

1 State of Arkansas
2 84th General Assembly
3 Second Extraordinary Session, 2003
4

As Engrossed: H1/21/04 S1/26/04

Call Item 4

A Bill

HOUSE BILL 1114

5 By: Representatives Chesterfield, Bond, Childers, Hardwick, Jackson, J. Johnson, Mack
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7

For An Act To Be Entitled

9 AN ACT TO REQUIRE AUDIT REPORTS OF SCHOOL
10 DISTRICTS NOT CONDUCTED BY LEGISLATIVE AUDIT TO
11 BE FILED WITHIN NINE (9) MONTHS FOLLOWING THE END
12 OF EACH FISCAL YEAR.
13

Subtitle

15 AN ACT TO REQUIRE AUDIT REPORTS OF
16 SCHOOL DISTRICTS NOT CONDUCTED BY
17 LEGISLATIVE AUDIT TO BE FILED WITHIN
18 NINE (9) MONTHS FOLLOWING THE END OF
19 EACH FISCAL YEAR.
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22 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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24 SECTION 1. Arkansas Code § 6-20-1801 is amended to read as follows:
25 6-20-1801. Filing of audit reports.

26 (a)(1) Unless a shorter period is prescribed by law or regulation, all
27 school districts' annual audits not conducted by the Division of Legislative
28 Audit shall be completed and filed with the Department of Education and the
29 division ~~within eighteen (18) months~~ within nine (9) months following the end
30 of each fiscal year.

31 (2) At the request of the school district, the Department of
32 Education may grant an extension of up to ninety (90) days on the deadline
33 under this subsection (a).

34 (b)(1) All school district contracts for audit services with private
35 certified public accountants shall contain a provision requiring completion
36 of the audit and filing of the audit reports by the auditor with the



1 department and the division ~~within eighteen (18) months~~ within nine (9)
2 months following the end of each fiscal year.

3 (2) At the request of the school district, the Department of
4 Education may grant an extension of up to ninety (90) days on the deadline
5 under this subsection (b).

6 (c) The division shall annually provide the department a list of
7 school districts audited by the division and update the department on any
8 changes throughout the year.

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10 SECTION 2. Arkansas Code § 6-20-1802 is amended to read as follows:

11 6-20-1802. Fiscal distress for failure to file.

12 (a) Any school district failing to file an audit report required by §
13 6-20-1801 ~~within the eighteen-month~~ nine-month time period or within the time
14 period under any extension granted by the Department of Education shall
15 automatically be considered by the Department of Education to be in fiscal
16 distress.

17 (b) By January 31 of each year, the department, by certified mail,
18 shall notify school districts failing to file required audit reports that the
19 school district is considered in fiscal distress.

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21 SECTION 3. Arkansas Code § 6-20-1804 is amended to read as follows:

22 6-20-1804. List of ineligible accountants.

23 (a) The Department of Education shall maintain a list of accountants
24 or accounting firms ineligible to conduct school district audits. Accountants
25 or accounting firms placed on the ineligibility list by the department shall
26 be ineligible to conduct school audits for a period determined by the
27 department but which shall not exceed a five-year period from the end of the
28 fiscal year for which the audit report was contracted to be prepared.

29 (b) Before entering into contracts for audit services, school
30 districts shall inquire with the department which accountants are ineligible
31 to conduct public school audits.

32 (c) The department may place accountants or accounting firms on the
33 ineligibility list for any of the following reasons:

34 (1) If in the opinion of the department or the Legislative Joint
35 Auditing Committee, a school district audit report is not filed ~~within the~~
36 ~~eighteen-month~~ nine-month time period or within the time period under any

1 extension granted by the Department of Education with the department and the
2 Division of Legislative Audit as required by § 6-20-1801 because of neglect
3 or fault of the certified public accountant or accounting firm;

4 (2) If the Arkansas State Board of Public Accountancy's Quality
5 Review Committee reports to the department and the Legislative Joint Auditing
6 Committee that a school district audit report shows evidence of lack of
7 general conformity with applicable professional standards or state laws and
8 regulations or evidence that the report is substandard or seriously
9 questionable; or

10 (3) Any other compelling reason that the department believes
11 justifies placing the accountant or accounting firm on the ineligibility
12 list.

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14 SECTION 4. The provisions of this act shall be effective beginning on
15 June 30, 2005 for the 2005-2006 fiscal year and each fiscal year thereafter.

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17 /s/ Chesterfield
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