House Engrossed

auditor general; county treasurer; review

State of Arizona
House of Representatives
Fifty-seventh Legislature
First Regular Session
2025

CHAPTER 250

HOUSE BILL 2369

AN ACT

AMENDING SECTION 41-1279.21, ARIZONA REVISED STATUTES; RELATING TO THE AUDITOR GENERAL.

(TEXT OF BILL BEGINS ON NEXT PAGE)

Be it enacted by the Legislature of the State of Arizona:

Section 1. Section 41-1279.21, Arizona Revised Statutes, is amended to read:

41-1279.21. Powers and duties of auditor general relating to counties, school districts, community colleges and county treasurers

A. In addition to other powers and duties prescribed by law, the auditor general shall:

1. Conduct or cause to be conducted annual financial statement audits of financial transactions and accounts kept by or for all counties. For a county that is required to comply with the federal single audit requirements, audits shall include compliance audits of financial transactions and applicable accounts kept by or for the county. The audits shall be conducted in accordance with generally accepted governmental auditing standards and, accordingly, shall include tests of the accounting records and other auditing procedures as may be considered necessary under the circumstances. Each county shall provide financial information for inclusion in the annual audit that verifies that Arizona highway user revenue fund monies received by the county pursuant to title 28, chapter 18, article 2 and any other dedicated state transportation revenues received by the county are being used solely for the authorized transportation purposes.

2. Perform procedural reviews for school districts that are not required to comply with the federal single audit requirements at times determined by the auditor general. These reviews may include evaluation of administrative and accounting internal controls and reports on such reviews.

3. Conduct or cause to be conducted annual financial statement audits of financial transactions and accounts kept by or for community college districts. For a community college district that is required to comply with the federal single audit requirements, audits shall include compliance audits of financial transactions and applicable accounts kept by or for the community college district. The audits shall be conducted in accordance with generally accepted governmental auditing standards and, accordingly, shall include tests of the accounting records and other auditing procedures as may be considered necessary under the circumstances.

4. Approve contracts for financial and compliance auditing services except if specific statutory authority is otherwise provided. The auditor general shall ensure that such contract audits are conducted in accordance with generally accepted governmental auditing standards and shall determine if such audits meet minimum audit standards prescribed by the auditor general. An audit shall not be accepted as meeting the

requirements of this paragraph until it has been approved by the auditor general.

5. Order and enforce a correct and uniform system of accounting by county, community college district and school district officers and instruct them in the proper mode of keeping accounts of their offices.

6. Require of county treasurers and custodians of county, community college district or school district funds, as often as the auditor general deems necessary, a verified statement of their accounts.

7. Report to the committee and to the attorney general the refusal or neglect of any county, community college district or school district officer to conform to rules and regulations of the auditor general's office.

8. Report to the committee and to the governor the result of the auditor general's examinations of county, community college district and school district offices as often as required by public interest.

9. PERFORM PROCEDURAL REVIEWS OF COUNTY TREASURERS' OFFICES. THESE REVIEWS MAY INCLUDE EVALUATING COMPLIANCE WITH THE UNIFORM SYSTEM OF ACCOUNTING FOR COUNTY TREASURERS PRESCRIBED BY THE AUDITOR GENERAL AND ADMINISTRATIVE AND ACCOUNTING INTERNAL CONTROLS. THE AUDITOR GENERAL SHALL PROVIDE IN WRITING THE RESULTS OF THE PROCEDURAL REVIEW, INCLUDING ANY RECOMMENDATIONS, TO THE COUNTY TREASURER, COUNTY BOARD OF SUPERVISORS AND JOINT LEGISLATIVE AUDIT COMMITTEE. A COUNTY TREASURER'S OFFICE THAT IS SUBJECT TO A REVIEW PURSUANT TO THIS PARAGRAPH SHALL NOTIFY THE AUDITOR GENERAL IN WRITING WHETHER THE COUNTY TREASURER'S OFFICE AGREES OR DISAGREES WITH THE FINDINGS OF THE REVIEW AND WHETHER THE COUNTY TREASURER'S OFFICE WILL IMPLEMENT THE RECOMMENDATIONS, IMPLEMENT MODIFICATIONS TO THE RECOMMENDATIONS OR REFUSE TO IMPLEMENT THE RECOMMENDATIONS. AT THE REQUEST OF THE AUDITOR GENERAL, THE COUNTY TREASURER SHALL SUBMIT TO THE AUDITOR GENERAL A WRITTEN STATUS REPORT ON CORRECTING THE DEFICIENCIES AND IMPLEMENTING THE RECOMMENDATIONS OF THE PROCEDURAL REVIEW WITHIN A ONE-YEAR PERIOD AFTER RECEIVING THE RESULTS OF THE PROCEDURAL REVIEW. THE AUDITOR GENERAL SHALL FOLLOW UP AND REVIEW THE COUNTY TREASURER'S PROGRESS TOWARD CORRECTING THE DEFICIENCIES AND IMPLEMENTING THE RECOMMENDATIONS OF THE PROCEDURAL REVIEW AND PROVIDE A STATUS REPORT TO THE COUNTY BOARD OF SUPERVISORS AND THE JOINT LEGISLATIVE AUDIT COMMITTEE DURING THE ONE-YEAR PERIOD. THE AUDITOR GENERAL MAY REVIEW A COUNTY TREASURER'S PROGRESS AFTER THE ONE-YEAR PERIOD IF THERE ARE DEFICIENCIES THAT THE COUNTY TREASURER HAS NOT CORRECTED OR RECOMMENDATIONS THAT THE COUNTY TREASURER HAS NOT IMPLEMENTED. THE COUNTY TREASURER SHALL PARTICIPATE IN ANY HEARING SCHEDULED DURING THIS REVIEW PERIOD BY THE JOINT LEGISLATIVE AUDIT COMMITTEE OR BY ANY OTHER LEGISLATIVE COMMITTEE DESIGNATED BY THE JOINT LEGISLATIVE AUDIT COMMITTEE.

B. The auditor general may adopt rules providing for disapproving contracts, and suspending or debarring any contractor providing financial and compliance auditing services to a school district based on applicable standards similar to those adopted by this state under section 41-2613.

C. Notwithstanding any other law, the disapproval of a contract or the suspension or debarment may be appealed to the superior court pursuant to title 12, chapter 7, article 6.

APPROVED BY THE GOVERNOR JUNE 27, 2025.

FILED IN THE OFFICE OF THE SECRETARY OF STATE JUNE 27, 2025.