

2012 -- S 2103

=====
LC00657
=====

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2012

—————
A N A C T

RELATING TO TOWNS AND CITIES -- AUDIT OF ACCOUNTS AND INSTALLATION OF
SYSTEMS

Introduced By: Senator Beatrice A. Lanzi

Date Introduced: January 18, 2012

Referred To: Senate Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 45-10-4 of the General Laws in Chapter 45-10 entitled "Audit of
2 Accounts and Installation of Systems" is hereby amended to read as follows:
3 **45-10-4. Annual post audit required.** -- (a) Each municipality and regional school
4 district in the state, prior to the close of the fiscal year, shall retain the services of one or more
5 independent certified public accountants holding a certificate from the state of Rhode Island, or
6 from any other state with whom the state board of accountancy has a reciprocal relationship, to
7 make a detailed post audit of the financial records of the municipality or regional school district
8 for the preceding fiscal year in accordance with generally accepted auditing standards and
9 government auditing standards. School districts which are part of the primary government of a
10 municipality shall be included in the municipality's post audit and shall not be required to obtain a
11 separate post audit. The selection of auditors pursuant to this section shall be subject to the final
12 approval of the state auditor general. The municipality or school district shall not engage the
13 auditors or enter into a contract for those services until the auditor general gives his or her written
14 authorization. The term school district shall include regional school districts. At the request of the
15 auditor general, the audit firm for each municipality or school district shall release any and all
16 information obtained in the course of the engagement to the Rhode Island state auditor general (or
17 his or her designee). This information includes, but is not limited to, financial data, analysis, work
18 papers and memorandum. Audit work papers of the independent auditors shall be made available

1 to the auditor general (or his or her designee) upon request. The request for such information by
2 the auditor general shall be responded to promptly. Failure to provide this information shall
3 constitute a breach of contract by the audit firm. The auditor general shall have standing to bring
4 an action in the superior court to compel the audit firm to provide the information listed in this
5 section.

6 (b) Notwithstanding any provision of law to the contrary contained in any general or
7 public law, rule or regulation, no person or firm shall serve as auditors or prepare audited
8 financial statements on behalf of the same municipality for more than three (3) consecutive years.

9 SECTION 2. This act shall take effect upon passage.

=====
LC00657
=====

EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

A N A C T

RELATING TO TOWNS AND CITIES -- AUDIT OF ACCOUNTS AND INSTALLATION OF
SYSTEMS

- 1 This act would require towns and cities to change auditors or auditing firms every three
- 2 (3) years.
- 3 This act would take effect upon passage.

=====
LC00657
=====