

SENATE AMENDMENTS TO SENATE BILL 800

By COMMITTEE ON EDUCATION AND GENERAL GOVERNMENT

April 27

1 On page 1 of the printed bill, delete lines 3 through 10.

2 Delete lines 12 through 29 and delete page 2 and insert:

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

6 **“(A) Followed generally accepted governmental accounting principles in reporting the**
7 **district’s financial condition and operations;**

8 **“(B) Established appropriate accounting systems and internal controls; and**

9 **“(C) Substantially complied with legal requirements in conducting the district’s financial**
10 **affairs.**

11 **“(b) The determination shall either be included in the signed expression of opinion or**
12 **otherwise disclosed in the audit report.**

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

17 **“(3) Within 60 days after a school district files a copy of its audit report with the Secre-**
18 **tary of State or the Department of Education, a copy of the resolution prepared under sub-**
19 **section (2) of this section shall also be filed. Upon receipt of the audit report and the**
20 **resolution, the Secretary of State and the Department of Education shall either acknowledge**
21 **the school district board’s plans to correct deficiencies cited in the opinion or audit report**
22 **or notify the school district board of those deficiencies which, if not corrected, could result**
23 **in withholding of funds under this section. At the request of the school district board, the**
24 **Secretary of State or the Department of Education shall make suggestions for correcting**
25 **those deficiencies. If the school district board does not agree with the notification by the**
26 **Secretary of State or the Department of Education, the board shall be granted an opportu-**
27 **nity for a conference regarding the notification, audit determinations or corrective measures**
28 **to be taken.**

29 **“(4) If the Secretary of State or the Department of Education concurs with the deter-**
30 **mination made under subsection (1) of this section in two successive audits of the same**
31 **school district and determines that the school district board has not taken adequate action**
32 **to correct the deficiencies cited in the notifications given under subsection (3) of this section,**
33 **the Secretary of State or the Department of Education may certify these facts to the Su-**
34 **perintendent of Public Instruction. The certificate of the Secretary of State or the Depart-**
35 **ment of Education shall only be issued after notice, opportunity to be heard and hearing**

1 pursuant to the provisions of ORS chapter 183 governing contested cases. The hearing shall
2 be held within the jurisdiction of the school district.

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

7 “(b) The moneys withheld shall be disbursed to the school district after the Superinten-
8 dent of Public Instruction has received notice from the Secretary of State or the Department
9 of Education that the school district board:

10 “(A) Has taken action to follow generally accepted governmental accounting principles
11 in reporting financial condition and operations;

12 “(B) Has taken action to establish appropriate accounting systems and internal controls;
13 and

14 “(C) Will substantially comply with legal requirements in conducting its financial affairs.

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

19 “(7) As used in this section, ‘generally accepted governmental accounting principles’
20 means those accounting principles sanctioned by recognized authoritative bodies such as the
21 National Council on Governmental Accounting, the American Institute of Certified Public
22 Accountants, the Financial Accounting Standards Board or their successors.

23 “SECTION 2. Section 1 of this 2007 Act applies to audits that are contracted for on or
24 after the effective date of this 2007 Act.”.