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HOUSE BILL 107

50TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2012

INTRODUCED BY

Jimmie C. Hall

FOR THE LEGISLATIVE EDUCATION STUDY COMMITTEE

AN ACT

RELATING TO PUBLIC SCHOOL FINANCE; REQUIRING CHARTER SCHOOL
AUTHORIZERS TO MONITOR CHARTER SCHOOL AUDITS AND CORRECTIONS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

SECTION 1. Section 22-8-13.1 NMSA 1978 (being Laws 2009,
Chapter 273, Section 2) is amended to read:

"22-8-13.1. SCHOOL DISTRICT AND CHARTER SCHOOL AUDITS--
SANCTIONS FOR NOT SUBMITTING TIMELY AUDIT REPORTS.--

A. Each school district and charter school shall
have an annual audit as required by the Audit Act and rules of
the state auditor that shall be completed and submitted to the
state auditor by the date specified in rules of the state
auditor. At the completion of the annual or any special audit,
[the] each school district [~~or~~] and charter school shall submit
a copy of the audit report to the department and, for the

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1 charter school, the charter school authorizer.

2 B. School districts and charter schools shall
3 comply with due dates for annual audits specified by rule of
4 the state auditor. Failure to submit a timely audit report
5 shall subject a school district or charter school to
6 progressive sanctions. A school district or charter school
7 that does not submit an annual audit report:

8 (1) within ninety days from the due date,
9 shall be required to submit monthly financial reports to the
10 department until the department is satisfied that the school
11 district or charter school is in compliance with all financial
12 and audit requirements;

13 (2) after ninety days but within one hundred
14 eighty days from the due date, may be withheld temporarily in
15 an amount up to five percent of its current-year state
16 equalization guarantee distribution;

17 (3) after one hundred eighty days but within
18 two hundred seventy days, may be withheld temporarily in an
19 amount up to seven percent of its current-year state
20 equalization guarantee distribution and may be required to
21 submit a corrective action plan to the secretary; and

22 (4) after two hundred seventy days, may be
23 withheld temporarily in an amount up to seven percent of its
24 current-year state equalization guarantee distribution and may
25 be subject to the secretary's suspension of the local school

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1 board or governing body acting as a board of finance.
2 C. If a charter school audit shows internal control
3 deficiencies or material weaknesses, the charter school
4 authorizer shall monitor the charter school's accounting and
5 internal control system and its fiscal condition until the
6 deficiencies or material weaknesses are corrected and the next
7 audit shows no deficiencies or weaknesses. Monitoring shall
8 include at least one site visit to the charter school to assist
9 the charter school in establishing an adequate accounting and
10 internal control system. The charter school shall provide at
11 least quarterly status reports to the charter school authorizer
12 on the charter school's efforts to correct deficiencies or
13 material weaknesses; provided that the charter school
14 authorizer may require more frequent reports based on the
15 severity of the audit findings. If a charter school receives a
16 qualified opinion on its audit, the department shall work with
17 the charter school authorizer to assist the charter school to
18 improve its accounting and internal control system and shall
19 require monthly status reports."