

# HOUSE BILL REPORT

## HB 1776

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**As Reported By House Committee On:**  
Appropriations

**Title:** An act relating to school audits.

**Brief Description:** Regarding school audits.

**Sponsors:** Representatives Huff, H. Sommers, Alexander, Benson, Clements, Wensman, O'Brien and Boldt; by request of Office of Financial Management.

**Brief History:**

**Committee Activity:**

Appropriations: 2/17/97, 2/26/97 [DPS].

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### HOUSE COMMITTEE ON APPROPRIATIONS

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 30 members: Representatives Huff, Chairman; Alexander, Vice Chairman; Clements, Vice Chairman; Wensman, Vice Chairman; H. Sommers, Ranking Minority Member; Doumit, Assistant Ranking Minority Member; Gombosky, Assistant Ranking Minority Member; Benson; Carlson; Chopp; Cody; Cooke; Crouse; Dyer; Grant; Keiser; Kenney; Kessler; Lambert; Linville; Mastin; McMorris; Parlette; Poulsen; Regala; D. Schmidt; Sehlin; Sheahan; Talcott and Tokuda.

**Staff:** Jack Daray (786-7178).

**Background:** The state auditor conducts fiscal audits of school districts. Portions of the audits concern the accuracy of enrollment and other data submitted to the state for payment of state and federal funds. Occasionally, the state auditor finds that erroneous data has been submitted, resulting in overpayments of state and federal funds.

The Office of the Superintendent of Public Instruction has clear rules for resolving audits involving recovery of federal money based on federal law and regulations. There is no formal audit resolution process for state moneys. The authority of the Superintendent of Public Instruction to require a school district to submit revised data is not clearly stated. The amount of state money to be recovered due to an audit is

often debated and sometimes disputed. There is little assurance that two districts with similar audit findings will be treated in the same way.

**Summary of Substitute Bill:** The Superintendent of Public Instruction shall withhold or recover state payments to school districts based on findings of the state auditor.

The superintendent is authorized to require school districts to submit revised data and is required to revise state payments accordingly.

The superintendent is required to adopt rules setting forth policies and procedures for audit resolutions.

**Substitute Bill Compared to Original Bill:** The Superintendent of Public Instruction is required to withhold or recover state payments to school districts; the original bill permitted this but did not require it.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date of Substitute Bill:** Ninety days after adjournment of session in which bill is passed.

**Testimony For:** This bill will provide consistency, open public review and safeguards of appeal for all parties involved in the audit process.

**Testimony Against:** None.

**Testified:** Alan Jones, Office of Financial Management; and Mike Bigelow, Office of the Superintendent of Public Instruction.