

HOUSE BILL NO. HB0301

School finance-legislative review.

Sponsored by: Representative(s) Nicholas

A BILL

for

1 AN ACT relating to school finance and auditing; creating  
 2 the school finance and audit department within the  
 3 legislative department of government; prescribing duties  
 4 pertaining to school finance and school and state agency  
 5 audits; transferring legislative management audit and  
 6 school finance audit functions; providing appropriations;  
 7 providing funds, positions and function transfers;  
 8 specifying intent; and providing for an effective date.

9

10 *Be It Enacted by the Legislature of the State of Wyoming:*

11

12 **Section 1.** W.S. 28-8-116 is created to read:

13

14 **28-8-116. Legislative school finance and audit**  
 15 **department; auditing of data related to administration of**  
 16 **the school finance system.**

17

1           (a) The legislative school finance and audit  
2 department shall develop necessary expertise regarding the  
3 school finance system to advise the legislature in  
4 performing its duties related to school finance.

5

6           (b) As used in this section, "school finance system"  
7 shall be as defined in W.S. 21-2-203(a). The department  
8 shall:

9

10           (i) Conduct periodic audits of each school  
11 district pertaining to data required to be submitted to the  
12 department of education under law and by rule and  
13 regulation of the state superintendent of public  
14 instruction for purposes of implementing and operating the  
15 school finance system. Audits under this paragraph shall  
16 include audits of systems supporting data collection and  
17 shall be performed on each school district at least once  
18 within each three (3) year period;

19

20           (ii) Conduct management studies of school  
21 districts including program evaluations and performance  
22 audits, on issues identified by the advisory committee to  
23 the division of data management and reporting of the

1 department of education, as established under W.S.  
2 21-2-203(d);

3

4 (iii) Conduct compliance and effectiveness and  
5 efficiency audits of the state department of education with  
6 respect to data used in the school finance system,  
7 implementation and computations under the school finance  
8 system and the allocation of funds to school districts  
9 through the school finance system;

10

11 (iv) Report findings and recommendations to the  
12 department of education resulting from audits and studies  
13 conducted on school districts pursuant to this subsection,  
14 including recommendations for remedies to identified  
15 problems and issues and including the identification and  
16 quantification of amounts involved in audit report and  
17 study findings;

18

19 (v) Provide a written report of each audit or  
20 study to the school district for which the audit or report  
21 was conducted;

22

23 (vi) Maintain a written report of each audit and  
24 study conducted under this section;

1

2 (vii) Establish a process to ensure school  
3 districts and the department of education address and  
4 resolve any problems identified within audit and report  
5 findings and recommendations and establish the  
6 determination of the materiality levels for findings;

7

8 (viii) Provide an annual report to the  
9 legislature on audits and studies conducted by the  
10 department under this section and on district and  
11 department of education efforts to resolve identified  
12 problems within the audits and reports. Reports under this  
13 paragraph shall include written responses by the districts  
14 and the department of education submitted in accordance  
15 with subsection (c) of this section.

16

17 (c) School districts and the department of education  
18 shall provide access to all data and other information and  
19 shall cooperate with the department as necessary to  
20 implement this section and to conduct audits and reports  
21 required under this section. In addition, each district  
22 shall within thirty (30) days following receipt of a copy  
23 of the audit or report, file a written response to each  
24 audit or report conducted on that district with the

1 department. The state superintendent shall on behalf of the  
2 department of education and within thirty (30) days  
3 following receipt of a report or audit on the department of  
4 education, file a written response to the report with the  
5 legislative school finance and audit department.

6

7 (d) The administrator or his designee shall  
8 participate in the advisory committee to the division of  
9 data management and reporting of the department of  
10 education, as required under W.S. 21-2-203(d).

11

12 (e) The management council shall promulgate rules  
13 regarding standards and procedures for auditing of school  
14 district data required to be provided to the department of  
15 education under W.S. 21-2-203. These rules shall apply to  
16 department school finance audit staff. These rules shall  
17 be in accordance with standards under W.S. 16-4-121(c) and  
18 28-8-107(e) to the extent those are reasonably applicable,  
19 but shall otherwise be established to ensure that school  
20 districts accurately and completely account for and report  
21 data to the department of education necessary to implement  
22 the school finance system.

23

1 (f) W.S. 28-8-108 and 28-8-113 apply to audits  
2 conducted under this section.

3

4 **Section 2.** W.S. 9-1-507(a)(vi), 9-2-1005(a)(xii)(D),  
5 21-2-203(d)(intro), 21-3-110(a)(xxvi), 21-16-718(d),  
6 28-1-115(c) through (e), 28-8-101, 28-8-102(a) and (c),  
7 28-8-103, 28-8-104(a) and (b), 28-8-105(a)(iv),  
8 28-8-107(b)(intro), (c) and (d), 28-8-108, 28-8-109,  
9 28-8-111(a), 28-8-112, 28-8-113(a) and 31-7-103 are amended  
10 to read:

11

12 **9-1-507. Examination of books of state institutions,**  
13 **agencies and certain districts and entities; independent**  
14 **audit authorized; guidelines.**

15

16 (a) The director of the state department of audit  
17 shall:

18

19 (vi) Conduct performance measure reviews based  
20 on the standards developed in W.S. 28-1-115(a)(ii)(A). The  
21 director shall determine the means to be used to verify and  
22 validate the performance measures. The results of the  
23 reviews shall be reported to the agency head, governor,

1 secretary of state and the legislative ~~service—office~~  
2 school finance and audit department;

3

4 **9-2-1005. Payment of warrants; budget powers of**  
5 **governor; agency budgets; federal funds; new employees.**

6

7 (a) Subject to subsections (k), (m) and (n) of this  
8 section and except as otherwise provided by law for the  
9 period commencing July 1, 1994 and ending June 30, 1998, no  
10 warrant shall be drawn by the auditor or paid by the  
11 treasurer:

12

13 (xii) If the expenditure is for data processing  
14 hardware, software, consultants or training, unless  
15 specifically approved by one (1) of the following:

16

17 (D) Director of the legislative service  
18 office for the legislative branch, except that the  
19 legislative school finance and audit department shall have  
20 the approval of the administrator of that department; or

21

22 **21-2-203. School district data collection; division**  
23 **established; duties and responsibilities specified.**

24

1 (d) The state superintendent of public instruction  
2 shall establish an advisory committee to the division  
3 consisting of not less than seven (7) members. This  
4 advisory committee shall have representatives from among  
5 Wyoming school districts, other state agencies involved in  
6 the administration of the school finance system, shall  
7 include the ~~director of the department of audit~~  
8 administrator of the legislative school finance and audit  
9 department or his designee, and shall include at least one  
10 (1) representative from the independent auditor community  
11 within the state. The committee shall meet at least twice  
12 annually and at the call of the administrator of the  
13 division. The duties of the advisory committee are to:

14

15 **21-3-110. Duties of boards of trustees.**

16

17 (a) The board of trustees in each school district  
18 shall:

19

20 (xxvi) Provide access to district records and  
21 other information by the legislative school finance and  
22 audit department ~~of audit~~ as necessary to conduct audits  
23 and studies under W.S. ~~9-1-513~~ 28-8-116 and otherwise  
24 cooperate with the legislative school finance and audit



1 department ~~of audit~~ when conducting audits and studies of  
2 the district pursuant to W.S. ~~9-1-513~~ 28-8-116. The board  
3 shall also submit a written response to the legislative  
4 school finance and audit department ~~of audit~~ on each audit  
5 and report conducted on the district in accordance with  
6 W.S. ~~9-1-513~~ 28-8-116;

7  
8 **21-16-718. Investment and management of funds; audit.**

9  
10 (d) The authority shall employ a certified public  
11 accountant to examine the books and accounts of the  
12 authority including its receipts, disbursements, contracts,  
13 reserve funds, sinking funds, investments and any other  
14 matters relating to its financial standing. The  
15 examination shall be conducted at least once each year and  
16 copies of the examination report shall be filed with the  
17 secretary of state, the director of the state department of  
18 audit and the legislative ~~service office~~ school finance and  
19 audit department.

20  
21 **28-1-115. Submission of state agency plans to**  
22 **legislature; contents; purposes.**

23

1 (c) Each agency shall submit by December 1 of each  
2 year an annual performance report to the governor with  
3 copies to the legislative ~~service office~~ school finance and  
4 audit department to provide a basis for evaluation of  
5 attainment of agency goals and objectives in the agency's  
6 plan developed under subsection (a) of this section. The  
7 report shall be included as part of the annual report  
8 required by W.S. 9-2-1014(a).

9  
10 (d) The management audit committee of the  
11 legislature, with the assistance of the ~~audit division of~~  
12 ~~the~~ legislative ~~service office~~ school finance and audit  
13 department and the department of audit, may use the agency  
14 plans and annual statement of attainment as the basis for  
15 program evaluation and performance audits as authorized by  
16 law.

17  
18 (e) Within forty-five (45) days after the end of each  
19 legislative session, the legislative ~~service office~~ school  
20 finance and audit department shall provide the management  
21 audit committee with a list of each new major program and  
22 major modifications to existing programs provided for by  
23 law, including programs added through a general  
24 appropriations act or through individual bill enactments,

1 for each state agency defined by subsection (f) of this  
2 section. Prior to submission to the management audit  
3 committee, the legislative ~~service office~~ school finance  
4 and audit department shall provide the list to the chairman  
5 of each house and senate standing committee for comment.

6

7

## CHAPTER 8

8

## LEGISLATIVE SERVICE OFFICE AND LEGISLATIVE SCHOOL FINANCE

9

## AND AUDIT DEPARTMENT

10

11

**28-8-101. Creation; composition.**

12

13

(a) There is created the legislative service office  
14 within the legislative branch of government. ~~hereinafter~~  
15 ~~referred to as the "office".~~ The office shall be composed  
16 of the services division and the ~~audit~~ budget and fiscal  
17 division.

18

19

(b) There is created the legislative school finance  
20 and audit department within the legislative branch.

21

22

(c) As used in this article:

23

1           (i) "Administrator" means the administrator of  
2 the department;

3  
4           (ii) "Department" means the legislative school  
5 finance and audit department;

6  
7           (iii) "Director" means the director of the  
8 office;

9  
10          (iv) "Office" means the legislative service  
11 office.

12  
13          **28-8-102. Management council; membership; vacancies;**  
14 **meetings; rules and regulations; quorum; officers.**

15  
16          (a) Activities of the office and the department shall  
17 be directed by a management council composed of the  
18 president, vice president, majority and minority floor  
19 leaders or their respective designees of the senate, plus  
20 two (2) senators selected at large not more than one (1) of  
21 which shall be from the same political party as the  
22 president; and the speaker, speaker pro tempore, majority  
23 and minority floor leaders or their respective designees of  
24 the house plus two (2) representatives selected at large,

1 not more than one (1) of which shall be from the same  
2 political party as the speaker. The two (2) senators  
3 selected at large shall be selected by caucus of the two  
4 (2) major political parties in the senate, meeting  
5 separately, and the (2) representatives selected at large  
6 shall be selected by caucus of the two (2) major political  
7 parties of the house, meeting separately. These twelve (12)  
8 members shall select one (1) additional member at large  
9 from the house of which the chairman of the management  
10 council is not a member. The member at large shall not be  
11 from the same party as the chairman of the management  
12 council. Chairmanship of the management council shall be  
13 rotated between the house and senate after each two (2)  
14 year session so that the chairman shall not be from the  
15 same house as the chairman who served for the preceding  
16 legislative term. The members of the management council  
17 shall be the legislative representatives in directing the  
18 day-to-day functions of the office and department and the  
19 entire membership of the legislature shall have the  
20 ultimate control and supervision over policy of the office  
21 and department.

22

23 (c) The management council may promulgate reasonable  
24 rules and regulations for the internal management of the

1 office and department, including the respective duties of  
2 the director, administrator and the staff. The rules of  
3 practice comprised in Mason's Manual of Legislative  
4 Procedure shall govern the management council, all interim  
5 committees, and investigative committees in all cases in  
6 which they are not inconsistent with the rules and orders  
7 as specifically adopted by the management council.

8

9 **28-8-103. Director, administrator and staff.**

10

11 The management council shall appoint by majority vote a  
12 director of the office and an administrator of the  
13 department. The director, subject to the prior approval of  
14 the management council, shall appoint an assistant director  
15 of legislative services. ~~and an assistant director of audit~~  
16 ~~services.~~ The director and the administrator shall appoint  
17 such additional professional, technical and clerical staff  
18 as necessary to perform the functions assigned to the  
19 office and the department. The director, administrator and  
20 staff shall be selected without reference to political  
21 affiliation and shall serve at the pleasure of the  
22 appointing authority. They shall be paid salaries and  
23 receive necessary expenses as determined by the management  
24 council.

1

2           **28-8-104. Direction by legislature during sessions;**  
3 **joint interim committees; requests for services;**  
4 **establishment of priorities; appointment of select**  
5 **committees; vacancies; enlarging committees.**

6

7           (a) The legislature during regular or special session  
8 may direct the director, administrator and ~~his staff~~ their  
9 staffs to perform such studies, duties or services as the  
10 legislature may prescribe.

11

12           (b) When the legislature is not in regular or special  
13 session, the respective standing committees of the house  
14 and senate shall function as joint interim committees. Each  
15 of these interim committees may request the office and the  
16 department to perform specific studies and services for the  
17 interim committee conditioned only upon receipt of prior  
18 approval of the committee's request by the management  
19 council. All priorities based upon limitation of time and  
20 appropriation of the office shall be established by the  
21 management council and followed by the interim committees  
22 and individual legislators. Any specific study or service  
23 that is approved by the management council, including bill  
24 drafting and prefiling, shall be done under the supervision

1 of the appropriate interim committee or the individual  
2 legislator.

3

4 **28-8-105. Duties of director and services division;**  
5 **prefiling bills; fiscal notes.**

6

7 (a) It shall be the duty of the director, through the  
8 services division of the office, to perform the following  
9 specific functions, together with such other functions as  
10 the council may prescribe:

11

12 (iv) Keep a record of all expenditures of the  
13 legislature other than expenditures of the department, and  
14 keep a correct inventory and act as custodian of all  
15 legislative supplies and property other than those supplies  
16 and property of the department;

17

18 **28-8-107. Auditing of state agencies; management**  
19 **audit committee; factors to be considered in audit reports.**

20

21 (b) The ~~legislative service office~~ department, at the  
22 direction of the management audit committee, subject to  
23 management council budget priorities, and subject to



1 general policies established by the legislature when in  
2 regular or special session, shall:

3

4 (c) The ~~legislative service office~~ department shall  
5 prepare a report of each audit conducted and submit a copy  
6 of the audit report to the agency being reviewed for  
7 comment. The agency has fifteen (15) days, unless otherwise  
8 authorized by the committee, to submit a written response  
9 to the report to the ~~legislative service office~~ department.  
10 The completed audit report, which includes the agency  
11 response, if any, shall be transmitted to the management  
12 audit committee for review and discussion with the agency  
13 officials and the legislative auditors. This review and  
14 discussion of the audit report shall be conducted by the  
15 committee in executive session. Following review the audit  
16 report may be released unless the committee requests the  
17 legislative service office to obtain supplemental  
18 information. A copy of the completed report and any  
19 supplemental information shall be distributed to the  
20 governor and each member of the legislature.

21

22 (d) The contents of the audit report, its findings  
23 and documentation are confidential and shall not be  
24 disclosed by any member of the management audit committee

1 or employee of the ~~legislative service office~~ department or  
2 agency being audited until the completed audit report is  
3 released, but the committee may discuss the contents of the  
4 audit report with the governor before release of the final  
5 report.

6

7 **28-8-108. Comments, recommendations and suggestions**  
8 **in audit reports; disclosure of confidential information;**  
9 **unauthorized reports or releases.**

10

11 (a) The reports of the ~~legislative service office~~  
12 department may include comments, recommendations and  
13 suggestions, but neither the ~~director~~ administrator nor the  
14 auditors shall have any authority to enforce them nor shall  
15 they otherwise influence or direct executive or legislative  
16 action. All information obtained by the ~~legislative service~~  
17 ~~office~~ department related to an audit is deemed not to be a  
18 public record and shall remain confidential information in  
19 the possession of the ~~legislative service office~~  
20 department. This information may be disclosed by the  
21 ~~legislative service office~~ department only to members of  
22 the legislative committee for which the information was  
23 obtained, only to the extent necessary to document a

1 statement or report, and only in such a manner as to  
2 protect individual identities.

3

4 (b) Any member of the ~~legislative service office~~  
5 department who knowingly discloses confidential information  
6 other than as authorized by subsection (a) of this section,  
7 discloses the contents of audit reports prohibited by W.S.  
8 28-8-107 or releases other reports or information not  
9 authorized by the management council, the management audit  
10 committee or by statute is subject to immediate termination  
11 of employment.

12

13 **28-8-109. Reports by director to legislature.**

14

15 (a) The director and his staff shall prepare and  
16 deliver a report of the activities of the office to each  
17 member of the next succeeding session of the legislature  
18 not later than December 15th of each calendar year, or at  
19 such other times as the management council deems necessary  
20 or as requested by the legislature.

21

22 (b) The administrator and his staff shall prepare and  
23 deliver a report of the activities of the department to  
24 each member of the next succeeding session of the

1 legislature not later than December 15th of each calendar  
2 year, or at such other times as the management council  
3 deems necessary or as requested by the legislature.

4  
5 **28-8-111. Assistance to be provided by state and**  
6 **local officers or agencies; duty of audited agencies.**

7  
8 (a) Upon request of the director or administrator and  
9 with the approval of the management council or the  
10 management audit committee, each officer, board,  
11 commission, department or any political subdivision of  
12 state government or any local government shall provide  
13 assistance, documents and information to the legislative  
14 service office and legislative school finance and audit  
15 department.

16  
17 **28-8-112. Space in state capitol building.**

18  
19 Adequate space in the state capitol building shall be  
20 provided for the conduct of activities of the legislative  
21 service office, legislative school finance and audit  
22 department, the management council and its staff.

1           **28-8-113. Duty of agency officers and employees;**  
2 **legislative school finance and audit department access to**  
3 **records; failure to provide access; penalty.**

4  
5           (a) Any officer or employee of a state agency subject  
6 to audit or sunset review shall fully assist the  
7 ~~legislative service office~~ legislative school finance and  
8 audit department during the course of the audit or review.  
9 The ~~legislative service office~~ department shall have access  
10 to and authority to examine all books, records, accounts,  
11 files, correspondence and all other documents, confidential  
12 or otherwise, maintained by the agency or its employees  
13 during the course of agency business. The provisions of  
14 W.S. 16-4-201 through 16-4-205 do not apply to audits or  
15 investigations of state agencies performed by or on behalf  
16 of the legislature or legislative committees. Any member  
17 of the ~~legislative service office~~ department who discloses  
18 confidential information obtained while conducting an  
19 audit, to any person or in any manner not authorized by  
20 law, is subject to disciplinary action as provided by W.S.  
21 28-8-108(b).

22  
23           **31-7-103. Administration and enforcement.**  
24

1 The administration of this act shall be exercised by the  
2 department which may prescribe forms and reasonable rules  
3 and regulations in conformity with this act. The  
4 department shall keep records of all monies received and  
5 disbursed. The records shall be open to examination by the  
6 director of the state department of audit or his designee  
7 and the audit division of the legislative ~~service office~~  
8 school finance and audit department. The highway patrol and  
9 all peace officers of any county or municipality shall aid  
10 in the enforcement of this act.

11

12 **Section 3.** W.S. 9-1-513 is repealed.

13

14 **Section 4.**

15

16 (a) There is transferred from the department of audit  
17 to the legislative school finance and audit department  
18 created under this act, all records and other information  
19 pertaining to the school finance section within the  
20 department of audit, together with all standards and  
21 procedures for auditing school district data, and all  
22 personnel and positions within the school finance section  
23 of the department of audit, as necessary to implement this  
24 act.

1

2 (b) There is transferred to the legislative school  
3 finance and audit department all personnel and positions of  
4 the management audit division within the legislative  
5 service office. The management council is authorized to  
6 transfer from the budget of the legislative service office  
7 to the legislative school finance and audit department  
8 those funds contained within legislative budget which are  
9 appropriated for salaries and benefits of the personnel  
10 transferred under this subsection.

11

12 (c) The intent of this act is for the legislative  
13 school finance and audit department to develop expertise to  
14 allow the legislature to use the services of the department  
15 in place of consultants previously used for school finance  
16 issues. The department shall be authorized to participate  
17 in each activity authorized under this act regarding  
18 development and implementation of the school finance  
19 system.

20

21 (d) Any duties and responsibilities delegated to the  
22 school finance section within the department of audit by  
23 any legislation enacted during the 2003 general session of  
24 the Wyoming legislature shall be transferred to and become

1 the responsibility of the legislative school finance and  
2 audit department created under this act.

3

4 **Section 5.** Six hundred thirty-nine thousand seven  
5 hundred fifteen dollars (\$639,715.00) is appropriated from  
6 the general fund to the legislative service office to  
7 implement this act. In addition, an additional three (3)  
8 full-time positions are authorized for purposes of this  
9 act.

10

11 **Section 6.** This act is effective July 1, 2003.

12

13

(END)