

2502--B

2013-2014 Regular Sessions

I N S E N A T E

January 18, 2013

Introduced by Sens. RANZENHOFER, DeFRANCISCO, MARCHIONE -- read twice and ordered printed, and when printed to be committed to the Committee on Education -- reported favorably from said committee, ordered to first report, amended on first report, ordered to a second report and ordered reprinted, retaining its place in the order of second report -- recommitted to the Committee on Education in accordance with Senate Rule 6, sec. 8 -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

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

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

1 Section 1. Subdivisions 1, 2 and 7 of section 2116-b of the education
2 law, subdivisions 1 and 7 as added by chapter 263 of the laws of 2005,
3 and subdivision 2 as amended by section 4 of part A of chapter 57 of the
4 laws of 2013, are amended and a new subdivision 8 is added to read as
5 follows:
6 1. No later than July first, two thousand six, each school district
7 shall establish an internal audit function to be in operation no later
8 than the following December thirty-first. Such function shall include:
9 (a) development of a risk assessment of district operations, including
10 but not limited to, a review of financial policies and procedures and
11 the testing and evaluation of district internal controls; (b) [an annu-
12 al] A review and update of such risk assessment; and (c) preparation of
13 reports[, at least annually or more frequently as the trustees or board
14 of education may direct,] which analyze significant risk assessment
15 findings, recommend changes for strengthening controls and reducing
16 identified risks, and specify timeframes for implementation of such
17 recommendations.

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

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1 2. School districts of less than eight teachers, school districts with
2 actual general fund expenditures totaling less than five million dollars
3 in the previous school year, or school districts with actual enrollment
4 of less than one thousand five hundred students in the previous school
5 year shall be exempt from this requirement. Any school district claiming
6 such exemption shall [annually] certify to the commissioner that such
7 school district meets the requirements set forth in this subdivision.

8 7. Nothing in this section shall be construed as requiring a school
9 district in any city with a population of one hundred twenty-five thou-
10 sand or more to replace or modify an existing internal audit function
11 where such function already exists by special or local law, so long as
12 the superintendent of the district [annually] certifies to the commis-
13 sioner that the existing internal audit function meets or exceeds the
14 requirements of this section.

15 8. NOTWITHSTANDING ANY OTHER PROVISION OF LAW TO THE CONTRARY, THE
16 INTERNAL AUDIT FUNCTION ESTABLISHED PURSUANT TO THIS SECTION SHALL BE
17 OPTIONAL BY ALL SCHOOL DISTRICTS UNLESS THE COMPTROLLER FINDS DEFICIEN-
18 CIES IN THE AUDIT PERFORMED PURSUANT TO SECTION THIRTY-THREE OF THE
19 GENERAL MUNICIPAL LAW. IF DEFICIENCIES ARE FOUND BY THE COMPTROLLER,
20 SCHOOL DISTRICTS SHALL PERFORM BIENNIAL INTERNAL AUDITS UNTIL THE COMP-
21 TROLLER CONDUCTS ANOTHER AUDIT OF SUCH SCHOOL DISTRICT.

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