

1 SB388
2 182632-1
3 By Senator Melson
4 RFD: Health and Human Services
5 First Read: 20-APR-17

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8 SYNOPSIS: Under existing law, city boards of education
9 are authorized under certain circumstances to
10 employ certified public accounting firms, in lieu
11 of the Department of Examiners of Public Accounts,
12 to perform required annual financial audits.

13 This bill would also authorize county boards
14 of education to employ certified public accounting
15 firms, in lieu of the Department of Examiners of
16 Public Accounts, to perform required annual
17 financial audits under certain circumstances.

18
19 A BILL
20 TO BE ENTITLED
21 AN ACT
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23 To amend Section 16-13A-7, Code of Alabama 1975,
24 relating to the annual audits of business and financial
25 transactions of local boards of education; to authorize county
26 boards of education to employ certified public accounting
27 firms, in lieu of the Department of Examiners of Public

1 Accounts, to perform required annual financial audits under
2 certain circumstances.

3 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

4 Section 1. Section 16-13A-7 of the Code of Alabama
5 1975, is amended to read as follows:

6 "§16-13A-7.

7 "(a) (1) The yearly business and financial
8 transactions of a local board of education shall be audited as
9 early as possible after the end of the fiscal year.

10 "(2) ~~The~~ Unless otherwise provided in this section,
11 audits of the books and accounts of local boards of education
12 shall be conducted by the Department of Examiners of Public
13 Accounts. The Department of Examiners of Public Accounts shall
14 audit, review, and otherwise investigate the receipts and
15 disbursements of funds of each local board in the same manner
16 as audits are performed on other agencies and departments of
17 the State of Alabama.

18 "(3) Any local board of education governing a city
19 school system, other than those city systems required by law
20 to be audited by the Department of Examiners of Public
21 Accounts on June 1, 2006, and any local board of education
22 governing a county school system may employ a certified public
23 accounting firm or firms or use the Department of Examiners of
24 Public Accounts to perform its yearly financial audit of its
25 books and accounts including a legal compliance audit and
26 program compliance audit. The foregoing to the contrary
27 notwithstanding, a city system or county system which has had

1 any financial form of intervention by the State Superintendent
2 of Education shall be audited by the Department of Examiners
3 of Public Accounts, or if any such intervention should become
4 necessary at any future date, ~~such~~ the city system or county
5 system shall be audited for three future years by the
6 Department of Examiners of Public Accounts. The Department of
7 Examiners of Public Accounts or the certified public
8 accounting firm or firms shall perform a yearly legal
9 compliance audit in accordance with Chapter 5 of Title 41, and
10 if the compliance audit results in adverse findings by the
11 Department of Examiners of Public Accounts or the certified
12 public accounting firm or firms, the adverse findings shall be
13 reported to the State Superintendent of Education. If the
14 adverse findings involve misappropriation or theft, such
15 findings shall also be reported to the appropriate district
16 attorney and the Attorney General.

17 "(b) Legal compliance audits and program compliance
18 audits performed by a private certified public accounting firm
19 shall adhere to the standards of the Department of Examiners
20 of Public Accounts for each respective type of audit. The
21 Department of Examiners of Public Accounts shall provide these
22 standards to the private certified public accounting firms.
23 Any adverse findings shall be noted in the audit report and
24 reported to the State Superintendent of Education. Such
25 adverse findings shall, upon request, be provided to any
26 member of the public.

1 "(c) A local board of education may request an audit
2 of system funds under control of the same local board by the
3 Department of Examiners of Public Accounts whenever there is a
4 permanent change in the position of local superintendent of
5 education or chief school financial officer.

6 "(d) A local board of education by majority vote may
7 unilaterally request an audit of any school or school system
8 account under control of the same local board by the
9 Department of Examiners of Public Accounts, if the board deems
10 such action is in the best interest of the school system.

11 "(e) The findings of audits conducted pursuant to
12 this section shall be presented to the local board of
13 education in a board meeting. The State Superintendent of
14 Education shall be sent a copy of the audit to review and
15 shall be notified of the time, place, and location of the
16 meeting at which the findings will be presented to the local
17 board of education. Audits are public records."

18 Section 2. This act shall become effective on the
19 first day of the third month following its passage and
20 approval by the Governor, or its otherwise becoming law.