

The House Committee on Appropriations offered the following substitute to HB 1669:

A BILL TO BE ENTITLED
AN ACT

To amend Article 1 of Chapter 81 of Title 36 of the Official Code of Georgia Annotated, relating to local government budgets and audits, so as to change certain provisions relating to grant certification; to provide for definitions; to provide for procedures, conditions, and limitations; to provide for duties and responsibilities; to provide an effective date; to repeal conflicting laws; and for other purposes.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

SECTION 1.

Article 1 of Chapter 81 of Title 36 of the Official Code of Georgia Annotated, relating to local government budgets and audits, is amended by striking Code Section 36-81-8.1, relating to grant certification, and inserting in its place a new Code Section 36-81-8.1 to read as follows:

"36-81-8.1.

(a) As used in this Code section, the term 'subrecipient' means an entity that receives a grant of state funds from the Governor's emergency fund or from a special project appropriation through a contract with a local government.

(b) ~~On and after January 1, 1999,~~ each Each grant of state funds to a recipient local government from the Governor's emergency fund or from a special project appropriation in an amount greater than \$50,000.00 shall be conditioned upon the receipt by the state auditor of a properly completed grant certification form. The form shall be designed by the state auditor and shall be distributed with each covered grant as required by this Code section. The grant certification form shall require the certification by the recipient local government and by the local government auditor or the chief financial officer of the local government that the grant funds were used solely for the express purpose or purposes for which the grant was made. Such form shall be filed with the state auditor in conjunction with the annual audit required under Code Section 36-81-7 for each year in which such grant funds are expended or remain unexpended by the local government. For grant funds

1 to subrecipients, the certification by the local government auditor or the chief financial
2 officer of the local government required by this subsection may also be made by an
3 in-house or internal auditor of the local government who meets the education requirements
4 contained in subparagraph (a)(3)(A) of Code Section 43-3-6. The cost of performing any
5 audit required by this subsection shall be an eligible expense of the grant. However, the
6 amount charged shall not exceed 1 percent of the amount of the grant or \$500.00 per
7 required audit, whichever is less. The local government to whom the grant is made may
8 deduct the cost of any such audit from the funds disbursed to the subrecipient.

9 (c) Where the grant of state funds is for \$50,000.00 or less, the grant shall be conditioned
10 upon receipt by the state auditor of a properly completed grant certification form as
11 required by subsection (b) of this Code section except that only the local government shall
12 certify that the grant funds were used solely for the express purpose or purposes for which
13 the grant was made. Where the grant is to a subrecipient, the grant shall be conditioned
14 upon receipt by the local government of a notarized affidavit executed by the executive
15 director, president, chairperson, chief executive officer, or other responsible party
16 representing the subrecipient, by whatever name or title, to whom the grant funds are
17 disbursed. The affidavit shall certify under oath that the funds were used solely for the
18 express purpose or purposes for which the grant was made. Such affidavit shall be made
19 on a form designed by the state auditor and shall be distributed with each covered grant as
20 required by this Code section.

21 (d) The failure to comply with the requirements of this Code section shall result in a
22 forfeiture of such a state grant and the return to the state of any such grant funds which
23 have been received by the local government. In the case of a state grant awarded to a
24 subrecipient, the subrecipient shall be responsible for the return to the state of any such
25 grant funds if it is determined that the funds were not used for the express purpose or
26 purposes for which the grant was made. A grant recipient or subrecipient shall be
27 ineligible to receive funds from the Governor's emergency fund or from a special project
28 appropriation until all unallowed expenditures are returned to the state, except that a
29 recipient local government shall not be ineligible for such funds where a subrecipient has
30 not used funds it received for the express purpose or purposes for which the grant was
31 made.

32 (e) No subrecipient shall be considered an agent of the local government or be indemnified
33 or held harmless by the local government for any negligence, misfeasance, or malfeasance
34 of the subrecipient, and a recipient local government shall not be liable for any expenditure
35 of state grant funds by a subrecipient."

SECTION 2.

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This Act shall become effective upon its approval by the Governor or upon its becoming law
without such approval.

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SECTION 3.

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All laws and parts of laws in conflict with this Act are repealed.