§ 33. Accounts of officers to be examined. 1. Inspection and examination of certain accounts. The comptroller shall cause the accounts of all officers of each such municipal corporation, industrial development agency, district, agency and activity to be inspected and examined by one or more examiners of municipal affairs for such periods as the comptroller shall deem necessary. On every such examination inquiry shall be made as to the financial condition and resources of the municipal corporation, industrial development agency, district, agency or activity, and into the method and accuracy of its accounts.

2. Audits of school districts, boards of cooperative educational services (BOCES) and charter schools. a. Notwithstanding any other provisions of law to the contrary, the inspection and examination of school districts, charter schools and boards of cooperative educational services accounts shall be conducted pursuant to provisions of this subdivision. Within such funds as are made available for such purpose, the comptroller shall cause the accounts of every school district, BOCES and charter school in the state to be examined pursuant to a plan developed by the comptroller. Such audits shall be conducted in a manner so as to provide, that every school district, BOCES and charter school shall be audited at least once by March thirty-first, two thousand ten. The priority and frequency of such audits, and any audits conducted thereafter, shall be based upon a risk assessment process conducted by the comptroller which may include investigations of alleged improprieties, previous audit findings and recommendations, or other financial performance indicators. The comptroller shall provide affected school districts, BOCES and charter schools reasonable prior notice before the commencement of any audit.

b. In undertaking such audits the comptroller's review shall include, but not be limited to:

(1) examining, auditing and evaluating financial documents and records of school districts, BOCES and charter schools,

(2) assessing the current financial practices of school districts, BOCES and charter schools to ensure that they are consistent with established standards, including whether any school district that uses a risk-based or sampling methodology to determine which claims are to be

audited in lieu of auditing all claims has adopted a methodology that provides reasonable assurance that all the claims represented in the sample are proper charges against the school district; and

(3) determining that school districts, BOCES, and charter schools provide for adequate protections against any fraud, theft, or professional misconduct.

c. All audits shall include any appropriate findings and recommendations of the auditors, regarding the fiscal practices that the auditors believe to be in violation of, any state or federal law, rule or regulation, or demonstrate negligence or incompetence.

d. The office of the state comptroller shall upon making a finding of misconduct refer any findings of fraud, abuse or other conduct constituting a crime that are uncovered during the course of an audit, as appropriate, to the commissioner of education, the charter entity, the attorney general, United States attorney or district attorney having jurisdiction for appropriate action, together with any documents supporting the auditors' findings.

e. The final audit report resulting from audits performed pursuant to this section shall be made available to the public by school districts, BOCES or charter schools upon request for a period of at least five years. Furthermore, the school district, BOCES, or charter school shall be required to post the final audit report on their internet website, if available, or otherwise make available, for a period of five years.

f. Upon the request of the comptroller, any state agency, board of cooperative educational services, school district or charter school, shall cooperate with and make its staff, facilities, and resources available to the comptroller for the purpose of assisting the comptroller in carrying out all actions taken pursuant to this section, and shall provide the comptroller upon request, with all data and records in its possession that relate to audits undertaken pursuant to this section.

g. The comptroller shall inform and advise the governor and the

legislature in December of each year regarding a review of all school districts, BOCES, and charter schools audits conducted during the preceding twelve months and any other pertinent information the comptroller deems appropriate.

3. Examinations and report. In addition to the inspection and examination of certain accounts pursuant to this section, the comptroller by the end of the two thousand eleven--two thousand twelve school year, shall also examine for the most recent school year as practicable, the employee benefit accrued liability reserve funds of school districts established pursuant to section six-p of this chapter. Such examination shall be for the purpose of determining the amount of funding in the reserve fund, the amount of liabilities against such fund and if there exist funds in the reserve fund which are in excess of the total liabilities of such fund. The comptroller shall notify the school district if such excess funds exist and the dollar value of the excess funding. The comptroller shall also prepare a report on the school districts with excess funds in their employee benefit accrued liability reserve fund and the amount of the excess funding for each district. Such report shall be submitted by July first, two thousand twelve to the director of the budget, the chair of the senate finance committee, the chair of the assembly ways and means committee and the commissioner of education.