

## HOUSE AMENDMENTS TO HOUSE BILL 2280

By COMMITTEE ON EDUCATION

April 14

1 On page 1 of the printed bill, line 2, after the semicolon delete the rest of the line and insert  
2 “creating new provisions; amending ORS 297.210 and 297.405; and declaring an emergency.”.

3 Delete lines 4 through 28 and delete pages 2 and 3 and insert:

4 **“SECTION 1. (1)(a) Based on factors identified by the State Board of Education by rule,  
5 the Department of Education may initiate a financial audit or a performance audit of a  
6 school district or an education service district.**

7 **“(b) Prior to initiating an audit, the Department of Education shall:**

8 **“(A) Give notice to the school district or the education service district of the  
9 department’s intent to initiate the audit; and**

10 **“(B) Provide the school district or the education service district with the opportunity to  
11 provide to the department any information related to the subject of the audit.**

12 **“(c) Following the review of any information provided under paragraph (b) of this sub-  
13 section, the department may:**

14 **“(A) Decline to proceed with the audit; or**

15 **“(B) Cause the audit to be conducted.**

16 **“(2) For the purpose of causing an audit to be conducted as authorized by this section,  
17 the department may enter into a contract with:**

18 **“(a) The Secretary of State in accordance with ORS 297.210; or**

19 **“(b) If the Secretary of State is unable or unwilling to conduct the audit, a private entity.**

20 **“(3)(a) If the Secretary of State conducts the audit, the school district or education ser-  
21 vice district may be charged for a portion of the costs incurred for the audit as provided by  
22 ORS 297.210.**

23 **“(b) If a private entity conducts an audit, the Department of Education may charge the  
24 school district or education service district for a portion of the costs incurred for the audit.**

25 **“(4) A copy of an audit conducted as provided by this section must be forwarded to the  
26 Department of Education and to any other entity identified by the department in accordance  
27 with rules adopted by the State Board of Education.**

28 **“SECTION 2. ORS 297.210 is amended to read:**

29 **“297.210. (1)(a) The Secretary of State, as State Auditor, shall have the accounts and financial  
30 affairs of state departments, boards, commissions, institutions and state-aided institutions and agen-  
31 cies of the state reviewed or audited as the Secretary of State considers advisable or necessary.**

32 **“(b) The Secretary of State, as State Auditor, may conduct performance audits of school  
33 districts and education service districts. For audits conducted under this paragraph:**

34 **“(A) The Secretary of State shall identify by rule factors and standards by which the  
35 secretary will determine whether to initiate an audit as authorized under this paragraph or**

1 to enter into a contract with the Department of Education to conduct an audit as provided  
2 by section 1 of this 2011 Act.

3 **“(B) Prior to initiating an audit, the Secretary of State shall:**

4 **“(i) Give notice to the school district or the education service district of the secretary’s**  
5 **intent to initiate the audit; and**

6 **“(ii) Provide the school district or the education service district with the opportunity to**  
7 **provide to the secretary any information related to the subject of the audit.**

8 **“(C) Following the review of any information provided under subparagraph (B) of this**  
9 **paragraph, the Secretary of State may:**

10 **“(i) Decline to proceed with the audit; or**

11 **“(ii) Cause the audit to be conducted.**

12 **“(D) The Secretary of State may charge a school district or an education service district**  
13 **for a portion of the costs incurred for an audit authorized by this paragraph. Amounts**  
14 **charged as provided by this subparagraph shall be in lieu of any amounts that may be**  
15 **charged as provided by ORS 297.230.**

16 **“[(b)] (c)** The Secretary of State, as State Auditor, may conduct audits of the business practices  
17 of school districts and education service districts pursuant to a contract with the Department of  
18 Education authorized by ORS 326.133.

19 **“[(c)] (d)** The Secretary of State may subpoena witnesses, require the production of books and  
20 papers and rendering of reports in such manner and form as the Secretary of State requires and  
21 may do all things necessary to secure a full and thorough investigation.

22 **“(e)** The Secretary of State shall report, in writing, to the Governor. The report shall include  
23 a copy of the report on each audit.

24 **“(f) In addition to the report described in paragraph (e) of this subsection, the Secretary**  
25 **of State shall provide a report to a school district board or the board of directors of an ed-**  
26 **ucation service district following an audit conducted as provided by paragraph (b) of this**  
27 **subsection.**

28 **“(2)** The Secretary of State may audit or review any institution or department of the state gov-  
29 ernment at any time the executive head of the institution or department, for any reason, retires from  
30 the head’s office or position. The secretary need not conduct an audit or review under this sub-  
31 section if:

32 **“(a)** The institution or department has been the subject of an audit or review of financial con-  
33 trols within the six months immediately preceding the retirement of the executive head of the in-  
34 stitution or department; or

35 **“(b)** The secretary has not received a report within the 12 months immediately preceding the  
36 retirement of the executive head of the institution or department indicating that the executive head  
37 of the institution or department was unable or unwilling to follow state law, rules, policies or pro-  
38 cedures.

39 **“(3)** The Secretary of State shall employ auditors upon such terms and for such compensation  
40 as the Secretary of State determines are advantageous and advisable.

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

45 **“SECTION 3.** ORS 297.405 is amended to read:

1 “297.405. As used in ORS 297.020, 297.230, 297.405 to 297.740 and 297.990:

2 “(1) ‘Accountants’ means all accountants whose names are included in the roster prepared and  
3 maintained by the Oregon Board of Accountancy as required by ORS 297.670.

4 “(2) ‘Accounts’ means all books, papers, files, letters and records of any nature or in any form  
5 used in conducting the affairs of the municipal corporation or in recording the transactions thereof.

6 “(3) ‘Board’ means the Oregon Board of Accountancy.

7 “(4) ‘Fiscal affairs’ means and includes all activities of any nature giving rise to or resulting  
8 from financial transactions, including compliance with legal requirements applicable to the operation  
9 of a municipal corporation.

10 “(5) ‘Municipal corporation’ means a:

11 “(a) City;

12 “(b) County;

13 “(c) Special district;

14 “(d) **School district or an education service district;**

15 “[d] (e) Corporation, except a municipal corporation established pursuant to ORS 441.525 to  
16 441.595, upon which is conferred powers of the state for the purpose of local government; or

17 “[e] (f) Public corporation, including a cooperative body formed between municipal corpo-  
18 rations.

19 “(6) ‘Public corporation’ means a corporation the operation of which is subject to control by  
20 local government or its officers and which, at least in part, is organized to serve a public purpose  
21 of, and receives public funds or other support having monetary value from, such government.

22 “**SECTION 4. This 2011 Act being necessary for the immediate preservation of the public**  
23 **peace, health and safety, an emergency is declared to exist, and this 2011 Act takes effect**  
24 **on its passage.”**

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