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RESOLUTION 2022-08

REQUIRE THE STATE OF MONTANA TO COST SHARE COUNTY AUDIT COSTS

It is the intent of the Montana Association of Counties to seek legislation that requires the State of Montana to share in the cost burden of audit fees associated with county audits.

WHEREAS MCA 7-6-609 requires that accounting systems for counties be established according to Generally Accepted Accounting Principles (GAAP) as set for by the Governmental Accounting Standards Board (GASB); and

WHEREAS the Governmental Accounting Standards Board creates a national standard that has become extremely burdensome, ever-changing, and increasingly inflexible; and

WHEREAS MCA 7-6-611 prescribes the role of the Department of Administration (Department) which includes the required filing of an audit within 12 months of the end of the audited period; and

WHEREAS MCA 7-6-611 goes on to indicate that in addition to the audits required by this section that the department may conduct or contract for a special audit or review of the local government entity and charge the local government for the privilege; and

WHEREAS MCA 2-7-505 defines the audit scope and standards; and

WHEREAS MCA 2-7-506 defines the roster of auditors that the Department selects, from which local government may then choose and defines the local government's criteria for selection; and

WHEREAS MCA 2-7-506 goes on to make the Department a party to the auditing contract, and the contract must be in a form prescribed and approved by the Department, in essence making it the Department's contract, not the local government's; and

TO SUMMARIZE, the Department, on behalf of the State, requires the audit, selects the auditors from which the county may choose, is a party to the contract of an audit using rules formed by an organization based in Connecticut, and beyond that can enforce penalties on the local government based on findings of the audit.

NOW, THEREFORE BE IT RESOLVED that local government is no longer being audited for the benefit and protection of its taxpayers, but rather being audited for the Department, on behalf of the State, for the purposes of state control and penalties; and

BE IT FURTHER RESOLVED that because the role of the auditor as a helpful and reasonable inspector of local government finances has in essence devolved into a regulatory enforcement tool rather than a helpful tool to better manage taxpayers' funds; and

BE IT FURTHER RESOLVED, for all the above reasons, it is the intent of the Montana Association of Counties to seek legislation that requires the State of Montana to pay for at least one half of the cost of its audit of local governments.

SPONSOR:	PRAIRIE COUNTY
REFERRED TO:	RESOLUTIONS & LEGISLATIVE COMMITTEE
ADOPTED:	ANNUAL CONFERENCE – SEPTEMBER 28, 2022