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HOUSE BILL NO. 898

Offered January 26, 1998

A BILL to amend and reenact §§ 15.2-2508, 15.2-2511, 22.1-81, and 22.1-89 of the Code of Virginia, relating to audits of school board records and accounts.

Patrons—Griffith, Dillard, Hamilton and McDonnell

Referred to Committee on Counties, Cities and Towns

Be it enacted by the General Assembly of Virginia:

1. That §§ 15.2-2508, 15.2-2511, 22.1-81, and 22.1-89 of the Code of Virginia are amended and reenacted as follows:

§ 15.2-2508. Governing bodies may require information of departments, etc.

A. Local governing bodies may require the heads or other responsible representatives of all departments, offices, divisions, boards, commissions and agencies of their localities to furnish such information as may be deemed advisable.

B. A constitutional officer, as defined in § 15.2-2511, for any such locality, to the extent information is required, shall be subject to the provisions of this section.

C. The local school board shall provide a copy of the audit conducted as required by § 22.1-81 to the local governing body.

§ 15.2-2511. Audit of local government records, etc.; Auditor of Public Accounts; audit of shortages.

A. Localities shall have all their accounts and records, including all accounts and records of their constitutional officers, audited annually as of June 30 by an independent certified public accountant in accordance with the specifications furnished by the Auditor of Public Accounts. The certified public accountant shall present a detailed written report to the local governing body at a public session by the following December 31. Every locality shall contract for the performance of the annual audit not later than April 1 of each fiscal year and such contract shall incorporate the provisions of this section relating to audit specifications and report date. The report shall be preserved by the clerk of the local governing body, and shall be open to public inspection at all times by any qualified voter.

The accounts and records of any county or city officer listed in Article VII, Section 4 of the Constitution of Virginia, hereinafter referred to as "constitutional officers," shall be subject to the provisions of this section; *however, audits of local school board accounts and records shall be conducted as required by § 22.1-81.*

In the event a locality fails to obtain the annual audit prescribed by this subsection, the Auditor of Public Accounts may undertake the audit or may employ the services of certified public accountants and charge the full cost of such services to the locality. However, no part of the cost and expense of such audit shall be paid by any locality whose governing body has its accounts audited for the fiscal years in question as prescribed above and furnishes the Auditor of Public Accounts with a copy of such audit.

B. The Auditor of Public Accounts shall audit the accounts of local governments and constitutional officers only when (i) special circumstances require an audit, or (ii) there is suspected fraud or inappropriate handling of funds which may affect the financial interests of the Commonwealth. In all instances, such audits shall be carried out with the approval of the Joint Legislative Audit and Review Commission.

Any shortage existing in the accounts of the locality or constitutional officer, as ascertained by the audit, shall be made public within thirty days after the shortage is discovered, and a brief statement thereof shall be sent by the Auditor of Public Accounts to the members and clerk of the local governing body and to the circuit court for the locality, and shall be filed in the clerk's office of such court.

C. The provisions of this section shall apply to all counties and cities, to all towns having a population of 3,500 or over, and to all towns constituting a separate school division regardless of their population.

§ 22.1-81. Annual report and audit.

A. Unless for good cause shown an extension of time not to exceed fifteen days is granted by the Superintendent of Public Instruction, each school board, with the assistance of the division superintendent, shall, on or before August 15 of each year, make a report covering the work of the schools for the year ending the preceding June 30 to the Board of Education on forms supplied by the Superintendent of Public Instruction.

B. School boards shall have their accounts and records audited annually as of June 30 by an independent certified public accountant in accordance with the specifications furnished by the Auditor of Public Accounts. The certified public accountant shall present a detailed written report to the school

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60 board at a public session by the following December 31. Every school board shall contract for the
61 performance of the annual audit not later than April 1 of each fiscal year and such contract shall
62 incorporate the provisions of this section relating to audit specifications and report date. The report
63 shall be preserved by the clerk of the school board, and shall be open to public inspection at all times
64 by any qualified voter.

65 If a school board fails to obtain the annual audit prescribed by this subsection, the Auditor of Public
66 Accounts may undertake the audit or may employ the services of certified public accountants and charge
67 the full cost of such services to the school board. However, no part of the cost and expense of such
68 audit shall be paid by any school board that has its accounts audited for the fiscal years in question as
69 prescribed in this section and furnishes the Auditor of Public Accounts with a copy of such audit.

70 C. The Auditor of Public Accounts shall audit the accounts of local school boards only when (i)
71 special circumstances require an audit, or (ii) there is suspected fraud or inappropriate handling of
72 funds which may affect the financial interests of the Commonwealth. In all instances, such audits shall
73 be carried out with the approval of the Joint Legislative Audit and Review Commission.

74 Any shortage existing in the accounts of the local school board, as ascertained by the audit, shall be
75 made public within thirty days after the shortage is discovered, and a brief statement thereof shall be
76 sent by the Auditor of Public Accounts to the members and clerk of the school board and to the circuit
77 court for the locality, and shall be filed in the clerk's office of such court.

78 D. The provisions of this section shall apply to all school boards in counties and cities, to all school
79 boards in towns having a population of 3,500 or over, and to all school boards in towns constituting a
80 separate school division regardless of their population.

81 § 22.1-89. Management of funds.

82 Each school board shall manage ~~and~~, control, and audit the funds made available to the school board
83 for public schools and may incur costs and expenses. Audits shall be conducted in accordance with
84 § 22.1-81. If funds are appropriated to the school board by major classification as provided in § 22.1-94,
85 no funds shall be expended by the school board except in accordance with such classifications without
86 the consent of the governing body appropriating the funds.