**A** **BILL**

TO AMEND SECTION 5‑7‑240, CODE OF LAWS OF SOUTH CAROLINA, 1976, RELATING TO THE ANNUAL FINANCIAL AUDIT OF A MUNICIPALITY, SO AS TO REQUIRE THE REPORT OF THE AUDIT BE SUBMITTED TO THE COMPTROLLER GENERAL, AND TO REQUIRE THE COMPTROLLER GENERAL TO WITHHOLD ANY FUNDS TO THE MUNICIPALITY UNTIL THE REPORT IS RECEIVED.

Be it enacted by the General Assembly of the State of South Carolina:

SECTION 1. Section 5‑7‑240 of the 1976 Code is amended to read:

“Section 5‑7‑240. The council shall provide for an independent annual audit of all financial records and transactions of the municipality and any agency funded in whole by municipal funds and may provide for more frequent audits as it deems necessary. Special audits may be provided for any agency receiving municipal funds as the municipality deems necessary. Such audits shall be made by a certified public accountant or public accountant or firm of such accountants who have no personal interest, direct or indirect, in the fiscal affairs of the municipal government or any of its officers. The council may, without requiring competitive bids, designate such accountant or firm annually or for a period not exceeding four years, provided, that the designation for any particular fiscal year shall be made no later than thirty days after the beginning of such fiscal year. The report of the audit shall be made available for public inspection. The council may in its discretion accept independent audits of municipal agencies and departments and include such audits in its general report of the audit of the municipality. A copy of the report of the audit must be submitted to the Comptroller General no later than January first each year following the close of the books of the previous fiscal year.

If the report is not timely filed, or within the time extended for filing the report, funds distributed by the Comptroller General to the county in the current fiscal year must be withheld pending receipt of a copy of the report.”

SECTION 2. This act takes effect upon approval by the Governor.

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