

**A-Engrossed**  
**Senate Bill 537**

Ordered by the Senate May 12  
Including Senate Amendments dated May 12

Sponsored by COMMITTEE ON EDUCATION AND GENERAL GOVERNMENT

**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.

*[Allows Department of Education to enter into contracts with private entities to perform audits of business practices of school districts and education service districts.]*

**Imposes duty on Department of Education to evaluate business practices of school districts and education service districts.**

**Allows department to enter into contracts with Secretary of State to audit business practices of districts and with any other entity to evaluate business practices.**

**A BILL FOR AN ACT**

1  
2 Relating to business practices of districts; amending ORS 326.133 and 326.136.

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

4 **SECTION 1.** ORS 326.133 is amended to read:

5 326.133. (1) The Department of Education, in consultation with the District Best Business Prac-  
6 tices Advisory Committee, shall establish a system for auditing **and evaluating** the business prac-  
7 tices of districts. The department shall develop a list of best business practices to use for the district  
8 audits **and evaluations**.

9 (2) Only those districts that volunteer for [*the audit*] **an audit or an evaluation** will be audited  
10 **or evaluated** under this section.

11 [*(3) The department shall contract with the Secretary of State to audit districts based on the list*  
12 *of best business practices.*]

13 **(3)(a) The department shall enter into contracts to audit and evaluate the business**  
14 **practices of districts. Contracts may be entered into with the Secretary of State for audits**  
15 **and with any other entity for evaluations.**

16 **(b) Contracts entered into under this section shall comply with the competitive bidding**  
17 **requirements of ORS chapters 279A and 279B.**

18 (4) The [*secretary*] **department** shall report the results of [*the audit first*] **an audit or an eval-**  
19 **uation** to the Governor, the State Board of Education and the district that was the subject of the  
20 audit **or the evaluation**. [*Then the secretary*] **After making the reports required by this sub-**  
21 **section, the department** may post the results of the audit **or the evaluation** on the Internet.

22 (5) The department shall monitor district responses to the recommendations made in [*the audit*]  
23 **an audit or an evaluation**. The department shall report to the board on the district responses and  
24 make further recommendations if necessary.

25 **SECTION 2.** ORS 326.136 is amended to read:

26 326.136. (1) There is established the District Best Business Practices Advisory Committee. The

**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 advisory committee shall consist of:

2 (a) One member appointed by the President of the Senate from among the members of the Sen-  
3 ate;

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

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

7 (A) One member who is a representative of district school boards;

8 (B) One member who is a representative of district administrators;

9 (C) One member who is a representative of district teachers;

10 (D) One member who is employed by a district as a business manager;

11 (E) One member who is a member of a board of directors of an education service district; and

12 (F) One member who is a representative of district classified employees.

13 (2) In addition to the members appointed under subsection (1) of this section, the superintendent  
14 may appoint additional members who have special expertise in district business practices.

15 (3) The advisory committee shall advise the Department of Education on the development of a  
16 system for auditing **and evaluating** the business practices of districts under ORS 326.133, including:

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

18 (b) The method of [*selecting*] **auditing or evaluating** districts that volunteer for an audit **or**  
19 **evaluation**;

20 (c) The interpretation and understanding of audit **and evaluation** results; and

21 (d) Monitoring and reporting the district responses to the results of [*the*] audits **and**  
22 **evaluations**.

23 (4) A majority of the members of the advisory committee constitutes a quorum for the trans-  
24 action of business.

25 (5) The advisory committee shall meet at times and places specified by the call of the chair-  
26 person or of a majority of the members of the advisory committee.

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

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

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

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

34 (10) Members of the advisory committee who are not members of the Legislative Assembly are  
35 not entitled to compensation, but may be reimbursed for actual and necessary travel and other ex-  
36 penses incurred by them in the performance of their official duties in the manner and amounts pro-  
37 vided for in ORS 292.495. Claims for expenses incurred in performing functions of the advisory  
38 committee shall be paid out of funds appropriated to the department for that purpose.

39 (11) All agencies of state government, as defined in ORS 174.111, and all districts are directed  
40 to assist the advisory committee in the performance of its duties and, to the extent permitted by  
41 laws relating to confidentiality, to furnish such information and advice as the members of the advi-  
42 sory committee consider necessary to perform their duties.

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