



HB 1164 | 2026 Georgia Legislative Session  
Effective July 1, 2026

SB 472 | 2026 Georgia Legislative Session  
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Two pieces of legislation passed during the 2026 Georgia General Assembly session significantly expand DOAA's oversight of local school systems and state charter schools. **Every school system finance team needs to be aware of these changes — some provisions are already in effect.**

**NEW FISCAL MONITORING SYSTEM: FOUR TIERS**  
(HB 1164 — JULY 1, 2026)

<b>Tier 1</b> Fiscally Sound	No signs of fiscal stress. Routine monitoring continues.
<b>Tier 2 MOD RISK</b> Fiscal Watch	Early signs of fiscal stress. State-approved corrective action & fiscal recovery plan required.
<b>Tier 3 HIGH RISK</b> Fiscal Distress	Significant fiscal concerns. Comprehensive state-approved fiscal plan required. Mandatory DOAA audit.
<b>Tier 4 HIGH RISK</b> Critical Fiscal Emergency	Serious fiscal emergency. Strict compliance with intervention plan. Advance QBE distributions restricted.

**⚠ ACTION REQUIRED NOW: AUDIT & FINANCIAL STATEMENT CONFLICT RULE**  
(HB 1164 — JULY 1, 2026)

- Under **HB 1164**, a CPA firm or organization **may not** both prepare a school system's financial statements **and** conduct the required annual financial audit for that same system.
- This prohibition is effective **upon the governor's signature — not July 1.**
- If your current firm provides both services, a change is required before the FY2026 audit cycle.
- DOAA is developing **workshops, technical guidance, and training** to help systems navigate this transition.

**ANNUAL CERTIFICATION REQUIREMENTS**  
(HB 1164 — JULY 1, 2026)

**📅 First Deadline: December 31, 2026**

All local school systems and state charter schools must submit two annual certifications to DOAA, signed by the **superintendent, CFO/finance director, and board chairperson**:

- **Audit Readiness Certification** — attesting that DOAA's audit readiness requirements have been met.
- **Financial Obligations Certification** — attesting no delinquency on payments to the State Health Benefit Plan, TRS, PSERS, or Department of Labor.

**DOAA'S EXPANDED AUDIT ROLE**  
(HB 1164 — JULY 1, 2026)

- DOAA is receiving state funding to **expand the number of school system audits** it conducts directly.
- Expansion will be **phased** — beginning with high-risk designated systems, then expanding over time.
- State charter schools and completion schools are now explicitly within DOAA's oversight scope.
- School systems using CPA firms must obtain **written authorization from the state auditor.**

**Note:** Failure to submit either certification results in an **automatic high-risk (Tier 3/4) designation.**



## BOARD MEMBER SUSPENSION & SUPERINTENDENT CONTRACTS

(SB 472 — Effective Upon Governor’s Signature)

### BOARD MEMBER SUSPENSION

- **SB 472** adds two new triggers to the existing board member suspension process: **Tier 4 Designation** (Critical Fiscal Emergency) and **Financial Mismanagement or Misconduct**.
- When either condition is met, the state auditor notifies the state board within three business days. The state board’s audit committee may then recommend — followed by a majority vote — a hearing to recommend to the governor **suspension of eligible board members with pay**.

### SUPERINTENDENT CONTRACT PROVISIONS

- Contracts entered or renewed **on or after July 1, 2026** must include terms making these **acts of default and grounds for termination for cause**:
  - A state auditor finding of **financial mismanagement or misconduct** following an investigation.
  - Knowingly failing to comply with a material requirement of a **Tier 4 intervention plan**.

**Action Required:** Review any superintendent contract under negotiation or up for renewal — these provisions must be included before execution. Existing contracts are not retroactively affected.

## ADVANCE QBE DISTRIBUTION CAP

(SB 472 — Effective Upon Governor’s Signature)

### ADVANCE QBE DISTRIBUTION CAP

- Advance distributions of state allotted (QBE) funds are now capped at **50% of the prior year’s total state allotment**.
- Any advance above that cap requires all three of the following:
  - A **written opinion from the state auditor** that the advance is necessary and appropriate.
  - A **DOAA-developed monitoring and intervention plan**, which the local board must adopt by resolution within 30 days.
  - **Written authorization from the state auditor** before the state board makes any advance above the cap.