HB 1164 & SB 472 — Frequently Asked Questions

General & Effective Dates

When did HB 1164 take effect?

July 1, 2026.

Source: HB 1164, effective date provision

When did SB 472 take effect?

SB 472 became effective upon the governor's signature on May 12, 2026. Board member suspension and superintendent contract default provisions specifically apply to actions and contracts on or after July 1, 2026.

Source: SB 472

How will we know when new FAQs or guidance are available?

Updated FAQs are posted to the school finance oversight page of the DOAA website. DOAA announces material updates through its regular email communications to superintendents and finance officers.

CPA Authorization Process

Do we need DOAA's authorization before engaging a CPA firm for our annual audit?

Yes. O.C.G.A. § 50-6-6(e) requires prior written DOAA authorization before any CPA firm may be engaged for the required annual audit.

Source: O.C.G.A. § 50-6-6(e) (HB 1164)

Who chooses our CPA firm?

Your entity selects its own firm. DOAA does not maintain a pre-approved list — DOAA's role is to authorize the engagement, not select the firm.

Source: O.C.G.A. § 50-6-6(e) (HB 1164)

Does authorization carry over from one year to the next?

No. Authorization must be requested annually and does not carry forward to future fiscal years.

Source: O.C.G.A. § 50-6-6(e) (HB 1164); CPA Engagement Authorization Request form

Can the same firm both prepare our financial statements and conduct our audit?

No. Financial statement preparation is an audit readiness service, and the statute prohibits the firm that provided audit readiness services from also conducting the required annual audit for the same fiscal year. For FY26 only, the State Auditor issued a blanket waiver permitting the same firm to do both, given the short runway between enactment and the FY26 audit cycle. Beginning with FY27, entities should plan to separate financial statement preparation from the audit; the statute permits an exception only in exceptional cases involving reasonable cost considerations or scarcity of available service providers.

Source: O.C.G.A. § 50-6-6(e)(1)(C); FY26 waiver communication

DOAA conducts our audit. Do we need to submit a CPA Engagement Authorization Request?

No. The authorization requirement applies only when an entity engages a CPA firm to perform the required annual audit. Entities audited by DOAA do not submit an authorization request. Other requirements — including the annual certifications due December 31 — still apply.

Source: O.C.G.A. § 50-6-6(e) (HB 1164) | Added 7/15/26

Does our board need to approve the authorization request before it is submitted?

No. Board approval is not required. The request requires sign-off by the entity's CFO or finance director.

Source: CPA Engagement Authorization Request form (FY26) | Added 7/15/26

What could cause an authorization request to be denied?

The bases for denial are: a statutory independence conflict (the firm prepared the entity's financial statements and no waiver or exceptional-case authorization applies); the firm does not hold an active Georgia CPA firm license, or licensure cannot be verified; an unresolved professional disciplinary action or failed peer review; or an incomplete request. For FY26, the State Auditor's blanket waiver means a financial statement preparation combination is not, by itself, a basis for denial.

Source: CPA Engagement Authorization Determination Letter (FY26); O.C.G.A. § 50-6-6(e) | Added 7/15/26

What if the scope of the engagement changes after we receive authorization?

Authorization is issued based on the proposed engagement details in the request, and your engagement letter should provide that any changes to the scope of work will be communicated to DOAA. Contact DOAA before proceeding with a material change in scope.

Source: District Guidance on Selecting a CPA Firm (FY26); O.C.G.A. § 50-6-6(e) | Added 7/15/26

If we engage an individual or firm only to prepare our FY27 financial statements, do they need authorization?

No. Authorization applies to the audit engagement, not to financial statement preparation. Note, however, that beginning in FY27 — when the FY26 blanket waiver expires — the preparer of your financial statements may not also conduct the required annual audit absent an exceptional-case authorization under O.C.G.A. § 50-6-6(e)(1)(C).

Source: O.C.G.A. § 50-6-6(e); FY26 waiver communication | Added 7/15/26

Risk Designation

What's the basis for high-risk and moderate-risk designations right now?

Current designations — both high-risk and moderate-risk — are based on the existing SB 68 criteria from the 2019–2020 session. The new four-tier Progressive Fiscal Monitoring Program established by HB 1164 begins phasing in July 1, 2026, with full implementation targeted for the 2028–2029 school year.

Source: SB 68 (2019–2020); HB 1164 § 50-6-6.1

What does a high-risk designation require of our system?

A high-risk designation carries the following requirements:

- A response to the findings, including a board-approved corrective action plan, submitted to the Department of Education, DOAA, and the Governor's Office of Education and Workforce Strategy within 60 days of designation.
- A monthly report of anticipated expenditures by budget function for the current month, presented to each board member for review, and written acknowledgment, on or before the tenth business day of each month.
- Annual publication of the statement of actual financial operations in the official county organ for two consecutive weeks, signed by board members and the superintendent, not later than September 30.
- A 12-month cap on superintendent contract extensions while the designation is in place.
- Participation by board members and superintendent in required training to address the deficiencies.
- A transition to a DOAA-conducted audit, phased in beginning with the highest-risk systems.

Additionally, if a system is designated at the highest monitoring level (Tier 4) or is the subject of a State Auditor finding of financial mismanagement or misconduct, board members serving at that time may become subject to the suspension process under O.C.G.A. § 20-2-73. Suspension is not an automatic consequence of a high-risk designation.

Source: O.C.G.A. § 20-2-67, 20-2-101(a)(2), 20-2-73; HB 1164 / SB 472

What does a moderate-risk designation require of our system?

A moderate-risk designation carries the following requirements:

- A response to the findings, including a board-approved corrective action plan, submitted to the Department of Education, DOAA, and the Governor's Office of Education and Workforce Strategy within 60 days of designation.
- A monthly report of anticipated expenditures by budget function for the current month, presented to each board member for review, written acknowledgment, and signature on or before the tenth business day of each month.
- Annual publication of the statement of actual financial operations in the official county organ for two consecutive weeks, signed by board members and the superintendent, not later than September 30.
- Participation by the superintendent in required training to address the deficiencies.
- A transition to a DOAA-conducted audit, phased in beginning with the highest-risk systems.

These requirements apply for as long as the designation remains in place. The 12-month cap on superintendent contract extensions, the board member training requirement, and the board member suspension provisions apply only to high-risk designations and do not attach to a moderate-risk designation.

Source: O.C.G.A. § 20-2-67; HB 1164 / SB 472

Does a moderate-risk designation mean DOAA will conduct our audit?

Moderate-risk and high-risk designations both carry a mandatory DOAA-conducted audit, but the transition is phased, beginning with the highest-risk systems. Not every designated system will move to a DOAA-conducted audit in FY26. DOAA will communicate directly with each designated system about the audit cycle in which its transition takes effect.

Source: HB 1164 (risk designation consequences); O.C.G.A. § 20-2-67 | Added 7/15/26

DOAA already conducts our audit. What changes for us under a designation?

The DOAA-conducted audit consequence is already satisfied — DOAA continues as your auditor. The other obligations attached to a designation, including the corrective action plan response, required training, monthly board reporting, and the annual publication requirement, still apply while the designation remains in place.

Source: O.C.G.A. § 20-2-67; HB 1164 | Added 7/15/26

Our system is searching for a new superintendent, or has an interim in place. Does the 12-month contract limitation affect our ability to hire?

No. The statute limits contract extensions while a system is designated high-risk — the superintendent's contract of employment may not be extended for a term exceeding 12 months. It does not restrict a local board's ability to enter into an initial employment contract with a new superintendent. A new superintendent may be employed under a written contract of one to three years, consistent with O.C.G.A. § 20-2-101(a)(1), regardless of the system's designation. This includes systems currently operating with an interim superintendent — the permanent hire's contract is a new contract, not an extension. While the designation remains in place, any extension of a superintendent's contract is limited to a term of 12 months.

Source: O.C.G.A. § 20-2-101(a)(1)–(2)

Monthly Reporting & Publication (Designated Systems)

Who is required to present the monthly report of anticipated expenditures?

Only systems currently designated moderate-risk or high-risk. The requirement applies while the designation remains in place and ends when the system is under neither designation. It does not apply to systems without a designation.

Source: O.C.G.A. § 20-2-67(b) | Added 7/15/26

Is the monthly report a look back at the prior month's actual results?

No. It is forward-looking: all anticipated expenditures by budget function for the current month. It is separate from the monthly financial status report of revenues, expenditures, and encumbrances required under O.C.G.A. § 20-2-58, which was not changed by HB 1164. The two reports operate in parallel and serve distinct purposes.

Source: O.C.G.A. § 20-2-67(b); O.C.G.A. § 20-2-58 | Added 7/15/26

Is there a required format? Is this the same as reporting encumbrances?

There is no state-prescribed template for this report. Your system may use its own format, provided the report presents anticipated expenditures by budget function for the current month and satisfies the review, written acknowledgment, signature, and minutes requirements. It is an estimate of expected spending for the month, not an encumbrance report.

Source: O.C.G.A. § 20-2-67(b) | Added 7/15/26

Doesn't our approved annual budget already satisfy this requirement?

No. Budget adoption does not satisfy the monthly requirement. The statute requires a separate report presented to each board member each month, with each member's written acknowledgment, recorded and retained in the board's minutes.

Source: O.C.G.A. § 20-2-67(b) | Added 7/15/26

What if actual spending differs from what we anticipated? There are always unexpected expenditures.

The report is an estimate of anticipated expenditures, and reasonable variances between anticipated and actual expenditures are expected. The statute requires the forward-looking presentation and acknowledgment; it does not convert the report into a spending limit.

Source: O.C.G.A. § 20-2-67(b) | Added 7/15/26

Do board member signatures approve the spending? What if a member declines to sign?

A member's signature documents his or her review and written acknowledgment of the report. It is not an approval to spend, and the statute does not condition the system's expenditures on the signatures. The statute directs that each monthly report be signed by each board member.

Source: O.C.G.A. § 20-2-67(b) | Added 7/15/26

When did the monthly reports begin, and when are they due each month?

The requirement took effect July 1, 2026, so the first report covered July 2026. Each report must be presented to board members on or before the tenth business day of the month. The statute does not require that the presentation occur at a board meeting — if your board meets later in the month, the report may be distributed to each member for review, acknowledgment, and signature by the deadline and recorded in the minutes at the next meeting. We encourage confirming that approach with your board attorney. DOAA recognizes that designated systems are establishing this process for the first time and is developing additional guidance to support implementation. During this initial period, DOAA's focus is on helping systems stand up a compliant monthly reporting process, not on faulting good-faith efforts while that guidance is finalized.

Source: O.C.G.A. § 20-2-67(b) | Added 7/15/26

Can adoption of an agenda item substitute for individual board member signatures?

No. The statute requires each member's written acknowledgment and signature on the monthly report, recorded and retained in the minutes.

Source: O.C.G.A. § 20-2-67(b) | Added 7/15/26

Is there a required format or size for the published statement of actual financial operations?

DOAA is finalizing the publication form and accompanying instructions, which will be distributed to designated systems and posted to the DOAA website in advance of the September 30 deadline. Systems should not develop their own format in the interim.

Source: O.C.G.A. § 20-2-67(c); State Auditor-prescribed form (forthcoming) | Added 7/15/26

Certification Requirements

What are the two new annual certifications?

An Audit Readiness Certification and a Financial Obligations Certification (confirming no delinquency on payments to the state health benefit plan, TRS, PSERS, or DOL).

Source: HB 1164 (Annual Certifications responsibility)

When is the first certification deadline, and who has to sign?

December 31, 2026, and annually thereafter. The superintendent, CFO/finance director, and board chair all sign, and certifications are submitted through the DOAA client portal - Suralink.

Source: HB 1164 (Annual Certifications responsibility)

What happens if we don't file, or file something inaccurate?

Non-filers are automatically designated high-risk. A certification later found to be materially inaccurate can also trigger a high-risk or moderate-risk designation.

Source: HB 1164, Risk Designation — Revised Criteria, § 20-2-67(a.3) & § 50-6-6.1(e)

Investigation Authority

What gives DOAA the authority to investigate a local school system?

O.C.G.A. § 50-6-28(b) authorizes the State Auditor to investigate any local school system when facts, records, circumstances, or information indicate mismanagement or misconduct. This mirrors DOAA's existing authority over state government agencies.

Source: O.C.G.A. § 50-6-28(b)

Is our routine annual audit the same thing as an investigation?

No. A routine audit reviews financial statements, records, and internal controls under standard procedures. An investigation is triggered by specific facts or indicators of mismanagement or misconduct — not by audit findings alone.

Source: HB 1164 / SB 472 investigation authority provisions

Is "financial mismanagement or misconduct" defined? Are there examples we can share with our board?

The statute does not define these terms. It's best to begin with a good working definition of both terms. In this context, mismanagement could be defined as "a pattern of careless, inefficient, incompetent, or negligent handling of an entity's financial resources." Misconduct could be defined as "negligent or willful violations of ethical standards, fiduciary duties, or relevant laws." With these definitions as a background, mismanagement and misconduct could include anything from budget shortfalls or budget v. actual deviations to negligence, self-dealing, or theft.

A finding of financial mismanagement or misconduct can be made only by the State Auditor following a formal investigation under O.C.G.A. §§ 50-6-28 and 50-6-29, based on the specific facts, records, and circumstances involved. It is not a label applied to ordinary audit findings or to good-faith budgeting judgment.

Source: O.C.G.A. §§ 50-6-28, 50-6-29 | Added 7/15/26

Charter Schools & Scope

Do the new requirements apply to locally approved charter schools? Do districts administer them for their local charters?

The covered entities under HB 1164 and SB 472 are local school systems and state charter schools — charter schools authorized by the State Charter Schools Commission. Locally approved charter schools chartered by a local board are not separately covered entities. The certification, CPA engagement authorization, and designation requirements apply at the district level, and districts are not required to administer these requirements separately for their locally approved charter schools.

Source: O.C.G.A. § 20-2-67; HB 1164 / SB 472 covered-entity provisions | Added 7/15/26