

ENGROSSED

House Bill No. 1592

As Amended

ENGROSSED HOUSE BILL NO. 1592 - By: Coody, Kern, Faught, Pittman and Tibbs of the House and Barrington of the Senate.

[ schools - bonds for officers - surety bond - special audit  
- effective date -  
emergency ]

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

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

Section 5-116a. A. The superintendent and any financial officer of a school district 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 Board of Education, to be approved as provided by law, and to assure the faithful performance of the duties of the covered officer and employees.

B. Whenever, by any presently existing law of this state or by any law hereafter enacted, the superintendent or any officer or other employee of any school district is required to furnish a surety bond as a prerequisite to employment, such as provided for in this section or any other law, the requirement as to terms,

1 conditions, penalty, amount or quality or type of surety shall be  
2 ~~and is hereby deemed and defined~~ to mean the furnishing of a  
3 separate bond or surety contract for each individual officer or  
4 employee, or the furnishing of a "blanket bond" ~~which is defined as.~~  
5 For purposes of this section, "blanket bond" means a school district  
6 officer and employees blanket position bond which covers all  
7 officers and employees up to the penalty of the bond for each  
8 officer and employee and the full penalty of the bond is always  
9 enforced during its term and no restoration is necessary and there  
10 is no additional premium after a loss is paid. ~~Such bond~~

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

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

21 Section 213. A. It shall be the duty of the State Auditor and  
22 Inspector to examine and report upon the books and financial  
23 accounts of the public, educational, charitable, penal and

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

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

21 C. The State Auditor and Inspector shall perform a special  
22 audit on common school districts and technology center districts  
23 upon receiving a written request to do so by any of the following:

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

21 D. In addition to any special audit conducted by the State  
22 Auditor and Inspector as provided for in subsection C of this  
23 section, the State Auditor and Inspector shall, contingent upon the

1 availability of funding, perform a special audit, without notice, on  
2 not more than four common school districts with an average daily  
3 membership (ADM) of less than one thousand (1,000) each year. The  
4 special audit shall be in a form as determined by the State Auditor  
5 and Inspector.

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

1 other items applicable to each entity. The costs of any such audit  
2 shall be paid by the state agency and may be defrayed, in whole or  
3 in part, by any federal funds available for that purpose through any  
4 audited program.

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

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

10 COMMITTEE REPORT BY: COMMITTEE ON APPROPRIATIONS, dated 4-1-09 - DO  
11 PASS, As Amended and Coauthored.