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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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HOUSE BILL

No. 2879 Session of  
2020

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INTRODUCED BY GROVE, SEPTEMBER 18, 2020

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REFERRED TO COMMITTEE ON PROFESSIONAL LICENSURE,  
SEPTEMBER 18, 2020

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AN ACT

1 Amending the act of May 26, 1947 (P.L.318, No.140), entitled "An  
2 act relating to the practice of public accounting; providing  
3 for the examination, education and experience requirements  
4 for certification of certified public accountants and for the  
5 licensing of certified public accountants, public accountants  
6 and firms; requiring continuing education and peer review;  
7 providing for the organization and ownership of firms and for  
8 the procedures and grounds for discipline and reinstatement  
9 of licensees; prescribing the powers and duties of the State  
10 Board of Accountancy and the Department of State; providing  
11 for ownership of working papers and confidentiality;  
12 regulating the professional responsibility of licensees;  
13 defining unlawful acts and acts not unlawful; providing  
14 penalties; and repealing existing laws," providing for local  
15 government accounting.

16 The General Assembly of the Commonwealth of Pennsylvania  
17 hereby enacts as follows:

18 Section 1. The act of May 26, 1947 (P.L.318, No.140), known  
19 as the CPA Law, is amended by adding a section to read:

20 Section 15.1. Local Government Accounting.--(a) The board  
21 shall adopt standards for municipalities which shall establish  
22 minimally required internal control systems for municipalities  
23 to promote financial accountability and transparency, including  
24 the following:

- 1     (1) Control environment.
- 2     (2) Risk assessment.
- 3     (3) Control activities.
- 4     (4) Information and communication.
- 5     (5) Monitoring.

6     (b) Not later than six months after the effective date of  
7 this section, the board shall adopt training materials for the  
8 personnel of a municipality to implement the standards under  
9 this section.

10    (c) The following shall apply:

11    (1) Not later than one year after the effective date of this  
12 section, a municipality shall adopt the standards issued by the  
13 board under this section, and the chief financial officer of a  
14 municipality shall certify to the board the following:

15    (i) The municipality has adopted the standards issued by the  
16 board.

17    (ii) Each of the personnel required to receive the training  
18 for internal control standards established by the board has  
19 completed its training.

20    (2) Certification under this section may be transmitted to  
21 the board electronically.

22    (d) Not less than thirty days after the end of a  
23 municipality's fiscal year, the municipality shall submit a  
24 report on municipal finances and internal control systems to:

25    (1) The board.

26    (2) The Auditor General.

27    (3) The Department of Community and Economic Development.

28    (4) The General Assembly.

29    (e) The board shall notify the Governor and the State  
30 Treasurer if a municipality has failed to adopt the minimally

1 required internal control standards established under this  
2 section. The following shall apply:

3 (1) The Governor shall direct Commonwealth agencies to  
4 suspend part or all of the payments of State funds which the  
5 municipality was to receive until the municipality adopts the  
6 internal control standards established under this section.

7 (2) A Commonwealth agency shall notify the State Treasurer  
8 of the suspended payment under paragraph (1) and the State  
9 Treasurer may not release the funds until notified by the board  
10 that the municipality has adopted the standards for internal  
11 controls under this section.

12 (f) If upon review of the report by a municipality under  
13 subsection (d) the board finds erroneous or irregular material  
14 variances, losses, shortages or thefts of municipal or  
15 governmental funds, the board shall:

16 (1) Determine the amount of funds involved and report the  
17 amount to the appropriate government and law enforcement  
18 officials.

19 (2) Determine the internal control weaknesses of the  
20 municipality that contributed to or was responsible for the  
21 board's finding under this subsection.

22 (3) Make written recommendations to the municipality on how  
23 the municipality may correct the issue and strengthen internal  
24 controls to prevent future occurrences of the finding by the  
25 board.

26 (g) The board shall promulgate rules and regulations  
27 necessary for the implementation of this section.

28 (h) The following words and phrases when used in this  
29 section shall have the meanings given to them in this subsection  
30 unless the context clearly indicates otherwise:

1 "Commonwealth agency." An agency of the executive branch  
2 under the direct or policy supervision of the Governor.

3 "Municipality." A county, city, township, borough, school  
4 district or political subdivision of the Commonwealth.

5 "Personnel." An officer or employe of a municipality whose  
6 official duties include receiving, processing, depositing,  
7 disbursing or otherwise having access to money belonging to:

8 (1) The Federal Government.

9 (2) The Commonwealth.

10 (3) A municipality or governmental entity.

11 Section 2. This act shall take effect in 180 days.