



## 94TH GENERAL ASSEMBLY

### State of Illinois

2005 and 2006

HB5416

Introduced 01/27/06, by Rep. Tom Cross

#### SYNOPSIS AS INTRODUCED:

105 ILCS 5/1B-22

Amends the School Code. Makes a technical change in a Section concerning a financial oversight panel's powers.

LRB094 16945 NHT 52224 b

1 AN ACT concerning education.

2 **Be it enacted by the People of the State of Illinois,**  
3 **represented in the General Assembly:**

4 Section 5. The School Code is amended by changing Section  
5 1B-22 as follows:

6 (105 ILCS 5/1B-22)

7 Sec. 1B-22. Additional Powers of the Panel. For Panels  
8 established under Section 1B-4 for a district which had its  
9 financial plan rescinded by the ~~the~~ State Board for violating  
10 that plan as provided in Section 1A-8, the Panel shall have the  
11 following additional powers:

12 (a) As necessary to carry out its purposes when district  
13 resources are not readily available or appropriate for use by  
14 the Panel, the Panel may make and execute contracts, leases,  
15 subleases and all other instruments or agreements necessary or  
16 convenient for the exercise of the powers and functions granted  
17 by this Article.

18 (b) As necessary to carry out its purposes when district  
19 resources are not readily available or appropriate for use by  
20 the Panel, the Panel may purchase personal property necessary  
21 or convenient for its purposes; mortgage, pledge or otherwise  
22 grant security interests in such properties; and convey to the  
23 district such of its property as, in the judgment of the Panel,  
24 is no longer necessary for its purposes.

25 (c) As necessary to carry out its purposes when district  
26 resources are not readily available or appropriate for use by  
27 the Panel, the Panel may appoint officers, agents, and  
28 employees of the Panel, define their duties and qualifications,  
29 and fix their compensation and employee benefits.

30 (d) In order to investigate allegations of or incidents of  
31 waste, fraud, or financial mismanagement which the Board is  
32 unable or unwilling to properly investigate as requested by the

1 Panel, the Panel may appoint an Inspector General who shall  
2 have the authority to conduct investigations into such  
3 allegations or incidents. The Inspector General shall make  
4 recommendations to the Panel about its investigations. The  
5 Inspector General shall be independent of the operations of the  
6 Panel and the Board and perform other duties requested by the  
7 Panel. The Inspector General shall have access to all  
8 information and personnel necessary to perform the duties of  
9 the office. If the Inspector General determines that a possible  
10 criminal act has been committed or that special expertise is  
11 required in the investigation, he shall immediately notify the  
12 State's Attorney in the county in which the district is  
13 located. All investigations conducted by the Inspector General  
14 shall be conducted in a manner that ensures the preservation of  
15 evidence for use in criminal prosecutions. At all times the  
16 Inspector General shall be granted access to any building or  
17 facility that is owned, operated, or leased by the Panel or the  
18 Board. The Inspector General shall have the power to subpoena  
19 witnesses and compel the production of books and papers  
20 pertinent to an investigation authorized by this Code. Any  
21 person who (1) fails to appear in response to a subpoena; (2)  
22 fails to answer any question; (3) fails to produce any books or  
23 papers pertinent to an investigation under this Code; or (4)  
24 knowingly gives false testimony during an investigation under  
25 this Code is guilty of a Class A misdemeanor. The Inspector  
26 General shall provide to the Panel and the State Board of  
27 Education a summary of reports and investigations made under  
28 this Section for the previous fiscal year no later than January  
29 1 of each year. The summaries shall detail the final  
30 disposition of those recommendations. The summaries shall not  
31 contain any confidential or identifying information concerning  
32 the subjects of the reports and investigations. The summaries  
33 shall also include detailed recommended administrative actions  
34 and matters for consideration by the State Board of Education  
35 or the General Assembly.

36 (e) No hiring or appointment of any person in any position

1 by the Board, the superintendent, or any other officer or  
2 employee of the Board shall be made or entered into unless it  
3 is consistent with the Financial Plan and Budget in effect and  
4 the staffing plan approved by the Panel under this Section. The  
5 hiring or appointment of any person shall not be binding on the  
6 Board unless and until it is in compliance with this Section.  
7 The Board shall submit to the Panel for approval by the Panel a  
8 staffing plan for the upcoming school year at the same time as  
9 the submission of the Budget, except that the staffing plan for  
10 the fiscal year ending in 1997 shall be submitted to the Panel  
11 within 90 days after the effective date of this amendatory Act  
12 of 1996. The staffing plan shall be accompanied by a cost  
13 analysis and such other information as the Panel may require.  
14 The Panel may prescribe standards, procedures, and forms for  
15 submission of the staffing plan. The Panel shall approve the  
16 staffing plan if the information required to be submitted is  
17 complete and the staffing plan is consistent with the Budget  
18 and Financial Plan in effect. Otherwise, the Panel shall reject  
19 the staffing plan. In the event of rejection, the Panel shall  
20 prescribe a procedure and standards for revision of the  
21 staffing plan. The Panel shall act on the staffing plan at the  
22 same time as the approval of the Budget, except that the  
23 staffing plan for the fiscal year ending in 1997 shall be acted  
24 upon within 60 days of the submission of the staffing plan by  
25 the Board. The Board shall report to the Panel, at such times  
26 and in such manner as the Panel may direct, concerning the  
27 Board's compliance with each staffing plan. The Panel may  
28 review the Board's operations, obtaining budgetary data and  
29 financial statements, may require the Board to produce reports,  
30 and shall have access to any other information in the  
31 possession of the Board that it deems relevant. The Panel may  
32 issue directives to the Board to assure compliance with the  
33 staffing plan, including the issuance of reduction in force  
34 notices, non-renewal of employment contracts, or any other  
35 notices or actions required by contract or law. The Board shall  
36 produce such budgetary data, financial statements, reports,

1 and other information and shall comply with such directives.  
2 After approval of each staffing plan, the Board shall regularly  
3 reexamine the estimates on which it was based and revise them  
4 as necessary. The Board shall promptly notify the Panel of any  
5 material change in the estimates in the staffing plan. The  
6 Board may submit to the Panel, or the Panel may require the  
7 Board to submit, modifications to the staffing plan based upon  
8 revised revenue or expenditure estimates or for any other good  
9 reason. The Panel shall approve or reject each modified  
10 staffing plan within 60 days of its submission in a manner  
11 similar to the provisions of this subsection for the approval  
12 or rejection of the initial staffing plan.

13 (f) The Panel shall examine the business records and audit  
14 the accounts of the Board or require that the Board examine its  
15 business records and audit its accounts at such time and in  
16 such manner as the Panel may prescribe. The Board shall appoint  
17 a certified public accountant annually, approved by the Panel,  
18 to audit its financial statements. The audit conducted pursuant  
19 to this paragraph shall be in lieu of the audit that the Board  
20 is required to undertake pursuant to Section 3-7.

21 (g) The Panel shall initiate and direct financial  
22 management assessments and similar analyses of the operations  
23 of the Board as may, in the judgment of the Panel, assure sound  
24 and efficient financial management of the Board. Upon the  
25 completion of these assessments, the Panel shall give  
26 directives to the Board regarding improvements and changes that  
27 derive from these assessments, which the Board shall implement.  
28 In conjunction with its budgetary submission to the Panel for  
29 each fiscal year, the Board shall demonstrate to the  
30 satisfaction of the Panel that the directives of the Panel have  
31 been implemented in whole or in part or, in the alternative,  
32 are not capable of being implemented. In consideration of  
33 whether to approve or reject the budget for a fiscal year, the  
34 Panel shall adjudge whether the Board has fully considered and  
35 responsibly proposed implementation of the Panel's directives.

36 (h) The Panel shall initiate and direct a management audit

1 of the Board at least once every 2 years. The audit shall  
2 review the personnel, organization, contracts, leases, and  
3 physical properties of the Board to determine whether the Board  
4 is managing and utilizing its resources in an economical and  
5 efficient manner. The audit shall determine the causes of any  
6 inefficiencies or uneconomical practices, including  
7 inadequacies in internal and administrative procedures,  
8 organizational structure, uses of resources, utilization of  
9 real property, allocation of personnel, purchasing policies,  
10 and equipment.

11 (i) In the event that the Board refuses or fails to follow  
12 a directive of the Panel to issue notices of non-renewal of  
13 contracts, to issue notices of reduction in force to employees,  
14 to issue requests for bids or proposals, or to obtain financial  
15 or other information that the Panel finds necessary for the  
16 implementation of its responsibilities under this Article, the  
17 Panel may take such action in the name of the district, and  
18 such action shall be binding the same as if the action had been  
19 taken by the Board. The powers established by this paragraph do  
20 not authorize the Panel to enter into contracts in the name of  
21 the Board.

22 (j) The Panel shall meet with the Board or its designees in  
23 closed session prior to the Board commencing any collective  
24 bargaining negotiations to discuss the financial issues  
25 relevant to the bargaining and for the purpose of the Panel  
26 approving the budget limitations for the potential collective  
27 bargaining agreement. The Board shall not make or consider any  
28 proposal which does not comply with the collective bargaining  
29 budget approved by the Panel. The Board shall keep the Panel  
30 apprised as to the status of the bargaining. The Board shall  
31 present any proposed change in the approved collective  
32 bargaining budget to the Panel in closed session for approval.  
33 Prior to the Board taking a final vote on any tentative  
34 agreement approved by the employee organization, the Board  
35 shall discuss the tentative agreement with the Panel in closed  
36 session. Upon final approval of a collective bargaining

1 agreement by both the Board and the employee organization, the  
2 Board shall submit the final collective bargaining agreement to  
3 the Panel for approval. At the same time that the Board submits  
4 the final agreement to the Panel, the Board shall notify the  
5 employee organization that the final agreement has been  
6 submitted and the date of the Panel meeting at which the final  
7 agreement will be considered. The employee organization shall  
8 be provided an opportunity to discuss the final agreement with  
9 the Panel prior to the Panel taking action on the agreement. No  
10 collective bargaining agreement shall be binding upon the  
11 district unless the Board has followed the requirements of this  
12 paragraph and the final agreement has been approved by the  
13 Panel.

14 (k) The budget of the Panel or any revisions to the budget,  
15 including any costs to the Panel associated with the  
16 appointment of an Inspector General, shall be approved by the  
17 State Superintendent upon request of the Panel and after  
18 opportunity for response by the Board.

19 (Source: P.A. 89-572, eff. 7-30-96.)