

~~THE~~ FIRST THOUGHT ⇒ I would be required
to follow the Irish Tenor
this morning
now find

FLOOR SPEECH - REPRESENTATIVE SATHER
HOUSE BILL 2021

I. INTRODUCTION

House Bill 2021 is a comprehensive, 23 page amendment to the "County Code" regarding county fiscal affairs. As you may know, the County Code is the primary governing statute for counties of the third through eighth class and was signed into law in 1955. To date, the Code has not had a major revision. Since its enactment forty years ago, county government has become more sophisticated and has acquired significant and new responsibilities. As a result, the Code contains provisions that are outdated and/or unclear.

House Bill 2021 is the result of years of effort by the County Commissioners Association of Pennsylvania (CCAP) working closely with the County Controllers, the Pennsylvania Institute of Certified Public Accountants and others. The legislation itself has been reviewed closely by the House Local Government Committee and its Subcommittee on Counties. House Bill 2021 was introduced on September 26, 1995 and was considered by the House Local Government Committee at three (3) full committee meetings and one (1) two-hour subcommittee meeting prior to being reported out of committee on February 6, 1996.

Rather than attempt a complete revision of the Code, the (CCAP) has been working on a "rolling" rewrite; that is, the Association is developing separate pieces of legislation for each of a series of subjects.

House Bill 2021, the first in this series deals with county financial operations such as audits and other fiscal matters. The main purposes of House Bill 2021 are to make the law conform to actual practices and to try to eliminate conflicts between county officials because of ambiguities in the "County Code".

I view House Bill 2021 in its entirety, as an attempt to modernize county government through the use of computers and improved accounting and auditing systems. House Bill 2021 recognizes existing financial practices, permits better use of technology, gives commissioners better access to information and clarifies the relative responsibilities of commissioners, controllers and auditors.

The five key provisions of House Bill 2021 modernize auditing procedures used by counties as well as their record-keeping system and clarifies the roles of commissioners and controllers.

~~Rep. Pat [unclear] - [unclear] Board [unclear]~~
~~Being [unclear] by [unclear]~~

II. KEY PROVISIONS OF HOUSE BILL 2021

A. AUDITS

A first key provision of House Bill 2021 addresses the issue of auditing procedures.

1. House Bill 2021 modernizes the auditing procedures by requiring compliance with Generally Accepted Auditing Standards (GAAS) and with Generally Accepted Accounting Principals (GAAP).
2. While there will be some expense involved as well as some practical difficulty, because of the size of county budgets, complexity of county programs and the reporting requirements of federal and state governments, this change is necessary. The failure to use GAAP and GAAS may mean that the current accounting systems and audits are inadequate. These record-keeping deficiencies could mask deliberate or unintentional financial problems from public scrutiny.

Counties will be given three years to make this transition. Once the transition is completed, commissioners will have better, more timely financial information and audits will be completed with less cost.

3. Controllers and elected auditors will be required to complete their audits by the first day of the seventh month of the fiscal year. This bill extends the deadline from the first day of April to the first day of the seventh month of each fiscal year.

B. VOUCHERS AND COUNTY CHECKS

The second key provision of House Bill 2021 concerns vouchers and county checks.

1. House Bill 2021 modernize the documentation and record keeping system of county checks by eliminating the requirement that counties use paper vouchers for the payment of bills. Currently, the Code requires a county to use a paper voucher system whereby the controller issues a voucher along with the check for each bill paid, with the voucher serving as a record of the transaction. The proposed language deletes the requirement for the voucher system, effectively permitting the use of more efficient electronic systems. The change does not prohibit the voucher system, so a county could retain the system if it chose. Regardless of the system used, the county must have "internal accounting and other control

systems."

2. Furthermore, House Bill 2021 requires canceled checks or other official bank records be filed in the county treasurer's office. House Bill 2021 expands authorization for the use of facsimile signatures on all checks.

C. CLARIFIES ROLES OF COMMISSIONERS AND CONTROLLERS

A third key provision of House Bill 2021 clarifies the roles of commissioners and controllers.

1. Commissioners will be able to contract with an accountant to prepare an audit for internal management purposes. These contracts will be discussed with the controller prior to execution. County commissioner will also be granted clear access to county financial records for "inspection and other purpose."
2. House Bill 2021 also expressly limits the ability of the controller to refuse financial transaction to those transactions not authorized by law. It removes the ability of controllers to disapprove a transaction on the basis of a disagreement over the policy involved.
3. Controllers will also be permitted to prescribe and administer the form and manner of keeping official books and papers. Any costs associated with a change must be approved by the county commissioners.

D. REVIEW OF AUTHORITIES

The fourth key provision concerns fiscal accountability through review of authorities.

1. House Bill 2021 provides controllers or auditors authority to audit accounts and analyze the operation of any authority that collects or receives public assets of the county. This review may include a determination of whether the accounts conform with generally accepted accounting principals. To comply with this provision, the controller or auditors may utilize any existing audit of authority.

E. PREPARATION OF THE BUDGET

Finally, the last key provision addresses preparation of the budget.

Issues regarding Tax collection - Amended out by Committee - Return to original status - 3rd City Council

1. House Bill 2021 requires commissioners to begin preparation of the budget 90 days prior to adoption. Currently, commissioners are only required to begin preparation of the budget 30 days prior to adoption of the budget.

III. CONCLUSION

For over ¹²20 years, I served as county commissioner. I have worked with the County Code and recognize it is in need of modernization. House Bill 2021 addresses this issue by providing efficient use of technology, improving access to information and assuring fiscal accountability.

Furthermore, this legislation clarifies the responsibility of commissioners as well as controllers and auditors. House Bill 2021 was developed in close consultation with the CCAP, the County Controllers and the Pennsylvania Institute of Certified Public Accountants. These organizations are in the best position to understand the County Code and address the areas in need of modernization. I urge your support of House Bill 2021.

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House of Representatives
COMMONWEALTH OF PENNSYLVANIA
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August 17, 1995

MEMORANDUM

SUBJECT: Proposed Legislation

TO: All House Members

FROM: Representative Larry O. Sather

A handwritten signature in cursive script that reads "Larry O. Sather".

I plan to introduce legislation that would amend the "County Code". This legislation is the product of several years of effort by the County Code Committee of the County Commissioners Association of Pennsylvania (CCAP), working in conjunction with representatives of other elected county officials (row officers).

Rather than attempting to revise the entire "County Code" at one time, CCAP has chosen to work on an incremental basis. This proposal would revise provisions relating to contracts and other financial matters. The County Controller's Association has reviewed this legislation and is in agreement with the proposed changes.

The main goal of this legislation is to eliminate the inconsistencies and anachronisms in the "County Code". However, this bill does propose to make a few substantive changes, such as:

- requires that the county's financial records are kept in accordance with generally accepted accounting principles;
- eliminates the requirement for paper vouchers by recognizing alternative payment systems;
- permits counties to collect the county portion of the real property tax.

If you wish to cosponsor this legislation, please contact Nancy in my office at 7-3335. Copies of the draft are available upon request.

LOS/nlp