

State of South Dakota

NINETY-THIRD SESSION
LEGISLATIVE ASSEMBLY, 2018

913Z0212

HOUSE GOVERNMENT OPERATIONS AND AUDIT

ENGROSSED NO. **HB 1178** - 2/14/2018

Introduced by: Representatives Schoenfish, Hunhoff, Johnson, Lake, Peterson (Kent),
Steinhauer, and Wismer and Senators Peters, Cronin, Haverly, and Sutton

1 FOR AN ACT ENTITLED, An Act to provide a penalty for the failure to complete timely audits
2 by certain entities.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

4 Section 1. That chapter 4-2 be amended by adding a NEW SECTION to read:

5 The Department of Legislative Audit shall cause to be published in a legal newspaper
6 designated as the official newspaper of the entity in this section and on the website maintained
7 by the department, notice of the failure to submit a timely audit report to the department by a
8 school district under § 4-11-7.1, municipality under § 4-11-4, hospital district board under § 34-
9 10-29, waste management district under § 34A-16-31, water development district under § 46A-
10 3D-4, water user district under § 46A-9-68, or consumer power district under § 49-38-2. If an
11 entity has not designated an official newspaper, notice shall be published in a legal newspaper
12 designated as the official newspaper of each municipality or county in which the entity is
13 located. The cost of publication under this section shall be paid by the entity.

14 Section 2. That chapter 4-2 be amended by adding a NEW SECTION to read:



1 A school board, municipality, board, or district under section 1 of this Act that fails to
2 submit a timely audit report to the department shall be subject to a penalty of ten dollars per day
3 for each day of delinquency. Upon submission of an untimely audit report to the department by
4 a school board, municipality, board, or district, the auditor-general shall notify the attorney
5 general of the appropriate penalty to be imposed under this section. If an audit report remains
6 untimely for longer than one month, the auditor-general shall notify the attorney general of the
7 appropriate penalty to be imposed each month until the untimely report is submitted to the
8 department. The attorney general shall impose any penalty under this section. The proceeds of
9 any penalty shall be deposited into the state general fund. The attorney general may waive the
10 imposition of any penalty against any school board, municipality, board, or district for good
11 cause shown.

12 Section 3. That chapter 4-2 be amended by adding a NEW SECTION to read:

13 For purposes of this Act, an audit is timely if the audit report is submitted to the Department
14 of Legislative Audit not later than eighteen months following the end of the entity's fiscal year.
15 If the entity is performing a two-year audit, the audit is timely if the audit report is submitted
16 to the department not later than eighteen months following the end of the entity's second fiscal
17 year covered by the audit.

18 Section 4. The provisions of this Act are effective for audits of periods ending on or after
19 June 30, 2018.