

By: West

S.B. No. 1471

A BILL TO BE ENTITLED

AN ACT

relating to the reporting and auditing requirements relating to the use of compensatory education funds.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 42.152(q), Education Code, is amended to read as follows:

(q) The State Board of Education, with the assistance of the state auditor and the comptroller, shall develop and implement by rule a reporting and auditing system for district and campus expenditures of compensatory education funds to ensure that compensatory education funds, other than the indirect cost allotment, are spent ~~[only]~~ to supplement the regular program. The reporting and auditing requirements shall be managed electronically to minimize local administrative costs. The commissioner shall develop a system to identify school districts that are at high risk of having used compensatory education funds other than in compliance with Subsection (c) or of having inadequately reported and audited those funds and, as a result, require on-site monitoring under this subsection. If the risk-based system indicates that a district is not at high risk of having misused compensatory education funds or having inadequately reported and audited those funds, the district may not be subject to on-site monitoring under this subsection. If the risk-based system indicates that a district is at high risk of having misused

1 compensatory education funds or having inadequately reported and
2 audited those funds, the district is entitled to an opportunity to
3 respond to the commissioner's determination before on-site
4 monitoring may be conducted. If the district's response does not
5 change the commissioner's determination that the district is at
6 high risk of having misused compensatory education funds or having
7 inadequately reported and audited those funds, the commissioner
8 shall order agency staff to conduct on-site monitoring of the
9 district's compensatory education expenditures. The commissioner,
10 in the year following an audit of compensatory education
11 expenditures, shall withhold from a district's foundation school
12 fund payment an amount equal to the amount of compensatory
13 education funds the agency determines were not used in compliance
14 with Subsection (c). The commissioner shall release to a district
15 funds withheld under this subsection when the district provides to
16 the commissioner a detailed plan to spend those funds in compliance
17 with Subsection (c).

18 SECTION 2. This Act takes effect September 1, 2003.