

## OFFICE OF FISCAL ANALYSIS

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sHB-5273

AN ACT CONCERNING THE RECOMMENDATIONS OF THE  
INTERGOVERNMENTAL POLICY AND PLANNING DIVISION  
WITHIN THE OFFICE OF POLICY AND MANAGEMENT.

### AMENDMENT

LCO No.: 5772

File Copy No.: 227

House Calendar No.: 168

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### ***OFA Fiscal Note***

#### ***See Fiscal Note Details***

The amendment increases the threshold for which a State Single Audit or program-specific audit is required from \$300,000 to \$500,000 in annual expenditures of state financial assistance. It also provides clarification that the extension due date granted for submitting the State Single Audit or program-specific audit cannot exceed twelve months from the grant recipient's fiscal year end. The amendment results in savings to municipalities and regional school districts (RSDs) that spend less than \$500,000 of state funds annually, as the municipality will not be required to conduct certain audits per the amendment's updated provisions. Currently, this is expected to impact eight municipalities and six RSDs.

The amendment also makes various changes to the procedure and criteria for municipal tier designation by the Municipal Accountability Review Board (MARB) or the Municipal Finance Advisory Commission (MFAC). Any fiscal impact to municipalities is dependent on changes to tier designation. Under current law, the Office of Policy and Management (OPM) may distribute money from the Municipal Restructuring Fund to tier II, III, and IV municipalities.

The amendment makes the following changes to municipal auditing

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(FN)

requirements; (1) increases from the maximum penalty that OPM can assess on a municipality for missing an audit filing deadline from \$10,000 to \$50,000, (2) allows OPM to assess the penalty as a reduction in one or more grants, and (3) limits the amount of additional time OPM may grant a municipality to file its audit.

This results in a potential cost or revenue loss to municipalities beginning in FY 25 to the extent that a penalty is assessed on a municipality for missing an audit filing deadline.

*The preceding Fiscal Impact statement is prepared for the benefit of the members of the General Assembly, solely for the purposes of information, summarization and explanation and does not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.*