

1 STATE OF OKLAHOMA

2 1st Session of the 52nd Legislature (2009)

3 COMMITTEE SUBSTITUTE
4 FOR
5 HOUSE BILL NO. 1592

By: Coody

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7 COMMITTEE SUBSTITUTE

8 An Act relating to schools; amending 70 O.S. 2001, Section 5-116a, which
9 relates to bonds for officers and employees; requiring the superintendent and
10 certain other employees of a school district to furnish a surety bond; setting
11 amount of the surety bond; modifying authorization for a school district to
12 provide surety bond coverage for certain officers and employees; amending 74
13 O.S. 2001, Section 213, which relates to examination of public institutions by
14 the State Auditor and Inspector; requiring the State Auditor and Inspector to
15 conduct a special audit of a certain number of school districts each year; making
16 audits contingent upon funding; limiting size of school district; directing the
17 State Auditor and Inspector to determine the form of the special audit; providing
18 an effective date; and declaring an emergency.

19 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

20 SECTION 1. AMENDATORY 70 O.S. 2001, Section 5-116a, is amended to read as
21 follows:

22 Section 5-116a. A. The superintendent of a school district and any financial officer or any other
23 employee of a school district responsible for the custody of, supervision of, or control and authority to
24 expend school district funds shall be required to furnish a surety bond in the penal sum of not less than
One Hundred Thousand Dollars (\$100,000.00) or an amount otherwise set by law or set by the State

1 Board of Education, to be approved as provided by law, and to assure the faithful performance of the
2 duties of the covered officer and employees.

3 B. Whenever, by any presently existing law of this state or by any law hereafter enacted, the
4 superintendent or any officer or other employee of any school district is required to furnish a surety
5 bond as a prerequisite to employment, such as provided for in this section or any other law, the
6 requirement as to terms, conditions, penalty, amount or quality or type of surety shall be and is hereby
7 deemed and defined to mean the furnishing of a separate bond or surety contract for each individual
8 officer or employee, or the furnishing of a "blanket bond" which is defined as. For purposes of this
9 section, "blanket bond" means a school district officer and employees blanket position bond which
10 covers all officers and employees up to the penalty of the bond for each officer and employee and the
11 full penalty of the bond is always enforced during its term and no restoration is necessary and there is
12 no additional premium after a loss is paid. Such bond

13 C. All surety bonds as required by this section or other laws shall be furnished by a company
14 duly qualified under the insurance laws of this state and shall be purchased by the school district. The
15 Each surety bond shall be payable to the school district and, whenever possible, conditioned on the
16 faithful performance of the duties of the individuals covered during their employment or term of office
17 and that they will properly account for all monies and property received by virtue of their position or
18 employment.

19 SECTION 2. AMENDATORY 74 O.S. 2001, Section 213, is amended to read as follows:

20 Section 213. A. It shall be the duty of the State Auditor and Inspector to examine and report
21 upon the books and financial accounts of the public, educational, charitable, penal and reformatory
22 institutions belonging to the state; to prescribe and enforce correct methods of keeping financial
23 accounts of the state institutions and instruct the proper officers thereof in the performance of their
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1 duties concerning the same; to examine the books and accounts of all public institutions under the
2 control of the state at least once each year. Any officer of such public, educational, charitable, penal
3 and reformatory institutions who shall refuse or willfully neglect to comply with such direction of the
4 State Auditor and Inspector within a reasonable time shall be guilty of a misdemeanor.

5 B. Each board of regents of institutions in The Oklahoma State System of Higher Education
6 shall require a quality control review of the internal audit function required pursuant to subsection D of
7 Section 3909 of Title 70 of the Oklahoma Statutes for each institution under its governance at least
8 once every three (3) years. This review shall be in accordance with the “Quality Assurance Review
9 Manual for Internal Auditing” developed by the Institute of Internal Auditors or any successor
10 organization thereto. A copy of the report on the quality control review shall be filed with the State
11 Auditor and Inspector.

12 C. The State Auditor and Inspector shall perform a special audit on common school districts and
13 technology center districts upon receiving a written request to do so by any of the following: the
14 Governor, Attorney General, President Pro Tempore of the Senate, Speaker of the House of
15 Representatives, State Board of Education, or the technology center school district board. The State
16 Auditor and Inspector shall perform a special audit on any institution of higher education within The
17 Oklahoma State System of Higher Education whenever the State Auditor and Inspector deems it
18 appropriate or upon receiving a written request to do so by any of the following: the Governor, the
19 Attorney General, the President Pro Tempore of the Senate, the Speaker of the House of
20 Representatives, the governing board of the institution of higher education, or the president of the
21 institution of higher education. The special audit shall include, but not necessarily be limited to, a
22 compliance audit. The special audit shall be conducted according to the American Institute of
23 Certified Public Accountants' “Statements on Auditing Standards”. Such audits shall be designed to
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1 review items for management's compliance with statutes, rules, policies and internal control procedures
2 or other items applicable to each entity. The costs of any such audit shall be borne by the audited
3 entity and may be defrayed, in whole or in part, by any federal funds available for that purpose.

4 D. In addition to any special audit conducted by the State Auditor and Inspector as provided for
5 in subsection C of this section, the State Auditor and Inspector shall, contingent upon the availability
6 of funding, perform a special audit, without notice, on not more than four common school districts
7 with an average daily membership (ADM) of less than one thousand (1,000) each year. The special
8 audit shall be in a form as determined by the State Auditor and Inspector.

9 E. The State Auditor and Inspector shall perform a special audit without notice on the office of
10 any district attorney or on any division of the Department of Corrections upon receiving a written
11 request to do so by any of the following: the Governor, the Attorney General, or joint request of the
12 President Pro Tempore of the Senate and the Speaker of the House of Representatives. The State
13 Auditor and Inspector shall perform a special audit without notice on any penal institution, corrections
14 program, contract for service or prison bed space provided to the Department of Corrections, or any
15 program administered by a district attorney's office or staff of such office whenever the State Auditor
16 and Inspector deems it appropriate or upon receiving a written request to do so by any of the following:
17 the Governor, the Attorney General, or joint request of the President Pro Tempore of the Senate and
18 the Speaker of the House of Representatives. The special audit shall include, but not necessarily be
19 limited to, a compliance audit. Such audits shall be designed to review items for compliance with
20 statutes, rules, policies and internal control procedures or other items applicable to each entity. The
21 costs of any such audit shall be paid by the state agency and may be defrayed, in whole or in part, by
22 any federal funds available for that purpose through any audited program.

23 SECTION 3. This act shall become effective July 1, 2009.
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1 SECTION 4. It being immediately necessary for the preservation of the public peace, health and
2 safety, an emergency is hereby declared to exist, by reason whereof this act shall take effect and be in
3 full force from and after its passage and approval.

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