

REVENUE: No revenue impact

FISCAL: No fiscal impact

Action: Do Pass as Amended and Be Printed Engrossed

Vote: 5 - 0 - 0

Yeas: Kruse, Metsger, Morse, Westlund, Walker

Nays: 0

Exc.: 0

Prepared By: Dana Richardson, Administrator

Meeting Dates: 4/3, 4/19

WHAT THE MEASURE DOES: Requires school district board audits include review of internal controls. Requires audit report include opinion on appropriateness of internal controls. Requires school district board identify deficiencies disclosed in audit report to be addressed and issue resolution with corrective measures. Requires Secretary of State and Department of Education, within 60 days of receipt of resolution, to acknowledge plan to correct deficiencies and notify school of deficiencies that, if not corrected, could result in withholding funds. Allows Secretary and Department to certify to Superintendent of Public Instruction school district board failure to take adequate action to correct deficiencies in two successive audits. Requires Superintendent withhold 10 percent of State School Fund upon receipt of such certification.

ISSUES DISCUSSED:

- Difference from SB 671 heard in Judiciary
- Requirement of review of internal controls in all audits
- Public availability of audit records
- Level of deficiency required before audit management letter is issued

EFFECT OF COMMITTEE AMENDMENT: Replaces the measure.

BACKGROUND: ORS 328.465 requires all school district boards to annually audit the books and accounts of the district. The audit must include all factors that are used to compute State School Fund distributions. The audit statements must be filed with the administrative office for the county. Under ORS 327.137, audit statements must be filed with the Department of Education and State School Funds may be withheld until the statements are filed. Additionally, ORS 297.405 to 297.555 containing the Municipal Audit Law also applies to school districts and education service districts. This bill would add to the current statutory requirements.