



HOUSE BILL No. 5386

February 16, 2000, Introduced by Rep. Switalski and referred to the Committee on Education.

A bill to amend 1976 PA 451, entitled "The revised school code," by amending section 653 (MCL 380.653) and by adding sections 506a and 1220.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 SEC. 506A. IN ADDITION TO OTHER OVERSIGHT OF PUBLIC SCHOOL
2 ACADEMIES AS PROVIDED BY LAW, AN INTERMEDIATE SCHOOL DISTRICT
3 SHALL OVERSEE AND MONITOR THE OPERATIONS OF THE PUBLIC SCHOOL
4 ACADEMIES LOCATED WITHIN ITS BOUNDARIES TO THE SAME EXTENT AS THE
5 INTERMEDIATE SCHOOL DISTRICT OVERSEES AND MONITORS THE OPERATIONS
6 OF ITS CONSTITUENT SCHOOL DISTRICTS. THIS OVERSIGHT SHALL
7 INCLUDE OVERSIGHT OF MANAGEMENT COMPANIES OR OTHER ENTITIES PRO-
8 VIDING SERVICES TO PUBLIC SCHOOL ACADEMIES UNDER AN AGREEMENT
9 DESCRIBED IN SECTION 504A(D).

1 Sec. 653. The intermediate superintendent shall be the
2 executive officer of the intermediate school board and shall DO
3 ALL OF THE FOLLOWING:

4 (a) Put into practice IN ALL SCHOOL DISTRICTS AND PUBLIC
5 SCHOOL ACADEMIES LOCATED WITHIN THE INTERMEDIATE SCHOOL DISTRICT
6 the educational policies of the state and of the intermediate
7 school board.

8 (b) Recommend in writing all employees.

9 (c) Suspend an employee for cause until the intermediate
10 school board considers the suspension.

11 (d) Supervise and direct the work of assistants and other
12 employees of the intermediate school board.

13 (e) Examine and audit the books and records of a constituent
14 SCHOOL district ~~when~~ OR OF A PUBLIC SCHOOL ACADEMY LOCATED
15 WITHIN THE INTERMEDIATE SCHOOL DISTRICT, OR OF A MANAGEMENT COM-
16 PANY OR OTHER CONTRACTOR PROVIDING SERVICES TO SUCH A SCHOOL DIS-
17 TRICT OR PUBLIC SCHOOL ACADEMY, IF directed to do so by the state
18 board OR SUPERINTENDENT OF PUBLIC INSTRUCTION.

19 (f) Perform duties the state board and the intermediate
20 school board prescribe, make reports as may be required by the
21 state board, and at the close of his term of office deliver all
22 records, books, and papers belonging to the office to the inter-
23 mediate superintendent's successor.

24 (g) Examine in constituent SCHOOL districts not employing a
25 superintendent the statements of taxes to be raised by the con-
26 stituent ~~districts~~ SCHOOL DISTRICT required by law to be filed
27 with the township clerk and the county board of commissioners at

1 the October session of the board, and notify the secretary of the
2 board of a constituent SCHOOL district that fails to file tax
3 statements required by law, or has failed to qualify for state
4 school aid.

5 (h) Make written reports to the boards of constituent SCHOOL
6 districts AND GOVERNING BOARDS OF PUBLIC SCHOOL ACADEMIES LOCATED
7 WITHIN THE INTERMEDIATE SCHOOL DISTRICT in regard to all matters
8 pertaining to the educational interests of the SCHOOL districts
9 AND PUBLIC SCHOOL ACADEMIES.

10 SEC. 1220. (1) FOR THE PURPOSE OF DETERMINING THE REASON-
11 ABLENESS OF EXPENDITURES AND WHETHER A VIOLATION OF STATE LAW HAS
12 OCCURRED, THE DEPARTMENT SHALL REQUIRE THAT THE GOVERNING BOARD
13 OF EACH SCHOOL DISTRICT, PUBLIC SCHOOL ACADEMY, AND INTERMEDIATE
14 SCHOOL DISTRICT HAVE AN AUDIT OF THE SCHOOL DISTRICT'S, PUBLIC
15 SCHOOL ACADEMY'S, OR INTERMEDIATE SCHOOL DISTRICT'S FINANCIAL AND
16 PUPIL ACCOUNTING RECORDS CONDUCTED AT LEAST ANNUALLY AT THE
17 EXPENSE OF THE SCHOOL DISTRICT, PUBLIC SCHOOL ACADEMY, OR INTER-
18 MEDIATE SCHOOL DISTRICT, AS APPLICABLE. IF A SCHOOL DISTRICT OR
19 PUBLIC SCHOOL ACADEMY HAS CONTRACTED FOR MANAGEMENT SERVICES OR
20 OTHER OPERATIONAL SERVICES, THE AUDIT SHALL INCLUDE RECORDS OF
21 THE CONTRACTOR RELATING TO THE MANAGEMENT OR OPERATION OF THE
22 SCHOOL DISTRICT OR PUBLIC SCHOOL ACADEMY. THE AUDIT SHALL BE
23 CONDUCTED BY A CERTIFIED PUBLIC ACCOUNTANT OR BY THE INTERMEDIATE
24 SUPERINTENDENT, AS MAY BE REQUIRED BY THE DEPARTMENT, OR IN THE
25 CASE OF A SCHOOL DISTRICT OF THE FIRST CLASS, BY A CERTIFIED
26 PUBLIC ACCOUNTANT, THE INTERMEDIATE SUPERINTENDENT, OR THE
27 AUDITOR GENERAL OF THE CITY. AN INTERMEDIATE SCHOOL DISTRICT'S

1 ANNUAL FINANCIAL AUDIT SHALL BE ACCOMPANIED BY THE INTERMEDIATE
2 SCHOOL DISTRICT'S PUPIL ACCOUNTING PROCEDURES REPORT. A SCHOOL
3 DISTRICT'S, PUBLIC SCHOOL ACADEMY'S, OR INTERMEDIATE SCHOOL
4 DISTRICT'S ANNUAL FINANCIAL AUDIT SHALL INCLUDE AN ANALYSIS OF
5 THE FINANCIAL AND PUPIL ACCOUNTING DATA USED AS THE BASIS FOR
6 DISTRIBUTION OF STATE SCHOOL AID. THE PUPIL ACCOUNTING RECORDS
7 AND REPORTS, AUDITS, AND MANAGEMENT LETTERS ARE SUBJECT TO
8 REQUIREMENTS ESTABLISHED IN THE AUDITING AND ACCOUNTING MANUALS
9 APPROVED AND PUBLISHED BY THE DEPARTMENT.

10 (2) EXCEPT AS OTHERWISE PROVIDED IN THIS SUBSECTION, THE
11 BOARD OF A SCHOOL DISTRICT OR BOARD OR DIRECTORS OF A PUBLIC
12 SCHOOL ACADEMY SHALL FILE THE ANNUAL FINANCIAL AUDIT REPORTS WITH
13 THE INTERMEDIATE SCHOOL DISTRICT NOT LATER THAN 120 DAYS AFTER
14 THE END OF EACH SCHOOL FISCAL YEAR AND THE INTERMEDIATE SCHOOL
15 DISTRICT SHALL FORWARD THE ANNUAL FINANCIAL AUDIT REPORTS FOR
16 SCHOOL DISTRICTS OR PUBLIC SCHOOL ACADEMIES LOCATED WITHIN THE
17 INTERMEDIATE SCHOOL DISTRICT AND FOR THE INTERMEDIATE SCHOOL DIS-
18 TRICT, AND THE PUPIL ACCOUNTING PROCEDURES REPORT FOR THE PUPIL
19 MEMBERSHIP COUNT DAY AND SUPPLEMENTAL COUNT DAY, TO THE DEPART-
20 MENT NOT LATER THAN NOVEMBER 15 OF EACH YEAR.

21 (3) THE GOVERNING BOARD OF EACH SCHOOL DISTRICT, PUBLIC
22 SCHOOL ACADEMY, AND INTERMEDIATE SCHOOL DISTRICT SHALL FILE WITH
23 THE DEPARTMENT BY NOVEMBER 15 OF EACH YEAR AN ANNUAL COMPREHEN-
24 SIVE FINANCIAL REPORT, KNOWN AS "FORM B", ON A FORM AND IN THE
25 MANNER PRESCRIBED BY THE DEPARTMENT. IF A SCHOOL DISTRICT OR
26 PUBLIC SCHOOL ACADEMY HAS CONTRACTED FOR MANAGEMENT SERVICES OR
27 OTHER OPERATIONAL SERVICES, THIS ANNUAL COMPREHENSIVE FINANCIAL

1 REPORT SHALL INCLUDE INFORMATION ON THE SERVICES PERFORMED BY THE
2 CONTRACTOR AND ON EXPENDITURES FOR THOSE SERVICES.

3 (4) THE ANNUAL FINANCIAL AUDIT REPORTS, PUPIL ACCOUNTING
4 PROCEDURES REPORTS, AND ANNUAL COMPREHENSIVE FINANCIAL REPORTS
5 REQUIRED UNDER THIS SECTION SHALL BE AVAILABLE TO THE PUBLIC IN
6 COMPLIANCE WITH THE FREEDOM OF INFORMATION ACT, 1976 PA 442,
7 MCL 15.231 TO 15.246.

8 (5) NOT LATER THAN DECEMBER 1 OF EACH YEAR, THE DEPARTMENT
9 SHALL NOTIFY THE STATE BUDGET DIRECTOR, THE STATE BOARD, THE LEG-
10 ISLATIVE APPROPRIATIONS SUBCOMMITTEES RESPONSIBLE FOR REVIEW OF
11 THE SCHOOL AID BUDGET, AND THE LEGISLATIVE STANDING COMMITTEES ON
12 EDUCATION OF SCHOOL DISTRICTS, PUBLIC SCHOOL ACADEMIES, AND
13 INTERMEDIATE SCHOOL DISTRICTS THAT HAVE NOT FILED AN ANNUAL
14 FINANCIAL AUDIT, PUPIL ACCOUNTING PROCEDURES REPORT, OR ANNUAL
15 COMPREHENSIVE FINANCIAL REPORT REQUIRED UNDER THIS SECTION FOR
16 THE SCHOOL YEAR ENDING IN THE IMMEDIATELY PRECEDING STATE FISCAL
17 YEAR.