

1 ENGROSSED HOUSE
2 BILL NO. 1592

By: Coody, Kern and Faught of
the House

3 and

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

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

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

21 Section 5-116a. A. The superintendent of a school district and
22 any financial officer or any other employee of a school district
23 responsible for the custody of, supervision of, or control and
24 authority to expend school district funds shall be required to

1 furnish a surety bond in the penal sum of not less than One Hundred
2 Thousand Dollars (\$100,000.00) or an amount otherwise set by law or
3 set by the State Board of Education, to be approved as provided by
4 law, and to assure the faithful performance of the duties of the
5 covered officer and employees.

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

21 C. All surety bonds as required by this section or other laws
22 shall be furnished by a company duly qualified under the insurance
23 laws of this state and shall be purchased by the school district.
24 The Each surety bond shall be payable to the school district and,

1 whenever possible, conditioned on the faithful performance of the
2 duties of the individuals covered during their employment or term of
3 office and that they will properly account for all monies and
4 property received by virtue of their position or employment.

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

7 Section 213. A. It shall be the duty of the State Auditor and
8 Inspector to examine and report upon the books and financial
9 accounts of the public, educational, charitable, penal and
10 reformatory institutions belonging to the state; to prescribe and
11 enforce correct methods of keeping financial accounts of the state
12 institutions and instruct the proper officers thereof in the
13 performance of their duties concerning the same; to examine the
14 books and accounts of all public institutions under the control of
15 the state at least once each year. Any officer of such public,
16 educational, charitable, penal and reformatory institutions who
17 shall refuse or willfully neglect to comply with such direction of
18 the State Auditor and Inspector within a reasonable time shall be
19 guilty of a misdemeanor.

20 B. Each board of regents of institutions in The Oklahoma State
21 System of Higher Education shall require a quality control review of
22 the internal audit function required pursuant to subsection D of
23 Section 3909 of Title 70 of the Oklahoma Statutes for each
24 institution under its governance at least once every three (3)

1 years. This review shall be in accordance with the "Quality
2 Assurance Review Manual for Internal Auditing" developed by the
3 Institute of Internal Auditors or any successor organization
4 thereto. A copy of the report on the quality control review shall
5 be filed with the State Auditor and Inspector.

6 C. The State Auditor and Inspector shall perform a special
7 audit on common school districts and technology center districts
8 upon receiving a written request to do so by any of the following:
9 the Governor, Attorney General, President Pro Tempore of the Senate,
10 Speaker of the House of Representatives, State Board of Education,
11 or the technology center school district board. The State Auditor
12 and Inspector shall perform a special audit on any institution of
13 higher education within The Oklahoma State System of Higher
14 Education whenever the State Auditor and Inspector deems it
15 appropriate or upon receiving a written request to do so by any of
16 the following: the Governor, the Attorney General, the President
17 Pro Tempore of the Senate, the Speaker of the House of
18 Representatives, the governing board of the institution of higher
19 education, or the president of the institution of higher education.
20 The special audit shall include, but not necessarily be limited to,
21 a compliance audit. The special audit shall be conducted according
22 to the American Institute of Certified Public Accountants'
23 "Statements on Auditing Standards". Such audits shall be designed
24 to review items for management's compliance with statutes, rules,

1 policies and internal control procedures or other items applicable
2 to each entity. The costs of any such audit shall be borne by the
3 audited entity and may be defrayed, in whole or in part, by any
4 federal funds available for that purpose.

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

13 E. The State Auditor and Inspector shall perform a special
14 audit without notice on the office of any district attorney or on
15 any division of the Department of Corrections upon receiving a
16 written request to do so by any of the following: the Governor, the
17 Attorney General, or joint request of the President Pro Tempore of
18 the Senate and the Speaker of the House of Representatives. The
19 State Auditor and Inspector shall perform a special audit without
20 notice on any penal institution, corrections program, contract for
21 service or prison bed space provided to the Department of
22 Corrections, or any program administered by a district attorney's
23 office or staff of such office whenever the State Auditor and
24 Inspector deems it appropriate or upon receiving a written request

1 to do so by any of the following: the Governor, the Attorney
2 General, or joint request of the President Pro Tempore of the Senate
3 and the Speaker of the House of Representatives. The special audit
4 shall include, but not necessarily be limited to, a compliance
5 audit. Such audits shall be designed to review items for compliance
6 with statutes, rules, policies and internal control procedures or
7 other items applicable to each entity. The costs of any such audit
8 shall be paid by the state agency and may be defrayed, in whole or
9 in part, by any federal funds available for that purpose through any
10 audited program.

11 SECTION 3. This act shall become effective July 1, 2009.

12 SECTION 4. It being immediately necessary for the preservation
13 of the public peace, health and safety, an emergency is hereby
14 declared to exist, by reason whereof this act shall take effect and
15 be in full force from and after its passage and approval.

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1 Passed the House of Representatives the 9th day of March, 2009.

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4 Presiding Officer of the House of
Representatives

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6 Passed the Senate the ____ day of _____, 2009.

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9 Presiding Officer of the Senate