

House Bill 2280

Ordered printed by the Speaker pursuant to House Rule 12.00A (5). Pre-session filed (at the request of House Interim Committee on Education)

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 **as introduced**.

Expands scope of audits of best business practices of education districts to include performance audits.

Removes discretion of education districts to volunteer for audits.

Allows State Board of Education to determine percentage of expenses of audit that should be paid by education district and by Department of Education.

Allows Secretary of State to audit best business practices of education districts without entering into contract with Department of Education.

A BILL FOR AN ACT

1
2 Relating to audits of education districts; amending ORS 297.210, 326.131, 326.133 and 326.136.

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

4 **SECTION 1.** ORS 326.131 is amended to read:

5 326.131. As used in ORS 326.133 and 326.136:

6 (1) "Business practices" means:

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

9 (b) Financial practices~~[,]~~; **or**

10 (c) **Performance audits, as defined in ORS 297.070.**

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

13 **SECTION 2.** ORS 326.133 is amended to read:

14 326.133. (1) The Department of Education, in consultation with the District Best Business Prac-
15 tices Advisory Committee, shall establish a system for auditing the business practices of districts.
16 The department shall develop a list of best business practices to use for the district audits.

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

18 (2) **Based on the method of selecting districts for an audit that is developed as provided**
19 **by ORS 326.136 (3)(b), any district may be the subject of an audit conducted as provided by**
20 **this section.**

21 (3) The department shall contract with the Secretary of State to audit districts based on the list
22 of best business practices. **The State Board of Education may determine by rule what per-**
23 **centage of expenses of an audit should be borne by the department and what percentage of**
24 **expenses of an audit should be borne by a district.**

25 (4) The secretary shall report the results of the audit *[first]* to the Governor, the State Board
26 of Education and the district that was the subject of the audit. *[Then]* **After making the reports**
27 **required by this subsection**, the secretary may post the results of the audit on the Internet.

28 (5) The department shall monitor district responses to the recommendations made in the audit.

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 The department shall report to the **State Board of Education** on the district responses and make
 2 further recommendations if necessary.

3 **SECTION 3.** ORS 326.136 is amended to read:

4 326.136. (1) There is established the District Best Business Practices Advisory Committee. The
 5 advisory committee shall consist of:

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

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

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

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

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

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

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

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

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

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

19 (3) The advisory committee shall advise the Department of Education on the development of a
 20 system for auditing the business practices of districts under ORS 326.133, including:

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

22 (b) The method of selecting districts [*that volunteer*] for an audit;

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

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

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

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

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

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

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

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

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

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

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

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

4 (b) The Secretary of State, as State Auditor, may conduct audits of the business practices of
 5 school districts and education service districts:

6 **(A)** Pursuant to a contract with the Department of Education, **as** authorized by ORS
 7 326.133[.]; **or**

8 **(B) As provided by rules adopted by the Secretary of State.**

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

13 (2) The Secretary of State may audit or review any institution or department of the state gov-
 14 ernment at any time the executive head of the institution or department, for any reason, retires from
 15 the head's office or position. The secretary need not conduct an audit or review under this sub-
 16 section if:

17 (a) The institution or department has been the subject of an audit or review of financial controls
 18 within the six months immediately preceding the retirement of the executive head of the institution
 19 or department; or

20 (b) The secretary has not received a report within the 12 months immediately preceding the
 21 retirement of the executive head of the institution or department indicating that the executive head
 22 of the institution or department was unable or unwilling to follow state law, rules, policies or pro-
 23 cedures.

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

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

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