

# Enrolled Senate Bill 800

Sponsored by Senator WHITSETT, Representative GARRARD; Senators BEYER, G GEORGE, L GEORGE, Representatives BOQUIST, BUTLER, KOMP, KRIEGER, KRUMMEL, LIM, MAURER, RILEY, SHIELDS

CHAPTER .....

## AN ACT

Relating to education districts.

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

**SECTION 1. (1)(a) In performing an audit required under ORS 328.465, the accountant under contract with the school district or county shall determine whether the school district has:**

**(A) Followed generally accepted accounting principles in reporting the district's financial condition and operations; and**

**(B) Substantially complied with legal requirements in conducting the district's financial affairs.**

**(b) The determination shall be included in the report as required by ORS 297.465.**

**(2) Upon receipt of the audit report, the school district board shall determine the measures the board considers necessary to correct any deficiencies disclosed in the audit report. The board shall adopt a resolution setting forth any corrective measures the board proposes and the period of time estimated to complete the measures.**

**(3) Within 60 days after a school district files a copy of its audit report with the Secretary of State or the Department of Education, a copy of the resolution prepared under subsection (2) of this section shall also be filed. Upon receipt of the audit report and the resolution, the Secretary of State and the Department of Education shall either acknowledge the school district board's plans to correct deficiencies cited in the audit report or notify the school district board of those deficiencies that, if not corrected, could result in the withholding of funds under this section. At the request of the school district board, the Secretary of State or the Department of Education shall make suggestions for correcting those deficiencies. If the school district board does not agree with the notification by the Secretary of State or the Department of Education, the board shall be granted an opportunity for a conference regarding the notification, audit determinations or corrective measures to be taken.**

**(4) If the Secretary of State or the Department of Education concurs with the determination made under subsection (1) of this section in two successive audits of the same school district and determines that the school district board has not taken adequate action to correct the deficiencies cited in the notifications given under subsection (3) of this section, the Secretary of State or the Department of Education may certify those facts to the Superintendent of Public Instruction. The certificate of the Secretary of State or the Department**

of Education shall be issued only after notice, opportunity to be heard and hearing pursuant to the provisions of ORS chapter 183 governing contested cases. The hearing shall be held within the jurisdiction of the school district.

(5)(a) Upon receipt of a certificate from the Secretary of State or the Department of Education under subsection (4) of this section, the Superintendent of Public Instruction shall withhold from distribution to the school district 10 percent of the payments from the State School Fund otherwise to be distributed to the school district under ORS 327.008.

(b) The moneys withheld shall be disbursed to the school district after the Superintendent of Public Instruction has received notice from the Secretary of State or the Department of Education that the school district board:

(A) Has taken action to ensure that the school district will follow generally accepted accounting principles in reporting the district's financial condition and operations; and

(B) Will ensure that the school district substantially complies with legal requirements in conducting the district's financial affairs.

(6) The Secretary of State or the Department of Education may not issue a certificate under subsection (4) of this section for failure to follow generally accepted accounting principles if a school district has followed accounting practices authorized by state law.

(7) As used in this section, "generally accepted accounting principles" means those accounting principles sanctioned by recognized authoritative bodies such as the Governmental Accounting Standards Board, the Financial Accounting Standards Board or their successors.

**SECTION 2.** Section 1 of this 2007 Act applies to audits for fiscal periods ending on or after the effective date of this 2007 Act.

Passed by Senate May 3, 2007

Received by Governor:

Repassed by Senate June 8, 2007

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Approved:

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Secretary of Senate

.....M.,....., 2007

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President of Senate

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Governor

Passed by House June 5, 2007

Filed in Office of Secretary of State:

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Speaker of House

.....M.,....., 2007

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Secretary of State