

1 AN ACT relating to educational cooperatives.

2 ***Be it enacted by the General Assembly of the Commonwealth of Kentucky:***

3 ➔Section 1. KRS 160.290 is amended to read as follows:

4 (1) Each board of education shall have general control and management of the public
5 schools in its district and may establish schools and provide for courses and other
6 services as it deems necessary for the promotion of education and the general health
7 and welfare of pupils, consistent with the administrative regulations of the
8 Kentucky Board of Education. Each board shall have control and management of
9 all school funds and all public school property of its district and may use its funds
10 and property to promote public education. Each board shall exercise generally all
11 powers prescribed by law in the administration of its public school system, appoint
12 the superintendent of schools, and fix the compensation of employees.

13 (2) Each board shall make and adopt, and may amend or repeal, rules, regulations, and
14 bylaws for its meetings and proceedings for the management of the schools and
15 school property of the district, for the transaction of its business, and for the
16 qualification and duties of employees and the conduct of pupils. The rules,
17 regulations, and bylaws made by a board of education shall be consistent with the
18 general school laws of the state and shall be binding on the board of education and
19 parties dealing with it until amended or repealed by an affirmative vote of a
20 majority of the members of the board. The rules, regulations, and bylaws shall be
21 spread on the minutes of the board and be open to the public. The rules, regulations,
22 and bylaws may include the use of reverse auctions as defined in KRS 45A.070 in
23 the procurement of goods and leases.

24 (3) (a) Local boards of education electing to enter into agreements pursuant to the
25 Interlocal Cooperation Act, KRS 65.210 to 65.300, with other local boards of
26 education to establish consortia to provide services~~[in accordance with the~~
27 ~~Kentucky Education Reform Act of 1990, 1990 Ky. Acts Ch. 476,]~~ may

1 transfer real or personal property to the consortia without receiving fair
2 market value compensation.

3 **(b)** The joint or cooperative action may employ employees transferred from
4 employment of a local board of education, and the employees shall retain their
5 eligibility for the Kentucky Teachers' Retirement System.

6 **(c)** The chief state school officer, under administrative regulations of the
7 Kentucky Board of Education, may allot funding to an interlocal cooperative
8 board created by two (2) or more local school districts pursuant to KRS
9 65.210 to 65.300 to provide educational services for the mutual advantage of
10 the students in the representative districts.

11 **(d)** **1.** All statutes and administrative regulations that apply to the use of these
12 funds in local school districts shall also apply to **interlocal** cooperative
13 boards.

14 **2.** **All statutes and administrative regulations that impose requirements**
15 **or restrictions upon a school district or services rendered by a school**
16 **district shall also apply to an interlocal cooperative board or services**
17 **rendered by an interlocal cooperative board pursuant to the terms of**
18 **an interlocal agreement entered into by two (2) or more local school**
19 **districts pursuant to KRS 65.210 to 65.300, including but not limited to**
20 **all reporting requirements.**

21 **(e)** **In accordance with KRS 156.070, the Kentucky Board of Education shall**
22 **have the management and control of interlocal cooperative boards and all**
23 **programs operated by an interlocal cooperative board.**

24 ➔Section 2. KRS 156.255 is amended to read as follows:

25 As used in KRS 156.255 to 156.295:

26 (1) "Accountant" means a certified public accountant or a public accountant registered
27 with the State Board of Accountancy;[;]

- 1 (2) "Board" means the board of education of a school district;~~[-]~~
- 2 (3) "Committee" means the State Committee for School District Audits;~~[-]~~
- 3 (4) **"Interlocal cooperative board" means an interlocal cooperative board created by**
 4 **an interlocal cooperative agreement entered into by a local school district**
 5 **pursuant to Section 1 of this Act and KRS 65.210 to 65.300, including but not**
 6 **limited to special education cooperatives and regional education cooperatives;**
 7 **and**
- 8 **(5)** "State board" means the Kentucky Board of Education.

9 ➔Section 3. KRS 156.265 is amended to read as follows:

- 10 (1) There shall be a State Committee for School District Audits comprised of the
 11 Governor, or a person designated by him, the Attorney General, the Auditor of
 12 Public Accounts, a person designated by the Legislative Research Commission to
 13 represent the Office of Education Accountability, and the commissioner of
 14 education. The Auditor of Public Accounts shall be the chair of the committee.
- 15 (2) The committee shall have the accounts of each board **and interlocal cooperative**
 16 **board** audited not less than once every fiscal year. The committee also may, at any
 17 time, cause to be made a comprehensive and complete audit of any board **or**
 18 **interlocal cooperative board**. Upon the written request of the state board, the
 19 commissioner of education, the Attorney General, the Auditor of Public Accounts,
 20 the Governor, or the Office of Education Accountability, the committee may cause
 21 the accounts of a board **or interlocal cooperative board** to be audited. Each audit
 22 shall cover such period of time, and shall include such auditing procedures and
 23 standards, as the committee may designate.
- 24 (3) Audits authorized under this section are in addition to any audits contemplated
 25 under KRS 11.090 or 156.200 or KRS Chapter 43.
- 26 (4) **(a)** The actual expense of any **school district** audit authorized under this section
 27 shall be borne equally by the district board of education and by the committee

1 from funds allocated to it.

2 **(b) If an interlocal agreement entered into by a local school district pursuant to**
 3 **KRS 65.210 to 65.300 is silent on the issue, the actual expense of any**
 4 **interlocal cooperative board audit authorized under this section shall be**
 5 **borne by the interlocal cooperative board and by the committee from funds**
 6 **allocated to it.**

7 (5) The committee shall meet at least quarterly. Additional or special meetings may be
 8 called by the chair.

9 ➔Section 4. KRS 156.275 is amended to read as follows:

10 (1) The committee shall select, to make the audit authorized under KRS 156.265,
 11 accountants who are qualified under KRS Chapter 325 and the administrative
 12 regulations promulgated by the Kentucky State Board of Accountancy.

13 (2) Immediately upon completion of each audit, the accountant shall prepare a report of
 14 ~~the~~^{his} findings and recommendations in such form and in such detail as the
 15 committee may prescribe. The report shall be to the committee and in such number
 16 of copies as specified by the committee. The committee shall furnish one (1) copy
 17 to the Kentucky Board of Education, one (1) copy to the district board of education
 18 **or interlocal cooperative board** to which the report pertains, one (1) copy to the
 19 chief state school officer and one (1) copy to the Auditor of Public Accounts.
 20 ~~A~~^{The} district board of education shall keep a copy of the report on file in the
 21 office of the superintendent of schools of the district. **An interlocal cooperative**
 22 **board shall keep a copy of the report on file in the office of the executive director**
 23 **of the interlocal cooperative agency.**~~and~~ The report shall be open to inspection
 24 by any interested person, subject to reasonable rules as to time and place of
 25 inspection.

26 ➔Section 5. KRS 156.285 is amended to read as follows:

27 (1) The accountant shall have access to and may examine all books, accounts, reports,

1 vouchers, correspondence files, records, money, and property of any board or
2 interlocal cooperative board. Every officer or employee of any such board or
3 interlocal cooperative board having such records or property in his or her
4 possession or under his or her control shall permit access to and examination of
5 them upon the request of the accountant.

- 6 (2) The committee may require information on oath from any person touching any
7 matters relative to any account that the accountant is required to audit. The
8 committee may administer the oath, or have it done by any officer authorized to
9 administer an oath.
- 10 (3) The committee may issue process and compel the attendance of witnesses before it,
11 and administer oaths and compel witnesses to testify in any of the investigations the
12 accountant is authorized to make.

13 ➔Section 6. KRS 156.295 is amended to read as follows:

- 14 (1) Any officer or employee of a board or interlocal cooperative board or any other
15 person who prevents, attempts to prevent, or obstructs an examination by the
16 accountant made under KRS 156.265 and 156.275 is guilty of a high misdemeanor
17 and shall, upon indictment and conviction in the Circuit Court of competent
18 jurisdiction, be fined five hundred dollars (\$500).
- 19 (2) Any person who fails or refuses to permit the examination provided for in KRS
20 156.285 or who interferes with such examination shall be fined not less than one
21 hundred dollars (\$100) or imprisoned in the county jail for not less than one (1)
22 month nor more than twelve (12) months, or both. Each refusal shall constitute a
23 separate offense.
- 24 (3) Any person who has custody of any books, accounts, reports, vouchers,
25 correspondence, files, records, money, and property that the accountant is
26 authorized to examine under KRS 156.265 and 156.285 who fails or refuses when
27 called upon by the committee for that purpose to permit the accountant to inspect

1 any of such materials shall, upon conviction in the Circuit Court of competent
2 jurisdiction, be fined not more than five hundred dollars (\$500) and be subject to
3 removal as provided by law.

4 (4) Any person who refuses to be sworn when required by the committee to be sworn
5 for the purpose mentioned in subsection (2) of KRS 156.285 shall be fined not more
6 than five hundred dollars (\$500).

7 (5) Any witness called by the committee under subsection (3) of KRS 156.285 who
8 fails, without legal excuse, to attend or testify shall be fined not more than five
9 hundred dollars (\$500).