIAL AND
8 ACCOUNTING RECORDS ASSOCIATED WITH THE GRANT SHALL BE MADE
9 AVAILABLE TO THE DEPARTMENT OR ITS DESIGNEE AND THE AUDITOR
10 GENERAL, UPON REQUEST, DURING THE TERM OF THE GRANT AND ANY
11 EXTENSION OF THE GRANT AND FOR 3 YEARS AFTER THE LATER OF THE
12 EXPIRATION DATE OR FINAL PAYMENT UNDER THE GRANT. THE DEPARTMENT
13 AND ITS DESIGNEE SHALL NOT AUDIT ANY MATTERS OUTSIDE THE SCOPE OF
14 THE INDIVIDUAL GRANT UNLESS THERE IS A SEPARATE CONSTITUTIONAL OR
15 STATUTORY BASIS FOR THAT AUDIT.

16 (3) PROPRIETARY FINANCIAL AND ACCOUNTING DATA AND RECORDS
17 ASSOCIATED WITH THE CONTRACT OR GRANT SHALL BE EXEMPT FROM
18 DISCLOSURE UNDER THE FREEDOM OF INFORMATION ACT, 1976 PA 442, MCL
19 15.231 TO 15.246.

20 (4) NOTHING IN THIS SECTION SHALL LIMIT THE CONSTITUTIONAL OR
21 STATUTORY AUTHORITY OF THE AUDITOR GENERAL.

22 (5) AS USED IN THIS SECTION, "AUDITOR GENERAL" MEANS THE
23 AUDITOR GENERAL OR A CERTIFIED PUBLIC ACCOUNTING FIRM SELECTED BY
24 THE AUDITOR GENERAL TO CONDUCT THE AUDIT.