

Education Committee

HB 1989

Brief Description: *Reviewing school district financial management practices.*

Sponsors: *Representatives Anderson, Rockefeller, Quall, Cox, Fromhold, Miloscia, Pflug, Talcott, Santos and Keiser.*

Hearing Date: *2/21/01*

Staff: *Sydney Forrester (786-7120).*

Background:

The Joint Legislative Audit and Review Committee is comprised of eight senators appointed by the President of the Senate, and eight representatives appointed by the Speaker of the House. The committee is empowered to examine and review the use of appropriated funds and to conduct performance audits, fiscal reviews, and other studies necessary or desirable to promote economy, efficiency, and effectiveness in state government.

Summary of Bill:

The Joint Legislative Audit and Review Committee will develop an evaluation system, and conduct evaluations to determine whether districts are employing best financial practices. The evaluation system shall include specified components to evaluate particular functional areas. In designing the system, the committee will consult with legislative committees, the State Auditor, the Office of Financial Management, the Office of the Superintendent of Public Instruction, the State Board of Education (SBE), educational service districts, and other community and educational organizations.

To the extent funds are appropriated, the committee will evaluate three districts for best financial management practices during the 2001-2003 biennium. The three districts will include one with a student population less than five thousand, one with a population between five and 10 thousand, and one with a population greater than 10 thousand.

The committee shall notify districts selected for review and shall complete the evaluation within six months of notification. Within sixty days after completion of the evaluation, the committee shall issue a final report assessing the degree to which the district employs best

financial practices, and shall include recommendations for any improvements. Copies of the report will be provided to the district and other offices and agencies.

The SBE may acknowledge a district determined to be employing best financial practices by issuing a seal of best financial practices effective for five years or until the next review is completed.

A district not conforming to best financial practices will review the committee's recommendations and will respond within 90 days on how the district plans to implement the recommendations. The district will submit a two-year improvement plan that will include two status reports to the committee. The district's plan is subject to approval by the committee. The status reports will include documentation of changes, actual cost savings, cost avoidances, and other efficiencies. If the committee, with assistance from the state auditor, determines the district is employing best financial practices, the SBE may issue a seal of acknowledgment.

After the three evaluations are completed, the committee will report to the Legislature and recommend whether additional reviews should be conducted in future biennia.

Appropriation: *None.*

Fiscal Note: *Available.*

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