

4556

2011-2012 Regular Sessions

I N   S E N A T E

April 12, 2011

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Introduced by Sen. RANZENHOFER -- read twice and ordered printed, and  
when printed to be committed to the Committee on Education

AN ACT to amend the education law, in relation to making internal audit  
functions optional by school districts unless an audit by the comp-  
troller reveals deficiencies

THE PEOPLE OF THE STATE OF NEW YORK, REPRESENTED IN SENATE AND ASSEM-  
BLY, DO ENACT AS FOLLOWS:

1     Section 1. Subdivisions 1, 2 and 7 of section 2116-b of the education  
2     law, as added by chapter 263 of the laws of 2005, are amended and a new  
3     subdivision 8 is added to read as follows:  
4     1. No later than July first, two thousand six, each school district  
5     shall establish an internal audit function to be in operation no later  
6     than the following December thirty-first. Such function shall include:  
7     (a) development of a risk assessment of district operations, including  
8     but not limited to, a review of financial policies and procedures and  
9     the testing and evaluation of district internal controls; (b) [an annu-  
10    al] A review and update of such risk assessment; and (c) preparation of  
11    reports[, at least annually or more frequently as the trustees or board  
12    of education may direct,] which analyze significant risk assessment  
13    findings, recommend changes for strengthening controls and reducing  
14    identified risks, and specify timeframes for implementation of such  
15    recommendations.  
16    2. School districts of less than eight teachers, school districts with  
17    actual general fund expenditures totaling less than five million dollars  
18    in the previous school year, or school districts with actual enrollment  
19    of less than three hundred students in the previous school year shall be  
20    exempt from this requirement. Any school district claiming such  
21    exemption shall [annually] certify to the commissioner that such school  
22    district meets the requirements set forth in this subdivision.  
23    7. Nothing in this section shall be construed as requiring a school  
24    district in any city with a population of one hundred twenty-five thou-

EXPLANATION--Matter in *ITALICS* (underscored) is new; matter in brackets  
[ ] is old law to be omitted.

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1 sand or more to replace or modify an existing internal audit function  
2 where such function already exists by special or local law, so long as  
3 the superintendent of the district [annually] certifies to the commis-  
4 sioner that the existing internal audit function meets or exceeds the  
5 requirements of this section.

6 8. NOTWITHSTANDING ANY OTHER PROVISION OF LAW TO THE CONTRARY, THE  
7 INTERNAL AUDIT FUNCTION ESTABLISHED PURSUANT TO THIS SECTION SHALL BE  
8 OPTIONAL BY ALL SCHOOL DISTRICTS UNLESS THE COMPTROLLER FINDS DEFICIEN-  
9 CIES IN THE AUDIT PERFORMED PURSUANT TO SECTION THIRTY-THREE OF THE  
10 GENERAL MUNICIPAL LAW. IF DEFICIENCIES ARE FOUND BY THE COMPTROLLER,  
11 SCHOOL DISTRICTS SHALL PERFORM BI-ANNUAL INTERNAL AUDITS UNTIL THE COMP-  
12 TROLLER CONDUCTS ANOTHER AUDIT OF SUCH SCHOOL DISTRICT.

13 S 2. This act shall take effect on the first of July next succeeding  
14 the date on which it shall have become a law.