

Regular Session, 2014

SENATE BILL NO. 460

BY SENATOR ADLEY

LEGISLATIVE AUDITOR. Requires schools receiving certain state scholarship funds to maintain funds in a separate account or use certain accounting procedures established for the legislative auditor. (8/1/14)

1 AN ACT

2 To amend and reenact R.S. 17:4022(3) and R.S. 24:513(A)(1)(b)(iv), relative to the
3 legislative auditor; to provide relative to public funds received by schools as tuition
4 payments under the Student Scholarships for Educational Excellence Program; to
5 provide authority to the legislative auditor; and to provide for related matters.

6 Be it enacted by the Legislature of Louisiana:

7 Section 1. R.S. 17:4022(3) is hereby amended and reenacted to read as follows:

8 §4022. Participating schools; requirements

9 * * *

10 (3) Submit to the department an independent financial audit of the school
11 conducted by a certified public accountant who has been approved by the legislative
12 auditor. Such audit shall be accompanied by the auditor's statement that the report
13 is free of material misstatements and fairly presents the participating school's
14 maximum tuition or actual cost of educating a student pursuant to R.S. 17:4016. The
15 audit shall be limited in scope to those records necessary for the department to make
16 scholarship payments to the participating school and shall be submitted to the
17 legislative auditor for review and investigation of any irregularities or audit findings.

1 **The participating school shall account for all scholarship funds separately from**
 2 **other funds by maintaining funds in a separate account or by using accounting**
 3 **procedures that allow the legislative auditor to identify the separate funds**
 4 **pursuant to the authority of this Section. Such accounting shall allow for**
 5 **thorough auditing of the receipt and expenditure of state scholarship funds**
 6 **allocated through the Louisiana Department of Education.** The participating

7 school shall return to the state any funds that the legislative auditor determines were
 8 expended in a manner inconsistent with state law or program regulations. The cost
 9 of such audit shall be paid by the department from funds appropriated by the
 10 legislature to implement the provisions of this Chapter.

11 * * *

12 Section 2. R.S. 24:513(A)(1)(b)(iv) is hereby amended and reenacted to read as
 13 follows:

14 §513. Powers and duties of legislative auditor; audit reports as public records;
 15 assistance and opinions of attorney general; frequency of audits;
 16 subpoena power

17 A.(1) * * *

18 (b) For the sole purpose of this Subsection, a quasi public agency or body is
 19 defined as:

20 * * *

21 (iv) Any not-for-profit organization that receives or expends any local or state
 22 assistance in any fiscal year. Assistance shall include grants, loans, transfers of
 23 property, awards, and direct appropriations of state or local public funds. Assistance
 24 shall not include guarantees, membership dues, vendor contracts for goods and
 25 services related to administrative support for a local or state assistance program,
 26 assistance to private or parochial schools **except as provided in R.S. 17:4022,**
 27 assistance to private colleges and universities, or benefits to individuals.

28 * * *

The original instrument was prepared by Ashley Menou. The following digest, which does not constitute a part of the legislative instrument, was prepared by McHenry Lee.

DIGEST

Adley (SB 460)

Present law provides that schools participating in the Student Scholarships for Educational Excellence Program must submit to the Department of Education an independent financial audit of the school.

Proposed law retains present law except to require that schools account for all scholarship funds separately from other funds by maintaining funds in a separate account or by using accounting procedures that allow the legislative auditor to identify the separate funds.

Present law authorizes the legislative auditor to perform audits on quasi public agencies or bodies.

Present law provides that a quasi public agency or body is defined as any not-for-profit organization that receives or expends any local or state assistance in any fiscal year but does not include guarantees, membership dues, vendor contracts for goods and services related to administrative support for a local or state assistance program, assistance to private or parochial schools, assistance to private colleges and universities, or benefits to individuals.

Proposed law retains present law but includes private or parochial schools participating in the Student Scholarships for Educational Excellence Program as organizations that receive and expend local or state assistance in any fiscal year.

Effective August 1, 2014.

(Amends R.S. 17:4022(3) and R.S. 24:513(A)(1)(b)(iv))

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Senate and Governmental Affairs to the original bill

1. Requires participating schools to maintain funds in a separate account or use accounting methods that allow the legislative auditor to identify the separate funds.
2. Adds that the funds audited shall be funds allocated through the Louisiana Department of Education.
3. Deletes Section 2 providing for not-for-profit organizations receiving or expending local or state assistance in any fiscal year.

Senate Floor Amendments to engrossed bill

1. Includes private or parochial schools participating in the Student Scholarship for Educational Excellence Program as quasi public organizations that may be audited by the legislative auditor.