
offers the following
substitute to SB 472:

A BILL TO BE ENTITLED
AN ACT

1 To amend Chapter 2 of Title 20 of the Official Code of Georgia Annotated, relating to
2 elementary and secondary education, so as to provide for the suspension of members of local
3 boards of education following certain audit findings or findings by the state auditor of
4 financial mismanagement or misconduct; to provide for a cap on the total amount of advance
5 distributions of state allotted funds that may be made by the State Board of Education to local
6 units of administration; to provide for plans for monitoring, supports, and intervention; to
7 provide for the authority of the state auditor relative to such plans; to amend Chapter 6 of
8 Title 50 of the Official Code of Georgia Annotated, relating to the Department of Audits and
9 Accounts, so as to revise provisions for financial audits of local school systems and state
10 charter schools by and on behalf of the Department of Audits and Accounts; to require the
11 Department of Audits and Accounts to develop and implement a program of progressive
12 monitoring, supports, and interventions to local school systems and state charter schools; to
13 provide for investigations of local school systems by the state auditor; to provide for an
14 effective date; to provide for related matters; to repeal conflicting laws; and for other
15 purposes.

16 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

17

SECTION 1.

18 Chapter 2 of Title 20 of the Official Code of Georgia Annotated, relating to elementary and
19 secondary education, is amended in Article 3, relating to local boards of education, by
20 revising Code Section 20-2-73, relating to suspension and removal of local school board
21 members upon potential loss of accreditation or when schools in system are turnaround
22 eligible schools, procedures, petition for reinstatement, prohibition on use of public funds for
23 litigation expenses, and reimbursement of expenses, as follows:

24 "20-2-73.

25 (a)(1) Notwithstanding Code Section 20-2-54.1 or any other provisions of law to the
26 contrary, if:

27 (A) A local school system or school is placed on the level of accreditation immediately
28 preceding loss of accreditation for any reason or reasons by one or more accrediting
29 agencies included in subparagraph (A) of paragraph (6) of Code Section 20-3-519, the
30 local board of education shall notify the State Board of Education in writing within
31 three business days of such placement and the State Board of Education shall conduct
32 a hearing in not less than ten days of such notice nor more than 90 days and recommend
33 to the Governor whether to suspend all eligible members of the local board of education
34 with pay; or

35 (B) One-half or more of the schools in a local school system are turnaround eligible
36 schools, as defined in subsection (a) of Code Section 20-14-45, for the fifth or more
37 consecutive year, the Department of Education shall notify the State Board of
38 Education in writing within three business days of the publication of the list of
39 turnaround eligible schools by the Office of Student Achievement, and the State Board
40 of Education with input from the State School Superintendent shall conduct a hearing
41 in not less than ten days of such notice nor more than 90 days and recommend to the
42 Governor whether to suspend all eligible members of the local board of education with
43 pay; provided, however, that this subparagraph shall be tolled for a local board of

44 education while under a contract amendment or intervention contract pursuant to Code
45 Section 20-14-45 so long as such local board of education is in substantial compliance
46 with the terms of such contract amendment or intervention contract; or

47 (C)(i) A local school system is designated by the state auditor as requiring the highest
48 level of monitoring, supports, and interventions promulgated by the Department of
49 Audits and Accounts pursuant to Code Section 50-6-6, the local school superintendent
50 shall notify the State Board of Education in writing within three business days of
51 receiving such designation, and the State Board of Education shall, upon a
52 recommendation of the audit committee of the State Board of Education followed by
53 a majority vote of the State Board of Education, conduct a hearing in not less than ten
54 days of such vote nor more than 90 days and recommend to the Governor whether to
55 suspend any eligible members of the local board of education with pay.

56 (ii) A local board of education, a member thereof, a local school system, or a local
57 school superintendent is the subject of a finding by the state auditor of financial
58 mismanagement or misconduct following an investigation made pursuant to Code
59 Section 50-6-28, the state auditor shall notify the State Board of Education in writing
60 within three business days of such finding, and the State Board of Education shall,
61 upon a recommendation of the audit committee of the State Board of Education
62 followed by a majority vote of the State Board of Education, conduct a hearing in not
63 less than ten days of such vote nor more than 90 days and recommend to the Governor
64 whether to suspend any eligible members of the local board of education with pay.

65 (2) A majority of the members of a local board of education may petition the State Board
66 of Education to continue any hearing scheduled under this subsection. Upon a showing
67 of good cause, the ~~state board~~ State Board of Education may in its sound discretion
68 continue any such hearing. Notwithstanding any other provision of law, deliberations
69 held by the State Board of Education pursuant to this subsection to formulate its
70 recommendation to the Governor shall not be open to the public; provided, however, that

71 testimony shall be taken in an open meeting and a vote on the recommendation shall be
72 taken in an open meeting following the hearing or at the next regularly scheduled
73 meeting. If the State Board of Education makes such recommendation, the Governor
74 may, in his or her discretion, suspend all eligible members of the local board of education
75 with pay and, in consultation with the State Board of Education, appoint temporary
76 replacement members who shall be otherwise qualified to serve as members of such
77 board.

78 (b) Any local board of education member suspended under this Code section may petition
79 the Governor for reinstatement no earlier than 30 days following suspension and no later
80 than 60 days following suspension. In the event that a suspended member does not petition
81 for reinstatement within the allotted time period, his or her suspension shall be converted
82 into permanent removal, and the temporary replacement member shall become a permanent
83 member and serve out the remainder of the term of the removed member.

84 (c) Upon petition for reinstatement by a suspended local board of education member, the
85 Governor or his or her designated agent shall conduct a hearing for the purpose of receiving
86 evidence relative to whether the local board of education member's continued service on
87 the local board of education is more likely than not to improve the ability of the local
88 school system or school to retain or reattain its accreditation; or to improve the ratings of
89 the schools in the local school system so that less than one-half of the schools in such local
90 school system are on the turnaround eligible schools list in subsequent years; to no longer
91 be designated by the state auditor as requiring the highest level of monitoring, supports,
92 and interventions promulgated by the Department of Audits and Accounts pursuant to Code
93 Section 50-6-6; or to remediate or mitigate the state auditor's finding of financial
94 mismanagement or misconduct. The appealing member shall be given at least 30 days'
95 notice prior to such hearing. Such hearing shall be held not later than 90 days after the
96 petition is filed and in accordance with Chapter 13 of Title 50, the 'Georgia Administrative
97 Procedure Act,' except that the individual conducting the hearing shall have the power to

98 call witnesses and request documents on his or her own initiative. For purposes of said
99 chapter and any hearing conducted pursuant to this Code section, the Governor shall be
100 considered the agency, and the Attorney General or his or her designee shall represent the
101 interests of the Governor in the hearing. If it is determined that it is more likely than not
102 that the local board of education member's continued service on the local board of
103 education improves the ability of the local school system or school to retain or reattain its
104 accreditation; or to improve the ratings of the schools in the local school system so that less
105 than one-half of the schools in such local school system are on the turnaround eligible
106 schools list in subsequent years; to no longer be designated by the state auditor as requiring
107 the highest level of monitoring, supports, and interventions promulgated by the Department
108 of Audits and Accounts pursuant to Code Section 50-6-6; or to remediate or mitigate the
109 state auditor's finding of financial mismanagement or misconduct, the member shall be
110 immediately reinstated; otherwise, the member shall be permanently removed, and the
111 temporary replacement member shall become a permanent member and serve out the
112 remainder of the term of the removed member or until the next general election which is
113 at least six months after the member was permanently removed, whichever is sooner.
114 Judicial review of any such decision shall be in accordance with Chapter 13 of Title 50.

115 (d)(1) Subparagraph ~~(B) of paragraph (1) of subsection (a) (a)(1)(A)~~ of this Code section
116 shall apply to a local school system or school which is placed on the level of accreditation
117 immediately preceding loss of accreditation on or after April 20, 2011.

118 (2) Subparagraph ~~(B) of paragraph (1) of subsection (a) (a)(1)(B)~~ of this Code section
119 shall apply to a local school system which, on or after July 1, 2017, has one-half or more
120 of the schools in the local school system on the turnaround eligible schools list for the
121 fifth or more consecutive year.

122 (3) Subparagraph (a)(1)(C) of this Code section shall apply to a local school system on
123 or after July 1, 2026, if:

124 (A) Such local school system is designated by the state auditor as requiring the highest
125 level of monitoring, supports, and interventions promulgated by the Department of
126 Audits and Accounts pursuant to Code Section 50-6-6; or
127 (B) Such local school system, the local board of education or a member thereof, or the
128 local school superintendent is the subject of a finding of financial mismanagement or
129 misconduct.

130 (e) For purposes of this Code section, an eligible member of a local board of education
131 shall mean a board member who:

132 (1) Was serving on the local board of education at the time the accrediting agency placed
133 the local school system or school on the level of accreditation immediately preceding loss
134 of accreditation; or

135 (2) Was serving on the local board of education at the time the local school system had
136 one-half or more of the schools in the local school system on the turnaround eligible
137 schools list for the fifth or more consecutive year and had served on the local board of
138 education for at least the immediately preceding two years; or

139 (3) Was serving on the local board of education at the time the local school system was
140 designated by the state auditor as requiring the highest level of monitoring, supports, and
141 interventions promulgated by the Department of Audits and Accounts pursuant to Code
142 Section 50-6-6; or

143 (4) Was serving on the local board of education at the time the local board of education
144 or a member thereof, the local school system, or the local school superintendent was the
145 subject of a finding of financial mismanagement or misconduct.

146 (f) A local board of education shall not expend any public funds for attorney's fees or
147 expenses of litigation relating to proceedings initiated pursuant to this Code section except
148 to the extent such fees and expenses are incurred prior to and through the recommendation
149 of the ~~state board~~ State Board of Education as provided for in subsection (a) of this Code
150 section; provided, however, that nothing in this subsection shall be construed to prohibit

151 an insurance provider from covering attorney's fees or expenses of litigation under an
152 insurance policy.

153 (g) Any suspended board member who is reinstated by the Governor pursuant to this Code
154 section may be reimbursed by the local board of education for his or her reasonable
155 attorney's fees and related expenses incurred in pursuing such reinstatement."

156 SECTION 2.

157 Said chapter is further amended in Part 4 of Article 6, relating to financing under the "Quality
158 Basic Education Act," by revising subsection (b) of Code Section 20-2-166, relating to state
159 funds, calculation, allotment, and distribution, as follows:

160 "(b)(1) The State Board of Education shall, by regulation, provide for distribution of state
161 funds allotted to local units of administration under this article and budgets approved by
162 the ~~state board~~ State Board of Education. The state board is authorized to provide for
163 distribution of such state allotted funds to local units of administration at such times and
164 in such manner as will most likely meet the periodic needs of local units for the state
165 allotted funds, except as provided in paragraph (2) of this subsection. In determining the
166 time and manner for distribution of state allotted funds, the ~~state board~~ State Board of
167 Education may consider the time at which local school tax funds shall be collected and
168 made available to local units of administration. State allotted funds to be distributed to
169 local units under this article shall be withdrawn from the state treasury on requisitions to
170 be signed by the State School Superintendent, which shall be signed in accordance with
171 such regulations and directions of the ~~state board~~ State Board of Education.

172 (2)(A) Except as provided for in subparagraph (B) of this paragraph, the aggregate of
173 state allotted funds distributed by the State Board of Education to a local unit of
174 administration in advance of the routine periodic allotments established by the Office
175 of Planning and Budget shall not exceed an amount that is equal to 50 percent of the
176 total of such local unit's state allotted funds for the preceding fiscal year.

177 (B) In the event that a local unit of administration requests or, in the opinion of the
178 state auditor, requires an advance distribution by the State Board of Education of state
179 allotted funds that would exceed the limit provided for in subparagraph (A) of this
180 paragraph, the State Board of Education shall be authorized to make advance
181 distributions that exceed the limit provided for in subparagraph (A) of this paragraph
182 only under the following conditions:

183 (i) The state auditor shall provide a written opinion to the State Board of Education
184 that such advance distribution is necessary and appropriate to improve the conditions
185 of the financial operations of the local unit of administration and shall include with
186 such opinion a plan for monitoring, supports, and intervention for the local unit of
187 administration developed by the Department of Audits and Accounts in consultation
188 with the Department of Education and the local unit of administration to the extent the
189 local unit of administration participates in such consultation. The local unit of
190 administration shall have the opportunity to request modification of the proposed
191 plan; provided, however, that the plan to be implemented shall be determined by the
192 state auditor;

193 (ii) Within 30 days of the date of such proposed plan, the local board of education or
194 other governing body of the local unit of administration shall adopt a resolution
195 stating that the local board of education or other governing body of the local unit of
196 administration and the officers, employees, and agents of such local unit of
197 administration shall strictly comply with the plan for the duration of such plan;

198 (iii) The State Board of Education shall not authorize an advance distribution of any
199 state allotted funds to the local unit of administration without a recommendation in
200 writing from the state auditor;

201 (iv) The plan may be modified by the state auditor upon written notice to the State
202 Board of Education and the local unit of administration; and

203 (v) The plan shall remain in effect until concluded in writing by the state auditor."

204 **SECTION 3.**

205 Chapter 6 of Title 50 of the Official Code of Georgia Annotated, relating to the Department
206 of Audits and Accounts, is amended by revising Code Section 50-6-6, relating to audit of
207 school and university systems, additional audits authorized, standards, and reports, as
208 follows:

209 "50-6-6.

210 (a) As used in this Code section, the term:

211 (1) 'Local school system' means and includes each local school system and each
212 completion special school, as provided for in Article 31C of this chapter, in this state.

213 (2) 'State charter school' shall have the same meaning as set forth in Code
214 Section 20-2-2081.

215 (a.1) It shall be the duty of the Department of Audits and Accounts to:

216 (1) Perform or cause to be performed an annual financial and compliance audit of
217 financial transactions and accounts of:

218 (A) Each local school system and state charter school; and thoroughly to audit and
219 check the books and accounts of the county superintendents of schools and treasurers
220 of local school systems, of municipal systems, of the

221 (B) The several units of the University System of Georgia, and of all other schools
222 receiving state aid; and making

223 (2) Issue in conjunction with each such audit required under paragraph (1) of this
224 subsection suitable reports that comply with state and federal rules and regulations for
225 such audits regular and annual reports to the State School Superintendent, showing the
226 amount received, for what purpose received, and for what purposes expended.

227 (a.2) By July 1, 2026, the Department of Audits and Accounts shall develop and begin
228 implementing a program, the purpose of which is to:

229 (1) Monitor the fiscal condition of each local school system and state charter school in
230 this state;

231 (2) Provide progressive levels of monitoring, supports, and interventions to local school
232 systems and state charter schools, ranging from technical assistance and audit services
233 to significant interventions including strict compliance requirements; and

234 (3) Provide reports of the fiscal condition of local school systems and state charter
235 schools at appropriate intervals.

236 (a.3) No state aid or public ~~All such funds of any kind shall be held by officials any~~
237 ~~official or employee of any local board of education or other public school governing body,~~
238 ~~local school system, state charter school, institution of the University System of Georgia,~~
239 ~~or any other school receiving state aid for any length of time in one or more of his or her~~
240 ~~must be kept in banks separate from their individual bank accounts.~~

241 (b) Notwithstanding any other provisions of this chapter, ~~the local boards~~ each local board
242 ~~of education of the several county, independent, and area public school systems of this state~~
243 ~~or other public school governing body~~ shall be authorized to have an additional audit made
244 ~~of the books, records, and accounts~~ financial affairs and transactions of all funds and
245 activities of the public school system ~~schools~~ over which any such board ~~or governing body~~
246 ~~has jurisdiction; provided, however, that such additional audit authorized under this~~
247 ~~subsection shall not be relied upon by a local school system or state charter school in lieu~~
248 ~~of the audit by the Department of Audits and Accounts required under subsection (a.1) of~~
249 ~~this Code section, nor shall such additional audit be deemed to satisfy the requirements of~~
250 ~~subsection (a.1) of this Code section, except as provided for in subsection (e) of this Code~~
251 ~~section. The local boards of education~~ Such boards and governing bodies shall be
252 authorized to employ certified public accountants of this state to make the additional audits
253 authorized under this subsection and to expend funds for ~~the~~ such audits which are received
254 by any such board ~~or governing body~~ for educational purposes. Each report of any audit
255 conducted as provided for in this subsection shall be completed and a copy of such report
256 shall be forwarded to the Department of Audits and Accounts within ten days of such
257 report being issued to the local school system.

258 (c)(1) Except as provided in paragraph (2) of this subsection, all ~~All audits of such public~~
259 ~~school systems provided for in subsections (a.1), (b), and (e) of this Code section shall~~
260 ~~be conducted in accordance with generally accepted governmental auditing standards~~
261 ~~over financial statements in conformity with generally accepted accounting principles of~~
262 ~~governmental accounting or other basis of accounting authorized by this Code section and~~
263 ~~shall include tests of the accounting records and other auditing procedures as considered~~
264 ~~necessary in the circumstances of such audit. conformity with generally accepted~~
265 ~~standards and principles of governmental accounting and auditing and Such audits shall~~
266 ~~be subject to the standards, rules, and ethics promulgated by the Georgia Society of~~
267 ~~Certified Public Accountants and the American Institute of Certified Public Accountants.~~
268 The ~~audit report of each such audit shall include the auditor's unqualified opinion upon~~
269 ~~the presentation of the financial position and the results of the operations of the public~~
270 ~~local school system or state charter school which is audited. If the auditor is unable to~~
271 ~~express an unqualified opinion, he shall so state and shall further detail the reasons for~~
272 ~~qualification or disclaimer of opinion including recommendations necessary to make~~
273 ~~possible future unqualified opinions.~~

274 (2) The Department of Audits and Accounts shall be authorized to prepare financial
275 ~~statements and conduct audits using a regulatory basis of accounting as an alternative to~~
276 ~~generally accepted accounting principles. The Department of Audits and Accounts, in~~
277 ~~consultation with the Department of Education, shall create and maintain an optional~~
278 ~~regulatory basis of accounting framework and shall make such framework available to~~
279 ~~local school systems and state charter schools.~~

280 (d) The Department of Audits and Accounts shall establish minimum audit readiness
281 requirements and audit scheduling priorities based on risk assessment, readiness, and
282 available resources. The Department of Audits and Accounts shall be authorized to delay
283 the commencement of an audit when minimum readiness requirements are not met.
284 Repeated failure to meet audit readiness requirements in a timely manner may be deemed

285 by the Department of Audits and Accounts to constitute a deficiency in internal control or
286 governance and may be reported as such in audit findings. The Department of Audits and
287 Accounts shall report chronic audit readiness failures to the State Board of Education and
288 the General Assembly.

289 (e)(1) The state auditor shall have discretionary authority to engage certified public
290 accountants of this state to perform audits required under subsection (a.1) of this Code
291 section and to authorize local school systems and state charter schools to engage certified
292 public accountants to perform audits required under subsection (a.1) of this Code section;
293 provided, however, that such certified public accountants shall comply with requirements
294 set forth by the Department of Audits and Accounts as it relates to scope, methodology,
295 state compliance procedures, and risk assessment; and, provided, further, that no local
296 school system or state charter school shall engage a certified public accountant or any
297 other person or organization to perform such an audit without written authorization from
298 the state auditor.

299 (2) The state auditor shall annually submit a written report to the State Board of
300 Education of the local school systems and state charter schools that were audited by
301 certified public accountants pursuant to this subsection.

302 (f) The Department of Audits and Accounts shall adopt rules, regulations, guidance, and
303 procedures necessary to implement this Code section."

304 **SECTION 4.**

305 Said chapter is further amended by revising Code Section 50-6-28, relating to investigatory
306 duties generally, as follows:

307 "50-6-28.

308 (a) It shall be the duty of the state auditor to make an investigation as a part of his or her
309 audit of each and every department of the state government. When there are facts, records,
310 circumstances, or information that indicate mismanagement or misconduct on the part of

311 any official or employee of any department of the state government during either a past or
312 present administration, it shall be the duty of the state auditor to make the full investigation,
313 as provided in Code Section 50-6-29, of the department, official, or employee.

314 (b) The state auditor shall be authorized to make an investigation of any local school
315 system or state charter school, as such terms are defined in Code Section 50-6-6, in the
316 state. When there are facts, records, circumstances, or information that indicate
317 mismanagement or misconduct on the part of any official or employee of any local school
318 system in the state during either a past or present administration of the local school system,
319 it shall be the duty of the state auditor to make the full investigation, as provided in Code
320 Section 50-6-29, of the local school system, official, or employee."

321 **SECTION 5.**

322 This Act shall become effective upon its approval by the Governor or upon its becoming law
323 without such approval.

324 **SECTION 6.**

325 All laws and parts of laws in conflict with this Act are repealed.