

AN ACT

RELATING TO PUBLIC SCHOOLS; REQUIRING LOCAL SCHOOL BOARDS AND GOVERNING AUTHORITIES OF CHARTER SCHOOLS TO ESTABLISH FINANCE SUBCOMMITTEES AND AUDIT COMMITTEES; REQUIRING MEMBERSHIP TO INCLUDE PERSONS WITH ACCOUNTING OR FINANCIAL EXPERIENCE AND PARENTS.

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

Section 1. A new section of the Public School Code is enacted to read:

"LOCAL SCHOOL BOARD FINANCE SUBCOMMITTEE--AUDIT COMMITTEE--MEMBERSHIP--DUTIES.--

A. As used in this section, "local school board" includes the governing authority of a charter school.

B. Each local school board shall appoint at least two members of the board as a finance subcommittee to assist the board in carrying out its budget and finance duties.

C. The finance subcommittee shall:

(1) make recommendations to the local school board in the following areas:

(a) financial planning, including reviews of the school district's revenue and expenditure projections;

(b) review of financial statements and periodic monitoring of revenues and expenses;

(c) annual budget preparation and oversight; and

(d) procurement; and

(2) serve as an external monitoring committee on budget and other financial matters.

D. Except as otherwise provided in this section, each local school board shall appoint an audit committee that consists of two board members, one volunteer member who is a parent of a student attending that school district and one volunteer member who has experience in accounting or financial matters. The superintendent and the school district business manager shall serve as ex-officio members of the committee. A local school board with more than five members may appoint more than two board members to its audit committee. The audit committee shall:

(1) evaluate the request for proposal for annual financial audit services;

(2) recommend the selection of the financial auditor;

(3) attend the entrance and exit conferences for annual and special audits;

(4) meet with external financial auditors at least monthly after audit field work begins until the conclusion of the audit;

(5) be accessible to the external financial

auditors as requested to facilitate communication with the board and the superintendent;

(6) track and report progress on the status of the most recent audit findings and advise the local school board on policy changes needed to address audit findings;

(7) provide other advice and assistance as requested by the local school board; and

(8) be subject to the same requirements regarding the confidentiality of audit information as those imposed upon the local school board by the Audit Act and rules of the state auditor."

---