

State of Connecticut
Regulation of
Office of Policy and Management
Concerning
Municipal Financial Reporting by Independent Public Accountants

Section 7-392-1 of the Regulations of Connecticut State Agencies is amended to read as follows:

Sec. 7-392-1. Procedures for municipal financial reporting by independent public accountants

(a) Any Financial Report concerning the accounts of a municipality, school district or audited agency submitted to the Secretary of the Office of Policy and Management (hereafter referred to as the Secretary) shall be prepared in compliance with chapter 111 of the Connecticut General Statutes. Such reports shall include:

(1) [Combined general purpose financial statements presented with combining financial statements and/or supporting schedules] The Independent Auditor's Report on the Financial Statements based upon an audit conducted in accordance with generally accepted auditing standards as issued by the American Institute of Certified Public Accountants and if applicable, Government Auditing Standards as issued by the Comptroller General of the United States.

(2) The [independent public accountant's report on general purpose financial statements and supplementary financial information, and any reports on internal controls structure and any management letters as the independent public accountant may issue] Basic Financial Statements, including notes to the financial statements prepared in accordance with generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board.

(3) [If a federal or state compliance examination is required, the independent public accountant's report on the schedule of financial assistance and such compliance reports as required] Required Supplementary Information, including Management's Discussion and Analysis as required by the Governmental Accounting Standards Board.

(4) Other Supplementary Information including combining and individual fund financial statements and the Schedule of Debt Limitation and Tax Collector's Report, where applicable.

(5) Any reports on internal control over financial reporting and management letters issued by the independent public accountant. If a state or federal single audit report is required, the independent auditor's report on the schedule of expenditures of financial assistance and such other compliance and internal control reports and schedules as required by applicable state or federal law.

(b) The Office of Policy and Management shall prepare annually general instructions for the conduct of audits for a municipality, school district or audited agency and an audit questionnaire to be completed by the independent public accountant.

(c) If the Municipal Financial Report is received in [A] a format not in compliance with Section 7-392-1(a) of these regulations, the Secretary may refuse to accept such report and require that the audit report be resubmitted within such time limits as the Secretary may require.

(d) After Municipal Financial Reports are reviewed by the Office of Policy and Management, the Secretary shall provide to the Municipal Finance Advisory Commission periodic reports containing, but not limited to, information relative to non-compliance with [these regulations] Section 7-392-1 of the Regulations of Connecticut State Agencies for its consideration and recommendations.

(e) If it has been determined upon review by the commission that the independent public

accountant's report appears to be substandard, the commission shall refer the report to the State Board of Accountancy and the Ethics Committee of the State Society of Certified Public Accountants for review.

Statement of Purpose

Amendments to Section 7-392-1 of the Regulations of Connecticut State Agencies are being proposed to conform with the latest technical terminology and latest financial accounting, auditing and reporting requirements provided under generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board and generally accepted auditing standards as issued by the American Institute of Certified Public Accountants and applicable state and federal single audit law.