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MEMORANDUM

To: Chairman Abrams
Members of the Senate Committee on Education

From: Jason B. Long, Senior Assistant Revisor

Date: January 22, 2015

Subject: SB 8 – Repealing school district audit teams and school district performance audit requirements.

Senate Bill No. 8 would repeal K.S.A. 46-1130 and 46-1132. Currently, K.S.A. 46-1130 establishes the Legislative Post Audit school district audit team. K.S.A. 46-1132 requires that LPA conduct performance audits on school districts as directed by the 2010 Commission. The 2010 Commission was statutory commission established to oversee educational issue after the *Montoy* case. The statute providing for the 2010 Commission has since expired and the Commission no longer exists.

It should also be noted that K.S.A. 46-1133 requires that LPA conduct efficiency audits on school districts at the direction of the Legislative Post Audit Committee. This statute *is not* being repealed by SB 8.

If SB 8 is to be recommended favorably for passage, then a technical amendment is necessary to cleanup a cross reference in K.S.A. 46-1226.

The repeals would take effect on July 1, 2015, if enacted.

46-1130. School district audit team. There is hereby established within the division of post audit a school district audit team.

History: L. 2005, ch. 152, § 4; July 1.

46-1132. Same; school district performance audits. (a) In order to assist the legislature in the gathering of information which is necessary for the legislature's consideration when meeting its constitutional duties to: (1) Provide for intellectual, educational, vocational and scientific improvement in public schools established and maintained by the state; and (2) make suitable provision for the finance of educational interests of the state, the school district audit team established by K.S.A. 2014 Supp. 46-1130, and amendments thereto, shall conduct performance audits and shall monitor school district funding and other oversight issues through audit work as directed by the 2010 commission. Except as specifically provided by this section, school district performance audits shall be conducted in the manner provided by the legislative post audit act. The scope of such audit work may not be modified by the legislative post audit committee.

(b) The topics for school district performance audits may include:

- (1) The accuracy of school expenditures, reports or other information;
- (2) how school districts use the funding received from the state;
- (3) the relationship between school funding levels and costs;
- (4) the weights of various education program components or the level of equity achieved by the funding system;
- (5) whether funding levels for education programs or students are keeping up with the actual costs school districts report;
- (6) the basis for changes in school district costs;
- (7) the reasonableness of the amount and type of actual or budgeted expenditures compared with historical costs or with costs of other districts;
- (8) options for modifying the school funding formula;
- (9) other finance issues identified as needing further study;
- (10) whether a school district has adequate operating or administrative procedures and fiscal controls and whether it is efficiently managed;
- (11) best practices or innovative procedures, practices or controls operating within any school districts that could present opportunities for other school districts to operate more efficiently; and
- (12) any other topic as directed by the 2010 commission.

(c) In accordance with and subject to the scope of a school district performance audit approved by the commission as provided by this section, the legislative post auditor shall determine which school districts are to be audited based on the audit topics included and the resources available to conduct the audit.

(d) The provisions of subsection (g) of K.S.A. 46-1106, and amendments thereto, shall apply to any audit or audit work conducted pursuant to this section.

(e) Any firm which develops information in the course of conducting a school district performance audit which the legislative post auditor is required to report under subsection (d) of K.S.A. 46-1106, and amendments thereto, immediately shall report such information to the legislative post auditor. The legislative post auditor shall make the report required in subsection (d) of K.S.A. 46-1106, and amendments thereto.

(f) In conducting any school district performance audit and subject to the limitations of the budget of the division and appropriations therefor, the legislative post auditor may enter into contracts for consultants as the legislative post auditor deems necessary for any school district performance audit conducted under this section.

(g) This section shall be part of and supplemental to the legislative post audit act.

History: L. 2005, ch. 152, § 5; July 1.

46-1133. School district efficiency audits. (a) (1) Each fiscal year, the legislative division of post audit shall conduct three school district efficiency audits at the direction of the legislative post audit committee. One audit shall be conducted on a small unified school district; one audit shall be conducted on a medium unified school district; and one audit shall be conducted on a large unified school district. The legislative post audit committee shall make a determination of selecting the appropriate unified school districts first on a voluntary basis in order to implement the provisions of this section.

(2) No unified school district shall be required to participate in a school district efficiency audit under this subsection if such unified school district has participated in a similar efficiency audit with either the legislative division of post audit or any other organization in the previous five years.

(b) If a unified school district is being audited under subsection (a), upon completion of the audit, such school district shall publish a summary of its audit report with recommendations, if any, on the district's internet website. Such summary shall contain a notice that the complete audit report may be obtained or viewed free of charge at the unified school district office.

(c) The provisions of this section shall expire on June 30, 2017.

History: L. 2013, ch. 77, § 1; July 1.