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HOUSE BILL 98

**50TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2011**

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 and the charter school authorizer, as applicable,  
by the date specified in rules of the state auditor. At the  
completion of the annual or any special audit, the school  
district or charter school shall submit a copy of the audit

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underscored material = new  
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1 report to the department.

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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underscoring material = new  
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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 authorizer on the charter  
12 school's efforts to correct deficiencies or material  
13 weaknesses; provided that the authorizer may require more  
14 frequent reports based on the severity of the audit findings.  
15 If a charter school receives a qualified opinion on its audit,  
16 the department shall work with the charter school authorizer to  
17 assist the charter school to improve its accounting and  
18 internal control system and shall require monthly status  
19 reports."

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