

A-Engrossed Senate Bill 47

Ordered by the Senate February 13
Including Senate Amendments dated February 13

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SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure.

Directs Department of Education to establish system for *[reviewing]* **auditing** business practices of school districts **and education service districts**. Establishes *[Efficiency Review Advisory Panel]* **District Best Business Practices Advisory Committee** to provide advice to department on *[school district reviews]* **development of system**. *[Directs department to appoint efficiency review teams.]*

Specifies that only districts that volunteer for business practices audit will be audited. Allows Secretary of State to conduct audits of business practices of districts pursuant to contract with department.

Allows department to use moneys from State School Fund for *[reviews]* **audits**.

Declares emergency, effective July 1, 2007.

A BILL FOR AN ACT

1
2 Relating to school finance; creating new provisions; amending ORS 297.210; and declaring an emer-
3 gency.

4 **Be It Enacted by the People of the State of Oregon:**

5 **SECTION 1. As used in sections 2 and 3 of this 2007 Act:**

6 **(1) "Business practices" means:**

7 **(a) The process of providing transportation, food service, grounds maintenance, building**
8 **and systems maintenance, new construction, purchasing and contracting; or**

9 **(b) Financial practices.**

10 **(2) "District" means a school district as defined in ORS 332.002 and an education service**
11 **district as defined in ORS 334.003.**

12 **SECTION 2. (1) The Department of Education, in consultation with the District Best**
13 **Business Practices Advisory Committee, shall establish a system for auditing the business**
14 **practices of districts. The department shall develop a list of best business practices to use**
15 **for the district audits.**

16 **(2) Only those districts that volunteer for the audit will be audited under this section.**

17 **(3) The department shall contract with the Secretary of State to audit districts based on**
18 **the list of best business practices.**

19 **(4) The secretary shall report the results of the audit first to the Governor, the State**
20 **Board of Education and the district that was the subject of the audit. Then the secretary**
21 **may post the results of the audit on the Internet.**

22 **(5) The department shall monitor district responses to the recommendations made in the**
23 **audit. The department shall report to the board on the district responses and make further**

NOTE: Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 recommendations if necessary.

2 **SECTION 3. (1) There is established the District Best Business Practices Advisory Com-**
3 **mittee. The advisory committee shall consist of:**

4 (a) One member appointed by the President of the Senate from among the members of
5 the Senate;

6 (b) One member appointed by the Speaker of the House of Representatives from among
7 the members of the House of Representatives; and

8 (c) The following members appointed by the Superintendent of Public Instruction:

9 (A) One member selected from a list of nominees submitted by the Oregon School Boards
10 Association;

11 (B) One member selected from a list of nominees submitted by the Confederation of
12 Oregon School Administrators;

13 (C) One member selected from a list of nominees submitted by the Oregon Education
14 Association;

15 (D) One member selected from a list of nominees submitted by the Oregon Association
16 of School Business Officials; and

17 (E) One member selected from a list of nominees submitted by the Oregon Association
18 of Education Service Districts.

19 (2) In addition to the members appointed under subsection (1) of this section, the super-
20 intendent may appoint additional members who have special expertise in district business
21 practices.

22 (3) The advisory committee shall advise the Department of Education on the development
23 of a system for auditing the business practices of districts under section 2 of this 2007 Act,
24 including:

25 (a) The designation of best business practices of districts;

26 (b) The method of selecting districts that volunteer for an audit;

27 (c) The interpretation and understanding of audit results; and

28 (d) Monitoring and reporting the district responses to the results of the audits.

29 (4) A majority of the members of the advisory committee constitutes a quorum for the
30 transaction of business.

31 (5) The advisory committee shall meet at times and places specified by the call of the
32 chairperson or of a majority of the members of the advisory committee.

33 (6) Official action by the advisory committee requires the approval of a majority of the
34 members of the advisory committee.

35 (7) The advisory committee shall elect one of its members to serve as chairperson.

36 (8) The term of office of each member is two years, but a member serves at the pleasure
37 of the appointing authority. If there is a vacancy for any cause, the appointing authority
38 shall make an appointment to become immediately effective.

39 (9) The department shall provide staff support to the advisory committee.

40 (10) Members of the advisory committee who are not members of the Legislative As-
41 sembly are not entitled to compensation, but may be reimbursed for actual and necessary
42 travel and other expenses incurred by them in the performance of their official duties in the
43 manner and amounts provided for in ORS 292.495. Claims for expenses incurred in performing
44 functions of the advisory committee shall be paid out of funds appropriated to the depart-
45 ment for that purpose.

1 **(11) All agencies of state government, as defined in ORS 174.111, and all districts are di-**
2 **rected to assist the advisory committee in the performance of its duties and, to the extent**
3 **permitted by laws relating to confidentiality, to furnish such information and advice as the**
4 **members of the advisory committee consider necessary to perform their duties.**

5 **SECTION 4.** ORS 297.210 is amended to read:

6 297.210. (1)(a) The Secretary of State, as State Auditor, shall have the accounts and financial
7 affairs of state departments, boards, commissions, institutions and state-aided institutions and agen-
8 cies of the state reviewed or audited as the Secretary of State considers advisable or necessary.

9 **(b) The Secretary of State, as State Auditor, may conduct audits of the business prac-**
10 **tices of school districts and education service districts pursuant to a contract with the De-**
11 **partment of Education authorized by section 2 of this 2007 Act.**

12 (c) The Secretary of State may subpoena witnesses, require the production of books and papers
13 and rendering of reports in such manner and form as the Secretary of State requires and may do
14 all things necessary to secure a full and thorough investigation. The Secretary of State shall report,
15 in writing, to the Governor. The report shall include a copy of the report on each audit.

16 (2) An audit or review shall be made of any institution or department of the state government
17 at any time the executive head of the institution or department, for any reason, retires from the
18 head's office or position.

19 (3) The Secretary of State shall employ auditors upon such terms and for such compensation as
20 the Secretary of State determines are advantageous and advisable.

21 (4) If a person fails to comply with any subpoena issued under subsection (1) of this section, a
22 judge of the circuit court of any county, on application of the Secretary of State, shall compel obe-
23 dience by proceedings for contempt as in the case of disobedience of the requirements of a subpoena
24 issued from the circuit court.

25 **SECTION 5. Notwithstanding ORS 327.008, each biennium the Department of Education**
26 **may expend up to \$1 million from the State School Fund for the administration of sections**
27 **2 and 3 of this 2007 Act.**

28 **SECTION 6. This 2007 Act being necessary for the immediate preservation of the public**
29 **peace, health and safety, an emergency is declared to exist, and this 2007 Act takes effect**
30 **July 1, 2007.**

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