

House Bill 666 (AS PASSED HOUSE AND SENATE)

By: Representative Lord of the 103rd

A BILL TO BE ENTITLED
AN ACT

1 To amend Code Section 36-81-7 of the Official Code of Georgia Annotated, relating to
2 requirement of audits, so as to change the amount of annual expenditures of local
3 governments requiring annual audits; to provide for related matters; to provide an effective
4 date; to repeal conflicting laws; and for other purposes.

5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

6 **SECTION 1.**

7 Title 36 of the Official Code of Georgia Annotated, relating to local government, is amended
8 by striking paragraph (5.2) of Code Section 36-70-2, relating to definitions concerning
9 service delivery by counties and municipalities, and inserting in lieu thereof a new paragraph
10 (5.2) to read as follows:

11 "(5.2) 'Local government' means any county as defined in paragraph (3) of this Code
12 section or any municipality as defined in paragraph (7) of this Code section. The term
13 does not include any school district of this state nor any sheriff, clerk of the superior
14 court, judge of the probate court, or tax commissioner or the office, personnel, or services
15 provided by such elected officials."

16 **SECTION 2.**

17 Said title is further amended by striking subsection (a) of Code Section 36-81-7, relating to
18 the requirement of audits, and inserting in lieu thereof a new subsection (a) to read as
19 follows:

20 "(a)(1) Beginning with the local government fiscal year which ends between July 1, 1994,
21 and June 30, 1995, the governing authority of each unit of local government having a
22 population in excess of 1,500 persons according to the latest estimate of population by the
23 United States Bureau of the Census or its successor agency or expenditures of ~~\$175,000.00~~
24 \$300,000.00 or more shall provide for and cause to be made an annual audit of the financial

1 affairs and transactions of all funds and activities of the local government for each fiscal
2 year of the local government.

3 (2) The governing authority of each local unit of government not included in paragraph
4 (1) of this subsection shall provide for and cause to be made the audit required pursuant
5 to paragraph (1) of this subsection not less often than once every two fiscal years. Audits
6 performed pursuant to this paragraph shall be for both fiscal years.

7 (3) The governing authority of each local unit of government having expenditures of less
8 than ~~\$175,000.00~~ \$300,000.00 in that government's most recently ended fiscal year may
9 elect to provide for and cause to be made, in lieu of the biennial audit otherwise required
10 under paragraph (2) of this subsection, an annual report of agreed upon procedures for
11 that fiscal year. The agreed upon procedures shall include as a minimum: proof and
12 reconciliation of cash, confirmation of cash balances, a listing of bank balances by bank,
13 a statement of cash receipts and cash disbursements, a review of compliance with state
14 law, and a report of agreed upon procedures. This agreed upon procedures report shall be
15 in a format prescribed by the state auditor and shall constitute an annual audit report for
16 purposes of and within the meaning of the requirements of subsections (d) through (g) of
17 this Code section. The Department of Community Affairs is authorized to assist
18 requesting local governments in preparing agreed upon procedures reports required under
19 this paragraph and in establishing record-keeping procedures needed in preparing those
20 reports and is further authorized to charge those local governments reasonable fees for
21 that assistance. To the extent that the state auditor is able to perform the agreed upon
22 procedures, the governing body may contract with the state auditor.

23 (4) At the option of the governing authority, an audit may be made at a lesser interval
24 than one year."

25 SECTION 3.

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

28 SECTION 4.

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