

**Letter No. 3-96**  
**Audits**

May 1, 1996

TO: City, Village and Township Clerks

FROM: Richard L. Baldermann CPA  
Administrator  
Local Audit and Finance Division

RE: Public Act 146 of 1996

Public Act 146 of 1996 was signed by the Governor March 24, 1996. The act amends Public Act 2 of 1968 and changes the population requirement relating to audits for local units of government as defined in that act. The amendment to Section 5 is as follows:

Sec. 5.(1) A local unit having a population of less than 4,000 shall obtain an audit of its financial records, accounts, and procedures not less frequently than biennially. However, if any audit under this subsection discloses a material deviation by the local unit from generally accepted accounting practices or from applicable rules and regulations of a state department or agency or discloses any fiscal irregularity, defalcation, misfeasance, nonfeasance, or malfeasance, the Michigan Department of Treasury may require an audit to be conducted in the next year.

(2) A local unit having a population of 4,000 or more shall obtain an annual audit of its financial records, accounts, and procedures.

The amendment applies to fiscal years ending March 31, 1996 and after.

This amendment does not preclude a local unit of government with a population under 4,000 from having an annual audit and the Michigan Department of Treasury strongly **recommends** annual audits.

We request that this notification be made available to any authorities in your local unit of government.

If you need further assistance, please call (517) 373-3227 or write our office: Michigan Department of Treasury, Local Audit and Finance Division, P.O. Box 30728, Lansing, Michigan 48909-8228.