

State of Arkansas

As Engrossed: H1/21/04

Call Item 4

84th General Assembly

A Bill

Second Extraordinary Session, 2003

HOUSE BILL 1114

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

For An Act To Be Entitled

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

Subtitle

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

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

SECTION 1. Arkansas Code § 6-20-1801 is amended to read as follows:
6-20-1801. Filing of audit reports.

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

(b) All school district contracts for audit services with private certified public accountants shall contain a provision requiring completion of the audit and filing of the audit reports by the auditor with the department and the division ~~within eighteen (18) months~~ within nine (9) months following the end of each fiscal year.

(c) The division shall annually provide the department a list of



1 school districts audited by the division and update the department on any
2 changes throughout the year.

3
4 SECTION 2. Arkansas Code § 6-20-1802 is amended to read as follows:

5 6-20-1802. Fiscal distress for failure to file.

6 (a) Any school district failing to file an audit report required by §
7 6-20-1801 *within the ~~eighteen-month~~ nine-month time period* shall
8 automatically be considered by the Department of Education to be in fiscal
9 distress.

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

13
14 SECTION 3. Arkansas Code § 6-20-1804 is amended to read as follows:

15 6-20-1804. List of ineligible accountants.

16 (a) The Department of Education shall maintain a list of accountants
17 or accounting firms ineligible to conduct school district audits. Accountants
18 or accounting firms placed on the ineligibility list by the department shall
19 be ineligible to conduct school audits for a period determined by the
20 department but which shall not exceed a five-year period from the end of the
21 fiscal year for which the audit report was contracted to be prepared.

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

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

27 (1) If in the opinion of the department or the Legislative Joint
28 Auditing Committee, a school district audit report is not filed *within the*
29 *~~eighteen-month~~ nine-month time period* with the department and the Division of
30 Legislative Audit as required by § 6-20-1801 because of neglect or fault of
31 the certified public accountant or accounting firm;

32 (2) If the Arkansas State Board of Public Accountancy's Quality
33 Review Committee reports to the department and the Legislative Joint Auditing
34 Committee that a school district audit report shows evidence of lack of
35 general conformity with applicable professional standards or state laws and
36 regulations or evidence that the report is substandard or seriously

1 questionable; or

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

5
6 SECTION 4. The provisions of this act shall be effective beginning on
7 June 30, 2005 for the 2005-2006 fiscal year and each fiscal year thereafter.

8
9 /s/ Chesterfield, et al
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36