

REVENUE: No revenue impact

FISCAL: No fiscal impact

Action:	Do Pass as Amended and Be Printed Engrossed
Vote:	8 - 0 - 1
Yeas:	Clem, Dallum, Greenlick, Komp, Lim, Roblan, Whisnant, Buckley
Nays:	0
Exc.:	Krummel
Prepared By:	Derrick Olsen, Administrator
Meeting Dates:	5/16

WHAT THE MEASURE DOES: Requires accountant under contract to perform school district audit to make determinations regarding district's accounting systems and compliance with legal requirements in conducting financial affairs. Requires school district board to determine measures necessary to correct any deficiencies disclosed in accountant's audit report and to adopt resolution setting forth proposed corrective measures. Requires Secretary of State and Department of Education, within 60 days of receiving school district board resolution, to acknowledge board's plan to correct deficiencies or to notify board of deficiencies that, if not corrected, could result in withholding of funds. Allows Secretary of State or Department of Education to certify to Superintendent of Public Instruction failure of school district board to take corrective action during course of two successive audits. Requires Superintendent of Public Instruction, upon receipt of certificate, to withhold 10 percent of payments from State School Fund otherwise distributed to school district.

ISSUES DISCUSSED:

- Importance of response to audit of school district accounting systems and compliance with legal requirements
- Puts school districts on a par with cities/counties
- Importance of accountability
- Consensus amendment with technical changes
- Penalty section of bill
- Financial audit vs. performance audit

EFFECT OF COMMITTEE AMENDMENT: Replaces the entire text and deletes all references to "governmental" when referring to "generally accepted accounting principles;" deletes language directing accountant to determine if the school district has "established appropriate accounting systems and internal controls;" adds reference to Oregon Revised Statutes (ORS) 297.465; deletes most language referring to "opinion;" deletes language directing school district to take "action to establish appropriate accounting systems and internal controls;" replaces reference to "National Council on Government Accounting and the American Institute of Certified Public Accountants" with reference to "Government Accounting Standards Board;" and changes "that are contracted for" to "for periods ending" "on or after the effective date of this 2007 Act" for the effective date of application of SB 800-B to audits.

BACKGROUND: Oregon Revised Statute (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.

The Senate Education and General Government Committee gave SB 800-A a Do Pass as Amended recommendation with a 5-0 vote, and it passed the Senate 28-2.

5/22/2007 2:51:00 PM

This summary has not been adopted or officially endorsed by action of the committee.