

**STATE OF MICHIGAN
96TH LEGISLATURE
REGULAR SESSION OF 2012**

Introduced by Reps. Denby, McMillin, Jacobsen, Price, Lund, Bledsoe and Brown

ENROLLED HOUSE BILL No. 5553

AN ACT to amend 1984 PA 431, entitled “An act to prescribe the powers and duties of the department of management and budget; to define the authority and functions of its director and its organizational entities; to authorize the department to issue directives; to provide for the capital outlay program; to provide for the leasing, planning, constructing, maintaining, altering, renovating, demolishing, conveying of lands and facilities; to provide for centralized administrative services such as purchasing, payroll, record retention, data processing, and publishing and for access to certain services; to provide for a system of internal accounting and administrative control for certain principal departments; to provide for an internal auditor in certain principal departments; to provide for certain powers and duties of certain state officers and agencies; to codify, revise, consolidate, classify, and add to the powers, duties, and laws relative to budgeting, accounting, and the regulating of appropriations; to provide for the implementation of certain constitutional provisions; to create funds and accounts; to make appropriations; to prescribe remedies and penalties; to rescind certain executive reorganization orders; to prescribe penalties; and to repeal certain acts and parts of acts,” by amending section 461 (MCL 18.1461), as amended by 1999 PA 8.

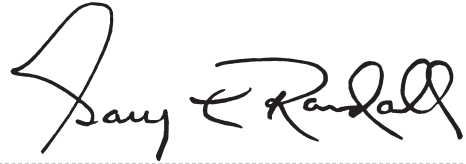
The People of the State of Michigan enact:

Sec. 461. (1) Each audit performed pursuant to 31 USC 7501 to 7507 shall be conducted by an independent auditor in accordance with generally accepted government auditing standards. Single audits for this state shall be conducted in accordance with 31 USC 7501 to 7507 by the auditor general or an independent accounting firm selected by the auditor general. For fiscal years beginning October 1, 1985 and through September 30, 2011, biennial audits of state departments and agencies shall be performed for purposes of complying with the requirements of 31 USC 7501 to 7507 pertaining to audit evaluation of the internal controls of this state and the state’s compliance with material features of laws and regulations related to major federal assistance programs. For fiscal years beginning October 1, 2011 and each fiscal year thereafter, an annual statewide single audit shall be performed for purposes of complying with the requirements of 31 USC 7501 to 7507 pertaining to audit evaluation of the internal controls of this state and the state’s compliance with material features of laws and regulations related to major federal assistance programs.

(2) For fiscal years beginning October 1, 1985 and through September 30, 2011, the funding for single audits shall be from the respective federal grants audited, in accordance with 31 USC 7501 to 7507. For fiscal years beginning October 1, 2011 and each fiscal year thereafter, funding for the statewide single audit shall be allocated to federal programs based on a methodology determined by the director that is in accordance with federal compliance requirements. The chief executive officer of each principal department shall ensure that sufficient amounts are encumbered from the appropriate federal grants to finance the cost of the audits. Any unexpended amounts of encumbered funds may be carried over into succeeding years to cover the cost of the single audits.

(3) The director, in consultation with the auditor general, shall issue directives to all state agencies concerning the procedures and timelines for compiling the schedule of expenditures of federal awards and all other information required for the statewide single audit. The director shall submit the schedule of expenditures of federal awards to the auditor general and the fiscal agencies.

This act is ordered to take immediate effect.



Clerk of the House of Representatives



Secretary of the Senate

Approved -----

Governor