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THE STATE SENATE  
Wednesday, February 17, 2010

Committee Substitute for  
**Senate Bill No. 2034**

COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 2034- By: Coffee of the Senate and Sullivan of the House.

An Act relating to schools; amending 70 O.S. 2001, Sections 22-104, as amended by Section 15, Chapter 472, O.S.L 2005, 22-108, 22-109, and 22-110, as amended by Section 16, Chapter 472, O.S.L. 2005 (70 O.S. Supp. 2009, Sections 22-104, 22-110), which relate to the Oklahoma Public School Audit Law; modifying eligibility requirements for accountants to enter into certain audit contracts; transferring certain duties from the State Board of Education to the State Auditor and Inspector; providing an effective date; and declaring an emergency.

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

SECTION 1. AMENDATORY 70 O.S. 2001, Section 22-104, as amended by Section 15, Chapter 472, O.S.L. 2005 (70 O.S. Supp. 2009, Section 22-104), is amended to read as follows:

Section 22-104. A. The audit of each public school shall be made in accordance with generally accepted auditing standards as defined by the American Institute of Certified Public Accountants and shall comply with the most recent Government Auditing Standards issued by the United States Government Accountability Office, except in those instances in which such standards are in violation of the laws of the State of Oklahoma or the rules ~~and regulations~~ of the State Board of Education.

1 B. All accountants or partnerships of accountants, before  
2 entering into audit contracts required ~~under this article~~ pursuant  
3 to the Oklahoma Public School Audit Law, shall satisfy the ~~State~~  
4 ~~Board of Education~~ State Auditor and Inspector that such accountant  
5 or at least one partner of a partnership of accountants ~~is~~:

6 1. Is a resident of the State of Oklahoma ~~with~~;

7 2. Has at least two (2) years of public accounting experience  
8 ~~and is~~;

9 3. Is currently maintaining an office in the State of Oklahoma;  
10 and

11 4. Has completed a minimum of eight (8) clock hours of  
12 continuing education credit in school district accountancy during  
13 the prior year approved by the State Auditor and Inspector.

14 Any certified public accountant who is also an attorney licensed  
15 to practice law in the state and has engaged in the private practice  
16 of law for at least two (2) years shall be deemed to meet the  
17 experience requirement as provided in paragraph 2 of this ~~section~~  
18 subsection.

19 C. Accountants or partnerships of accountants shall submit  
20 their application with the most recent peer review and any letter of  
21 comment for approval or disapproval by the ~~State Board of Education~~  
22 State Auditor and Inspector for the current audit year on or before  
23 the first day of January of each calendar year. If and when the

1 State of Oklahoma requires all auditors to be licensed by the  
2 Oklahoma Accountancy Board, each accountant or partnership of  
3 accountants shall also satisfy the ~~State Board of Education~~ State  
4 Auditor and Inspector that such accountants or partnership of  
5 accountants has been so licensed and is held in good standing by the  
6 Oklahoma Accountancy Board during the period in which the audit was  
7 conducted before being placed on the list of approved school  
8 auditors. Provided, that any accountant approved prior to the  
9 requirement of such license and who is still in good standing with  
10 the ~~State Board of Education~~ State Auditor and Inspector shall  
11 continue to be eligible for approval and inclusion on the list of  
12 approved auditors.

13 D. All accountants or partnerships of accountants entering into  
14 audit contracts required ~~under this article~~ pursuant to the Oklahoma  
15 Public School Audit Law shall carry a minimum of Two Hundred Fifty  
16 Thousand Dollars (\$250,000.00) accountants' professional liability  
17 insurance or the total amount of the budget being audited, whichever  
18 is less.

19 SECTION 2. AMENDATORY 70 O.S. 2001, Section 22-108, is  
20 amended to read as follows:

21 Section 22-108. A. Each audit required by ~~this act~~ the  
22 Oklahoma Public School Audit Law shall be completed and the audit  
23 report thereon shall be submitted by the auditor to the local board

1 of education within ten (10) months after the close of the fiscal  
2 year of the local board of education.

3 B. One copy of the audit report shall be filed by the local  
4 board of education in the office of the county clerk of the county  
5 wherein the principal office of the local board of education is  
6 located.

7 C. One copy of the audit report shall be maintained by the  
8 local board of education as a public record for public inspection at  
9 all reasonable times at the office of the local board of education.  
10 All records shall be kept at least five (5) years.

11 D. The local board of education shall forward a copy of the  
12 audit report to the State Board of Education and the State Auditor  
13 and Inspector within thirty (30) days after receipt of ~~said the~~  
14 audit. The State Board of Education shall retain such copy in its  
15 office as a public record where it shall be available for public  
16 inspection at all reasonable times. ~~A copy of the audit report~~  
17 ~~shall be available to the State Auditor and Inspector from the State~~  
18 ~~Board of Education upon request by the State Auditor and Inspector~~  
19 ~~at all reasonable times.~~

20 E. The State Board of Education may make inquiries it deems  
21 necessary to determine that each school is properly complying with  
22 ~~this article~~ the Oklahoma Public School Audit Law. If within eleven  
23 (11) months after the end of the fiscal year of the public school a

1 copy of the audit report has not been received by the State Board of  
2 Education, an inquiry shall be made by the State Board of Education  
3 as to why such report has not been filed. Should the State Board of  
4 Education find that the local board of education has failed to cause  
5 an annual audit to be commenced, the State Board of Education shall  
6 make a written demand on ~~said~~ the board to complete and file such  
7 annual audit within thirty (30) days of the date of such demand.

8 SECTION 3. AMENDATORY 70 O.S. 2001, Section 22-109, is  
9 amended to read as follows:

10 Section 22-109. The State ~~Board of Education~~ Auditor and  
11 Inspector shall examine all reports submitted to it and shall  
12 determine whether ~~said~~ the reports comply with the provisions of  
13 ~~this article~~ the Oklahoma Public School Audit Law. If the State  
14 ~~Board of Education~~ Auditor and Inspector finds that they have not  
15 been complied with, the ~~Board~~ State Auditor and Inspector shall  
16 notify the local board of education and the auditor who submitted  
17 ~~said~~ the audit report by submitting to them a statement of  
18 deficiencies. If the deficiencies are not corrected within ninety  
19 (90) days from the date of the statement of deficiencies or within  
20 twelve (12) months after the end of the fiscal year of the local  
21 district, whichever is later, the State ~~Board of Education~~ Auditor  
22 and Inspector shall make or cause an audit to be made in the manner  
23 provided for in Section 22-108 of this ~~article~~ title.

1 SECTION 4. AMENDATORY 70 O.S. 2001, Section 22-110, as  
2 amended by Section 16, Chapter 472, O.S.L. 2005 (70 O.S. Supp. 2009,  
3 Section 22-110), is amended to read as follows:

4 Section 22-110. A. In any case where an accountant or  
5 partnership of accountants has knowingly issued an audit report,  
6 required under the provisions of ~~this article~~ the Oklahoma Public  
7 School Audit Law, containing any false or misleading statements, the  
8 ~~State Board of Education Auditor and Inspector~~ shall report such  
9 violation in writing to the board of education of such public school  
10 and in the case of Licensed Public Accountants, Certified Public  
11 Accountants, or partnerships of Certified Public Accountants, to the  
12 Oklahoma Accountancy Board. The State ~~Board of Education Auditor~~  
13 and Inspector shall revoke their rights to perform such audits in  
14 the future.

15 B. Any member of the governing body of the local board of  
16 education or any member, officer, employee or agency of any  
17 department, board or commission of the public school who knowingly  
18 and willfully furnishes to the auditor or to ~~his~~ an employee of the  
19 auditor any false or fraudulent information shall be deemed guilty  
20 of malfeasance, and upon conviction, the court shall enter judgment  
21 that such person so convicted shall be removed from office or  
22 employment of ~~said~~ the public school. It shall be the duty of the  
23 court rendering such judgment to cause immediate notice of such

1 removal from office or employment to be given to the proper officer  
2 of the school district so that the vacancy thus caused may be  
3 filled.

4 SECTION 5. This act shall become effective July 1, 2010.

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

9 COMMITTEE REPORT BY: COMMITTEE ON EDUCATION, dated 2-15-10 - DO  
10 PASS, As Amended and Coauthored.