

AMENDED IN SENATE JUNE 21, 2010

AMENDED IN SENATE MAY 27, 2010

CALIFORNIA LEGISLATURE—2009—10 REGULAR SESSION

ASSEMBLY BILL

No. 1891

Introduced by ~~Committee on Higher Education (Portantino (Chair), Block, Cook, Fong, Galgiani, Huber, Ma, and Ruskin)~~ Assembly Member Portantino

February 16, 2010

~~An act to add Article 8 (commencing with Section 550) to Chapter 3 of Part 1 of Division 1 of the Food and Agricultural Code, relating to agriculture. An act to amend Sections 8543, 8543.1, 8543.2, 8543.3, 8543.5, 8543.6, 8543.7, 8544, 8544.4, 8544.5, 8545, 8545.1, 8545.2, 8545.3, 8545.4, 8545.5, 8546, 8546.1, 8546.2, 8546.3, 8546.4, 8546.5, 8546.6, 8546.7, 8546.8, 8547.4, 8547.5, 8547.6, 8547.7, 8547.11, 8548.1, 8548.2, 8548.4, and 8548.9 of, and to amend the heading of Chapter 6.5 (commencing with Section 8543) of Division 1 of Title 2 of, the Government Code, relating to state government.~~

LEGISLATIVE COUNSEL'S DIGEST

AB 1891, as amended, ~~Committee on Higher Education Portantino. Sustainable agriculture research: agricultural chemicals. State government: Bureau of State Audits and Inspector General.~~

Existing law establishes the Bureau of State Audits under the direction of the Milton Marks "Little Hoover" Commission on California State Government Organization and Economy. Existing law provides that the duties of the bureau are to examine and report annually upon financial statements prepared by the executive branch and to perform

other related assignments, including performance audits, mandated by statute.

This bill would rename the bureau the Bureau of State Audits and Inspector General and specify certain duties that the renamed bureau is to undertake as part of its existing responsibilities, relating to the investigation, review, and auditing of state entities under its jurisdiction. The bill would make conforming changes to existing law.

~~Until January 1, 2010, existing law requested the Regents of the University of California to establish the Sustainable Agriculture Research and Education Program to support competitive grants to promote more research and education on sustainable agricultural practices, and to support the giving of instructions and practical demonstrations in agriculture.~~

~~This bill would reestablish this program, except it would not require the regents to biennially report to the Legislature on the program.~~

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 *SECTION 1. The heading of Chapter 6.5 (commencing with*
2 *Section 8543) of Division 1 of Title 2 of the Government Code is*
3 *amended to read:*

4
5 CHAPTER 6.5. STATE AUDITOR INSPECTOR GENERAL

6
7 *SEC. 2. Section 8543 of the Government Code is amended to*
8 *read:*

9 8543. (a) There is hereby created in state government the
10 Bureau of State Audits *and Inspector General* under the direction
11 of the Milton Marks “Little Hoover” Commission on California
12 State Government Organization and Economy. In order to be free
13 of organizational impairments to independence, the bureau shall
14 be independent of the executive branch and legislative control.

15 (b) *Whenever a reference is made to the “Bureau of State*
16 *Audits” by the provisions of any statute or regulation, it shall be*
17 *construed as referring to the Bureau of State Audits and Inspector*
18 *General.*

19 *SEC. 3. Section 8543.1 of the Government Code is amended*
20 *to read:*

1 8543.1. The duties of the Bureau of State Audits *and Inspector*
2 *General* are to examine and report annually upon the financial
3 statements prepared by the executive branch of the state and to
4 perform other related assignments, including performance audits,
5 that are mandated by statute. For the purposes of this chapter
6 “bureau” means the “Bureau of State Audits *and Inspector*
7 *General*,” unless the context clearly requires otherwise. *The bureau*
8 *shall, as part of its existing auditing, administrative, and*
9 *investigative duties, detect, investigate, deter, and eliminate*
10 *corruption, fraud, criminal activity, conflicts of interest, abuses*
11 *of office, and waste in the state entities under its jurisdiction,*
12 *including, but not limited to, state agencies, departments, divisions,*
13 *offices, boards, and commissions. The bureau shall vigorously*
14 *and fairly investigate allegations of misconduct and conduct audits*
15 *and systematic reviews of state agency programs and procedures,*
16 *and recommend improvements for positive and permanent reform*
17 *of agency operations.*

18 SEC. 4. Section 8543.2 of the Government Code is amended
19 to read:

20 8543.2. (a) The head of the bureau is the State Auditor
21 *Inspector General*, who shall be appointed by the Governor from
22 a list of three qualified individuals nominated by the Joint
23 Legislative Audit Committee by a vote of at least a majority of the
24 committee membership from each house of the Legislature. The
25 term of any individual appointed as the State Auditor *Inspector*
26 *General* shall be four years. Any vacancy in the office shall be
27 filled in the same manner provided by this subdivision for a full
28 term.

29 (b) As the head of the bureau, the State Auditor *Inspector*
30 *General* may establish constituent parts of the bureau to carry out
31 the powers and duties of the bureau unless otherwise specified by
32 law.

33 (c) The bureau has a Chief Deputy State Auditor.

34 (d) *The bureau has a Chief Deputy State Inspector General.*

35 SEC. 5. Section 8543.3 of the Government Code is amended
36 to read:

37 8543.3. The State Auditor *Inspector General* shall be chosen
38 without reference to party affiliation and solely on the ground of
39 fitness to perform the duties of the office. Prior to selection, the
40 State Auditor *Inspector General* shall possess a combination of

1 education and experience in auditing and management necessary
2 to perform the duties of the office.

3 *SEC. 6. Section 8543.5 of the Government Code is amended*
4 *to read:*

5 8543.5. The Chief Deputy State Auditor shall be appointed by
6 the State Auditor *Inspector General*. The Chief Deputy State
7 Auditor shall carry out those duties prescribed by the State Auditor
8 *Inspector General* and shall act for the State Auditor *Inspector*
9 *General* when the State Auditor *Inspector General* is absent or
10 unable to serve or when the office of the State Auditor *Inspector*
11 *General* is vacant. The tenure of any incumbent Chief Deputy
12 State Auditor shall expire on any date that an individual is
13 appointed State Auditor *Inspector General*, but any incumbent
14 Chief Deputy State Auditor may be reappointed pursuant to this
15 section.

16 *SEC. 7. Section 8543.6 of the Government Code is amended*
17 *to read:*

18 8543.6. The State Auditor *Inspector General* may be removed
19 for cause at any time by concurrent resolution of the Legislature.
20 A State Auditor *Inspector General* removed pursuant to this section
21 may not be reappointed to the office.

22 *SEC. 8. Section 8543.7 of the Government Code is amended*
23 *to read:*

24 8543.7. (a) The annual salary for the State Auditor *Inspector*
25 *General* shall be equal to that of agency secretaries of the executive
26 branch of government pursuant to Section 11550.

27 (b) The State Auditor *Inspector General* shall be repaid all actual
28 expenses incurred or paid by him or her in the discharge of his or
29 her duties.

30 *SEC. 9. Section 8544 of the Government Code is amended to*
31 *read:*

32 8544. (a) Consistent with subdivision (i) of Section 8546, the
33 State Auditor *Inspector General* may employ and fix the
34 compensation, in accordance with Article VII of the California
35 Constitution, of those professional assistants and technical, clerical,
36 deputy state auditors, and other officers and employees as he or
37 she deems necessary for the effective conduct of the work under
38 his or her charge.

39 (b) In establishing and adjusting classes of positions, and
40 establishing and adjusting salary ranges for each class of position,

1 to provide for the continued ability to attract and maintain qualified
2 individuals within the ~~Bureau of State Audits~~ *bureau*, consideration
3 shall be given to the fact that the level of education, experience,
4 knowledge, and ability required of the employees in the bureau is
5 generally higher than that of state service generally, due to the
6 unique duties and responsibilities imposed on the bureau and the
7 relatively small number of employees.

8 (c) When fixing compensation for employees, the State Auditor
9 *Inspector General* shall consider prevailing rates for comparable
10 service in other public employment and private business.

11 *SEC. 10. Section 8544.4 of the Government Code is amended*
12 *to read:*

13 8544.4. The permanent office of the State Auditor *Inspector*
14 *General* shall be in Sacramento, where he or she shall be provided
15 with suitable and sufficient offices. When in his or her judgment
16 the conduct of the work requires, he or she may maintain offices
17 at other places in the state.

18 *SEC. 11. Section 8544.5 of the Government Code is amended*
19 *to read:*

20 8544.5. (a) There is hereby established in the State Treasury
21 the State Audit Fund. Notwithstanding Section 13340, the State
22 Audit Fund is continuously appropriated for the expenses of the
23 State Auditor *Inspector General*. There shall be appropriated
24 annually in the Budget Act to the State Audit Fund, from the
25 General Fund and the Central Service Cost Recovery Fund, the
26 amount necessary to reimburse the State Audit Fund for the cost
27 of audits to be performed that are not directly reimbursed under
28 subdivision (c). "Cost of audits" means all direct and indirect costs
29 of conducting the audits and any other expenses incurred by the
30 State Auditor *Inspector General* in fulfilling his or her statutory
31 responsibilities.

32 (b) With regard to the funds appropriated pursuant to subdivision
33 (a), upon certification by the State Auditor *Inspector General* of
34 estimated costs on a monthly basis, the Controller shall transfer
35 the amount thus certified from the General Fund or the Central
36 Service Cost Recovery Fund, as applicable, to the State Audit
37 Fund. The Controller shall thereafter issue warrants drawn against
38 the State Audit Fund upon receipt of claims certified by the State
39 Auditor *Inspector General*.

1 (c) To ensure appropriate reimbursement from federal and
2 special funds for the costs of the duties performed pursuant to
3 Section 8546.3, the State Auditor *Inspector General* may directly
4 bill state agencies for the costs incurred, subject to the approval
5 of the Director of Finance.

6 (d) To ensure adequate oversight of the operations of the bureau,
7 the Milton Marks “Little Hoover” Commission on California State
8 Government Organization and Economy shall annually obtain the
9 services of an independent public accountant to audit the State
10 Audit Fund and the operation of the bureau to assure compliance
11 with state law, including Section 8546. The results of this audit
12 shall be submitted to the commission and shall be a public record.

13 (e) To ensure that audits of the Milton Marks “Little Hoover”
14 Commission on California State Government Organization and
15 Economy are conducted in conformity with government auditing
16 standards, any audit of the commission that is required or permitted
17 by law shall be conducted by the independent public accountant
18 selected pursuant to subdivision (d).

19 *SEC. 12. Section 8545 of the Government Code is amended to*
20 *read:*

21 8545. The State Auditor *Inspector General* shall not destroy
22 any papers or memoranda used to support a completed audit sooner
23 than three years after the audit report is released to the public. All
24 books, papers, records, and correspondence of the bureau pertaining
25 to its work are public records subject to Chapter 3.5 (commencing
26 with Section 6250) of Division 7 of Title 1 and shall be filed at
27 any of the regularly maintained offices of the State Auditor
28 *Inspector General*, except that none of the following items or
29 papers of which these items are a part shall be released to the public
30 by the State Auditor *Inspector General*, his or her employees, or
31 members of the commission:

32 (a) Personal papers and correspondence of any person providing
33 assistance to the State Auditor *Inspector General* when that person
34 has requested in writing that his or her papers and correspondence
35 be kept private and confidential. Those papers and correspondence
36 shall become public records if the written request is withdrawn or
37 upon the order of the State Auditor *Inspector General*.

38 (b) Papers, correspondence, memoranda, or any substantive
39 information pertaining to any audit not completed.

1 (c) Papers, correspondence, or memoranda pertaining to any
2 audit that has been completed, which papers, correspondence, or
3 memoranda are not used in support of any report resulting from
4 the audit.

5 *SEC. 13. Section 8545.1 of the Government Code is amended*
6 *to read:*

7 8545.1. (a) The State Auditor *Inspector General*, and any
8 employee or former employee of the bureau, shall not divulge or
9 make known to any person not employed by the bureau in any
10 manner not expressly permitted by law any particulars of any
11 record, document, or information the disclosure of which is
12 restricted by law from release to the public. This prohibition
13 includes, but is not limited to, the restrictions on the release of
14 records, documents, or information set forth in Section 8545.

15 (b) Subdivision (a) also applies to either of the following:

16 (1) Any person or business entity that is contracting with or has
17 contracted with the bureau and to the employees and former
18 employees of that person or business entity.

19 (2) The officers and employees of and any person or business
20 entity that is contracting with or has contracted with any state or
21 local governmental agency or publicly created entity that has
22 assisted the bureau in the course of any audit or investigation or
23 that has received a draft copy of any report or other draft document
24 from the bureau for comment or review.

25 (c) Any officer, employee, or person who discloses the
26 particulars of any record, document, or other information in
27 violation of this section is guilty of a misdemeanor.

28 *SEC. 14. Section 8545.2 of the Government Code is amended*
29 *to read:*

30 8545.2. (a) Notwithstanding any other provision of law, the
31 State Auditor *Inspector General* during regular business hours
32 shall have access to and authority to examine and reproduce, any
33 and all books, accounts, reports, vouchers, correspondence files,
34 and all other records, bank accounts, and money or other property,
35 of any agency of the state, whether created by the California
36 Constitution or otherwise, any local governmental entity, including
37 any city, county, and school or special district, and any publicly
38 created entity, for any audit or investigation. Any officer or
39 employee of any agency or entity having these records or property
40 in his or her possession, under his or her control, or otherwise

1 having access to them, shall permit access to, and examination and
2 reproduction thereof, upon the request of the State Auditor
3 *Inspector General* or his or her authorized representative.

4 (b) For the purposes of access to and examination and
5 reproduction of the records and property described in subdivision
6 (a), an authorized representative of the State Auditor *Inspector*
7 *General* is an employee or officer of the state or local governmental
8 agency or publicly created entity involved and is subject to any
9 limitations on release of the information as may apply to an
10 employee or officer of the state or local governmental agency or
11 publicly created entity. For the purpose of conducting any audit
12 or investigation, the State Auditor *Inspector General* or his or her
13 authorized representative shall have access to the records and
14 property of any public or private entity or person subject to review
15 or regulation by the public agency or public entity being audited
16 or investigated to the same extent that employees or officers of
17 that agency or public entity have access. No provision of law
18 providing for the confidentiality of any records or property shall
19 prevent disclosure pursuant to subdivision (a), unless the provision
20 specifically refers to and precludes access and examination and
21 reproduction pursuant to subdivision (a). This subdivision does
22 not apply to records compiled pursuant to Part 1 (commencing
23 with Section 8900) or Part 2 (commencing with Section 10200)
24 of Division 2.

25 (c) Any officer or person who fails or refuses to permit access
26 and examination and reproduction, as required by this section, is
27 guilty of a misdemeanor.

28 *SEC. 15. Section 8545.3 of the Government Code is amended*
29 *to read:*

30 8545.3. It is a misdemeanor for the State Auditor *Inspector*
31 *General* or any employee of the State Auditor *Inspector General*
32 to release any information received pursuant to Section 10850 of
33 the Welfare and Institutions Code or that is otherwise prohibited
34 by law to be disclosed.

35 *SEC. 16. Section 8545.4 of the Government Code is amended*
36 *to read:*

37 8545.4. (a) In connection with any audit or investigation
38 conducted by the State Auditor *Inspector General*, the State
39 Auditor *Inspector General* or his or her designee, may do any of
40 the following:

- 1 (1) Administer oaths.
- 2 (2) Certify to all official acts.
- 3 (3) Issue subpoenas for the attendance of witnesses and the
- 4 production of papers, books, accounts, or documents, or for the
- 5 making of oral or written sworn statements, in any interview
- 6 conducted as part of an audit or investigation.

7 (b) Any subpoena issued under this section extends as process
8 to all parts of the state and may be served by any person authorized
9 to serve process of courts of record or by any person designated
10 for that purpose by the State Auditor *Inspector General* or his or
11 her designee. The person serving this process may receive
12 compensation as allowed by the State Auditor *Inspector General*
13 or his or her designee, not to exceed the fees prescribed by law for
14 similar service.

15 (c) Notwithstanding Section 7470, 7474, or 7491, subpoenas
16 issued under this section for financial records of financial
17 institutions concerning customers of financial institutions or for
18 information contained in those records shall not be subject to the
19 requirement or conditions of Section 7474.

20 *SEC. 17. Section 8545.5 of the Government Code is amended*
21 *to read:*

22 8545.5. (a) The superior court in the county in which any
23 interview is held under the direction of the State Auditor *Inspector*
24 *General* or his or her designee has jurisdiction to compel the
25 attendance of witnesses, the making of oral or written sworn
26 statements, and the production of papers, books, accounts, and
27 documents, as required by any subpoena issued by the State
28 Auditor *Inspector General* or his or her designee.

29 (b) If any witness refuses to attend or testify or produce any
30 papers required by the subpoena, the State Auditor *Inspector*
31 *General* or his or her designee may petition the superior court in
32 the county in which the hearing is pending for an order compelling
33 the person to attend and answer questions under penalty of perjury
34 or produce the papers required by the subpoena before the person
35 named in the subpoena. The petition shall set forth all of the
36 following:

37 (1) That due notice of the time and place of attendance of the
38 person or the production of the papers has been given.

39 (2) That the person has been subpoenaed in the manner
40 prescribed in Section 8545.4.

1 (3) That the person has failed and refused to attend or produce
 2 the papers required by subpoena before the State Auditor *Inspector*
 3 *General* or his or her designee as named in the subpoena, or has
 4 refused to answer questions propounded to him or her in the course
 5 of the interview under penalty of perjury.

6 (c) Upon the filing of the petition, the court shall enter an order
 7 directing the person to appear before the court at a specified time
 8 and place and then and there show cause why he or she has not
 9 attended, answered questions under penalty of perjury, or produced
 10 the papers as required. A copy of the order shall be served upon
 11 him or her. If it appears to the court that the subpoena was regularly
 12 issued by the State Auditor *Inspector General* or his or her
 13 designee, the court shall enter an order that the person appear
 14 before the person named in the subpoena at the time and place
 15 fixed in the order and answer questions under penalty of perjury
 16 or produce the required papers. Upon failure to obey the order, the
 17 person shall be dealt with as for contempt of court.

18 *SEC. 18. Section 8546 of the Government Code is amended to*
 19 *read:*

20 8546. It is the intent of the Legislature that the ~~Bureau of State~~
 21 ~~Audits~~ *bureau* have the independence necessary to conduct all of
 22 its audits in conformity with “Government Auditing Standards”
 23 published by the Comptroller General of the United States and the
 24 standards published by the American Institute of Certified Public
 25 Accountants, free from influence of existing state control agencies
 26 that could be the subject of audits conducted by the bureau.
 27 Therefore, all of the following exclusions apply to the office:

28 (a) Notwithstanding Section 19790, the State Auditor *Inspector*
 29 *General* shall establish an equal employment opportunity program
 30 that shall meet the criteria and objectives established by the State
 31 Personnel Board. The State Auditor *Inspector General* shall report
 32 annually to the State Personnel Board and the commission
 33 regarding the program.

34 (b) Notwithstanding Section 12470, the State Auditor *Inspector*
 35 *General* shall be responsible for maintaining its payroll system.
 36 In lieu of audits of the uniform payroll system performed by the
 37 Controller or any other department, the office shall contract
 38 pursuant to subdivision (e) of Section 8544.5 for an annual audit
 39 of its payroll and financial operations by an independent public
 40 accountant.

1 (c) Notwithstanding Section 13292, the State Auditor *Inspector*
2 *General* is delegated the authority to establish and administer the
3 fiscal and administrative policies of the bureau in conformity with
4 the State Administrative Manual without oversight by the
5 Department of Finance, the Department of Information
6 Technology, or any other state agency.

7 (d) Notwithstanding Section 11032, the State Auditor *Inspector*
8 *General* may approve actual and necessary traveling expenses for
9 travel outside the state for officers and employees of the bureau.

10 (e) Notwithstanding Section 11033, the State Auditor *Inspector*
11 *General* or officers and employees of the bureau may be absent
12 from the state on business of the state upon approval of the State
13 Auditor *Inspector General* or Chief Deputy State Auditor.

14 (f) Sections 11040, 11042, and 11043 shall not apply to the
15 Bureau of State Audits. The State Auditor *Inspector General* may
16 employ legal counsel under those terms that he or she deems
17 necessary to conduct the legal business of, or render legal counsel
18 to, the State Auditor *Inspector General*.

19 (g) The provisions and definitions of Article 2 (commencing
20 with Section 11342.510) of Chapter 3.5 of Division 3 shall not be
21 construed to include the Bureau of State Audits. The State Auditor
22 *Inspector General* may adopt regulations necessary for the
23 operation of the bureau pursuant to the provisions of the
24 Administrative Procedure Act (Chapter 3.5 (commencing with
25 Section 11340) of Division 3), but these regulations shall not be
26 subject to the review or approval of the Office of Administrative
27 Law.

28 (h) The State Auditor *Inspector General* shall be exempt from
29 all contract requirements of the Public Contract Code that require
30 oversight, review, or approval by the Department of General
31 Services or any other state agency. The State Auditor *Inspector*
32 *General* may contract on behalf of the State of California for goods
33 and services that he or she deems necessary for the furtherance of
34 the purposes of the bureau.

35 (i) (1) Subject to Article VII of the California Constitution, the
36 State Auditor *Inspector General* is delegated the authority to
37 establish and administer the personnel policies and practices of
38 the Bureau of State Audits in conformity with Part 2.6
39 (commencing with Section 19815) of Division 5 of Title 2 without

1 oversight or approval by the Department of Personnel
2 Administration.

3 (2) At the election of the State Auditor *Inspector General*,
4 officers and employees of the bureau may participate in benefits
5 programs administered by the Department of Personnel
6 Administration subject to the same conditions for participation
7 that apply to civil service employees in other state agencies. For
8 the purposes of benefits programs administration only, the State
9 Auditor *Inspector General* is subject to the determinations of the
10 department. The Bureau of State Audits shall reimburse the
11 Department of Personnel Administration for the normal
12 administrative costs incurred by the Department of Personnel
13 Administration and for any extraordinary costs resulting from the
14 inclusion of the bureau employees in these state benefit programs.

15 *SEC. 19. Section 8546.1 of the Government Code is amended*
16 *to read:*

17 8546.1. (a) The State Auditor *Inspector General* shall conduct
18 financial and performance audits as directed by statute. The State
19 Auditor *Inspector General* may conduct these audits of any state
20 agency as defined by Section 11000, whether created by the
21 California Constitution or otherwise, any local governmental
22 agency, including any city, county, and school or special district,
23 or any publicly created entity. However, the State Auditor *Inspector*
24 *General* shall not audit the activities of the Milton Marks
25 Commission on California State Government Organization and
26 Economy or the Legislature to assure compliance with government
27 auditing standards.

28 (b) The State Auditor *Inspector General* shall conduct any audit
29 of a state or local governmental agency or any other publicly
30 created entity that is requested by the Joint Legislative Audit
31 Committee to the extent that funding is available and in accordance
32 with the priority established by the committee with respect to other
33 audits requested by the committee. Members of the Legislature
34 may submit requests for audits to the committee for its
35 consideration and approval. Any audit request approved by the
36 committee shall be forwarded to the State Auditor *Inspector*
37 *General* as a committee request.

38 (c) The State Auditor *Inspector General* shall complete any
39 audit in a timely manner and in accordance with the “Government

1 Auditing Standards” published by the Comptroller General of the
2 United States.

3 (d) Immediately upon completion of the audit, the State Auditor
4 *Inspector General* shall transmit a copy of the audit report to the
5 commission. Not later than 24 hours after delivery to the
6 commission, the State Auditor *Inspector General* shall deliver the
7 report to the Legislature, appropriate committees or subcommittees
8 of the Legislature, and the Governor. Once transmitted to these
9 parties, the report shall be made available to the public.

10 *SEC. 20. Section 8546.2 of the Government Code is amended*
11 *to read:*

12 8546.2. (a) The State Auditor *Inspector General* shall request
13 that any state agency, as defined in Section 11000, whether created
14 by the California Constitution or otherwise, any local governmental
15 agency, including any city, county, city and county, school, or
16 special district, or any publicly created entity, that is the subject
17 of an audit or investigation conducted pursuant to this chapter
18 provide updates on its progress in implementing the
19 recommendations made by the State Auditor *Inspector General*,
20 at intervals prescribed by the State Auditor *Inspector General*.

21 (b) Any state agency described in subdivision (a) shall provide
22 the State Auditor *Inspector General*, in the form prescribed by the
23 State Auditor *Inspector General*, with updates on implementation
24 of recommendations as described in subdivision (a).

25 *SEC. 21. Section 8546.3 of the Government Code is amended*
26 *to read:*

27 8546.3. The State Auditor *Inspector General* shall examine
28 and report annually upon the financial statements otherwise
29 prepared by the executive branch of the state so that the Legislature
30 and the public will be informed of the adequacy of those financial
31 statements in compliance with generally accepted accounting
32 principles. In making that examination, the State Auditor *Inspector*
33 *General* may make the audit examination of accounts and records,
34 accounting procedures, and internal auditing performance that he
35 or she determines to be necessary to disclose all material facts
36 necessary to proper reporting in accordance with the federal Single
37 Audit Act of 1984 (31 U.S.C. Section 7501 and following) and
38 the purposes set forth in Section 8521.5.

39 *SEC. 22. Section 8546.4 of the Government Code is amended*
40 *to read:*

1 8546.4. (a) The State Auditor *Inspector General* shall annually
2 issue an auditor's report based upon the general purpose financial
3 statements included in the Controller's annual report that is
4 submitted to the Governor pursuant to Section 12460. The report
5 shall be in accordance with the "Government Auditing Standards"
6 published by the Comptroller General of the United States and the
7 standards published by the American Institute of Certified Public
8 Accountants.

9 (b) The State Auditor *Inspector General*, in the performance of
10 this annual audit and any other audit or investigation undertaken
11 by the bureau, may examine all the financial records, accounts,
12 and documents of any state agency as defined by Section 11000.

13 (c) The State Auditor *Inspector General* shall rely, to the
14 maximum extent possible, upon the audits performed by the
15 Controller, the Department of Finance, internal auditors of state
16 agencies, and independent contractors. The Director of Finance
17 shall be responsible for coordinating and providing technical
18 assistance to the internal auditors of state agencies. Nothing in this
19 article is intended to reduce or restrict the operations of internal
20 auditors whose review of internal financial and administrative
21 controls of state agencies is essential for coordinated audits.

22 (d) State agencies receiving federal funds shall be primarily
23 responsible for arranging for federally required financial and
24 compliance audits. State agencies shall immediately notify the
25 Director of Finance, the State Auditor *Inspector General*, and the
26 Controller when they are required to obtain federally required
27 financial and compliance audits. The Director of Finance, the State
28 Auditor *Inspector General*, and the Controller shall coordinate the
29 procurement by state agencies, including any negotiations with
30 cognizant federal agencies, of federally required financial and
31 compliance audits.

32 (e) To prevent duplication of the annual audit conducted by the
33 State Auditor *Inspector General* pursuant to subdivision (a), except
34 for those state agencies that are required by state law to obtain an
35 annual audit, no state agency shall enter into a contract for a
36 financial or compliance audit without prior written approval of the
37 Controller and the Director of Finance, which approval shall state
38 the reason for the contract and shall be filed with the State Auditor
39 *Inspector General* at least 30 days prior to the award of the
40 contract. No funds appropriated by the Legislature shall be

1 encumbered for the purpose of funding any contract for an audit
2 that duplicates the annual financial audit conducted by the State
3 Auditor *Inspector General*.

4 (f) Notwithstanding any other provision of this article, nothing
5 in this section shall be construed to limit, restrict, or otherwise
6 infringe upon the constitutional or statutory authority of the
7 Controller to superintend the fiscal concerns of the state.

8 (g) Except as provided in subdivision (b), notwithstanding any
9 other provision of this article, nothing in this section shall be
10 construed to limit, restrict, or otherwise infringe upon the statutory
11 authority of the Director of Finance to supervise the financial and
12 business policies of the state.

13 *SEC. 23. Section 8546.5 of the Government Code is amended*
14 *to read:*

15 8546.5. (a) The State Auditor *Inspector General* may establish
16 a high-risk government agency audit program for the purpose of
17 identifying, auditing, and issuing reports on any agency of the
18 state, whether created by the California Constitution or otherwise,
19 that the State Auditor *Inspector General* identifies as being at high
20 risk for the potential of waste, fraud, abuse, and mismanagement
21 or that has major challenges associated with its economy,
22 efficiency, or effectiveness.

23 (b) In addition to identifying an agency as high risk on the basis
24 of weaknesses identified in audit and investigative reports produced
25 by the bureau, the State Auditor *Inspector General* may consult
26 with the Legislative Analyst, the Milton Marks “Little Hoover”
27 Commission on California State Government Organization and
28 Economy, the Office of Inspector General within the Department
29 of Corrections, the Department of Finance, and other state agencies
30 that have oversight responsibilities over any other agency of the
31 state, in identifying state agencies that are at high risk.

32 (c) The State Auditor *Inspector General* shall notify the Joint
33 Legislative Audit Committee whenever it identifies a state agency
34 as at high risk.

35 (d) The State Auditor *Inspector General* may issue audit reports
36 with recommendations for improvement in state agencies identified
37 as at high risk not less than once every two years.

38 (e) The State Auditor *Inspector General* may require state
39 agencies identified as high risk to periodically report to the auditor
40 regarding the status of recommendations for improvement made

1 by the State Auditor *Inspector General* or other state oversight
2 agencies.

3 *SEC. 24. Section 8546.6 of the Government Code is amended*
4 *to read:*

5 8546.6. The State Auditor *Inspector General*, in connection
6 with any audit or investigation conducted pursuant to this chapter,
7 shall be deemed to be a department head for the purposes of Section
8 11189.

9 *SEC. 25. Section 8546.7 of the Government Code is amended*
10 *to read:*

11 8546.7. Notwithstanding any other provision of law, every
12 contract involving the expenditure of public funds in excess of ten
13 thousand dollars (\$10,000) entered into by any state agency, board,
14 commission, or department or by any other public entity, including
15 a city, county, city and county, or district, shall be subject to the
16 examination and audit of the State Auditor *Inspector General*, at
17 the request of the public entity or as part of any audit of the public
18 entity, for a period of three years after final payment under the
19 contract. Every contract shall contain a provision stating that the
20 contracting parties shall be subject to that examination and audit.
21 The failure of a contract to contain this provision shall not preclude
22 the State Auditor *Inspector General* from conducting an
23 examination and audit of the contract at the request of the public
24 entity entering into the contract or as part of any audit of the public
25 entity.

26 It is the intent of the Legislature that the Regents of the
27 University of California include in contracts involving the
28 expenditure of state funds in excess of ten thousand dollars
29 (\$10,000) a provision stating that the contracting parties shall be
30 subject to the examination and audit of the State Auditor *Inspector*
31 *General*, at the request of the regents or as part of any audit of the
32 university, for a period of three years after final payment under
33 the contract.

34 The examinations and audits under this section shall be confined
35 to those matters connected with the performance of the contract,
36 including, but not limited to, the costs of administering the contract.

37 *SEC. 26. Section 8546.8 of the Government Code is amended*
38 *to read:*

39 8546.8. Unless the contrary is stated or clearly appears from
40 the context, any reference to the Auditor General or the Office of

1 the Auditor General in any statute or contract in effect on the
2 effective date of this chapter, other than Chapter 4 (commencing
3 with Section 10500), with respect to the performance of audits,
4 shall be construed to refer to the State Auditor *Inspector General*
5 and the Bureau of State Audits *and Inspector General*, respectively.

6 *SEC. 27. Section 8547.4 of the Government Code is amended*
7 *to read:*

8 8547.4. The State Auditor *Inspector General* shall administer
9 this article and shall investigate and report on improper
10 governmental activities. If, after investigating, the State Auditor
11 *Inspector General* finds that an employee may have engaged or
12 participated in improper governmental activities, the State Auditor
13 *Inspector General* shall prepare an investigative report and send
14 a copy of the investigative report to the employee's appointing
15 power. Subject to the limitations of Section 8547.5, the State
16 Auditor *Inspector General* may provide to the employee's
17 appointing power any evidence gathered during the investigation
18 that, in the judgment of the State Auditor *Inspector General*, is
19 necessary to support an adverse action or an action recommended
20 pursuant to subdivision (a) of Section 8547.7. Within 60 days after
21 receiving a copy of the State Auditor's ~~Auditor~~ *Inspector General's*
22 investigative report, the appointing power shall either serve a notice
23 of adverse action upon the employee who is the subject of the
24 investigative report or set forth in writing its reasons for not taking
25 adverse action. The appointing power shall file a copy of the notice
26 of adverse action with the State Personnel Board in accordance
27 with Section 19574, and shall submit a copy to the State Auditor
28 *Inspector General*. If the appointing power does not take adverse
29 action within 60 days of receiving a copy of the State Auditor's
30 ~~Auditor~~ *Inspector General's* investigative report, it shall submit
31 its written reasons for not doing so to the State Auditor *Inspector*
32 *General* and the State Personnel Board, and adverse action may
33 be taken as provided in Section 19583.5. Any employee who is
34 served with a notice of adverse action may appeal to the State
35 Personnel Board in accordance with Section 19575.

36 *SEC. 28. Section 8547.5 of the Government Code is amended*
37 *to read:*

38 8547.5. (a) The State Auditor *Inspector General* shall create
39 the means for the submission of allegations of improper
40 governmental activity both by transmission via mail or other carrier

1 to a specified mailing address and electronic submission through
2 an Internet Web site portal. The State Auditor *Inspector General*
3 may request that a person submitting an allegation provide his or
4 her name and contact information and provide the names and
5 contact information for any persons who could help to substantiate
6 the claim. However, the State Auditor *Inspector General* shall not
7 require any person submitting an allegation to provide his or her
8 name or contact information and shall clearly state on the agency
9 Web site that this information is not required in order to submit
10 an allegation.

11 (b) Upon receiving specific information that any employee or
12 state agency has engaged in an improper governmental activity,
13 the State Auditor *Inspector General* may conduct an investigation
14 of the matter. The identity of the person providing the information
15 that initiated the investigation, or of any person providing
16 information in confidence to further an investigation, shall not be
17 disclosed without the written permission of the person providing
18 the information except that the State Auditor *Inspector General*
19 may make the disclosure to a law enforcement agency that is
20 conducting a criminal investigation.

21 *SEC. 29. Section 8547.6 of the Government Code is amended*
22 *to read:*

23 8547.6. The State Auditor *Inspector General* may request the
24 assistance of any state department, agency, or employee in
25 conducting any investigation required by this article. If an
26 investigation conducted by the State Auditor *Inspector General*
27 involves access to confidential academic peer review records of
28 University of California academic personnel, these records shall
29 be provided in a form consistent with university policy effective
30 on August 1, 1992. No information obtained from the State Auditor
31 *Inspector General* by any department, agency, or employee as a
32 result of the State Auditor's *Auditor Inspector General's* request
33 for assistance, nor any information obtained thereafter as a result
34 of further investigation, shall be divulged or made known to any
35 person without the prior approval of the State Auditor *Inspector*
36 *General*.

37 *SEC. 30. Section 8547.7 of the Government Code is amended*
38 *to read:*

39 8547.7. (a) If the State Auditor *Inspector General* determines
40 that there is reasonable cause to believe that an employee or state

1 agency has engaged in any improper governmental activity, he or
2 she shall report the nature and details of the activity to the head of
3 the employing agency, or the appropriate appointing authority,
4 and may include recommended actions to prevent the continuation
5 or recurrence of the activity. If appropriate, the State Auditor
6 *Inspector General* shall report this information to the Attorney
7 General, the policy committees of the Senate and Assembly having
8 jurisdiction over the subject involved, and to any other authority
9 that the State Auditor *Inspector General* determines appropriate.

10 (b) The State Auditor *Inspector General* shall not have any
11 enforcement power. In any case in which the State Auditor
12 *Inspector General* submits a report of alleged improper activity
13 to the head of the employing agency or appropriate appointing
14 authority, that individual shall report to the State Auditor *Inspector*
15 *General* with respect to any action taken by the individual
16 regarding the activity, the first report being transmitted no later
17 than 60 days after the date of the State Auditor's *Auditor Inspector*
18 *General's* report and monthly thereafter until final action has been
19 taken.

20 (c) The State Auditor *Inspector General* shall keep confidential
21 every investigation, including, but not limited to, all investigative
22 files and work product, except that the State Auditor *Inspector*
23 *General* may issue any report of an investigation that has been
24 substantiated, keeping confidential the identity of the individual
25 or individuals involved, or, subject to the limitations of Section
26 8547.5, release any findings or evidence supporting any findings
27 resulting from an investigation conducted pursuant to this article
28 that is deemed necessary to serve the interests of the state.

29 (d) This section does not limit any authority conferred upon the
30 Attorney General or any other department or agency of government
31 to investigate any matter.

32 *SEC. 31. Section 8547.11 of the Government Code is amended*
33 *to read:*

34 8547.11. (a) A University of California employee, including
35 an officer or faculty member, may not directly or indirectly use or
36 attempt to use the official authority or influence of the employee
37 for the purpose of intimidating, threatening, coercing, commanding,
38 or attempting to intimidate, threaten, coerce, or command any
39 person for the purpose of interfering with the right of that person
40 to disclose to a University of California official, designated for

1 that purpose by the regents, or the State Auditor *Inspector General*
2 matters within the scope of this article.

3 (b) For the purpose of subdivision (a), “use of official authority
4 or influence” includes promising to confer, or conferring, any
5 benefit; effecting, or threatening to effect, any reprisal; or taking
6 or directing others to take, or recommending, processing, or
7 approving, any personnel action, including, but not limited to,
8 appointment, promotion, transfer, assignment, performance
9 evaluation, suspension, or other disciplinary action.

10 (c) Any employee who violates subdivision (a) may be liable
11 in an action for civil damages brought against the employee by
12 the offended party.

13 (d) Nothing in this section shall be construed to authorize an
14 individual to disclose information otherwise prohibited by or under
15 law.

16 *SEC. 32. Section 8548.1 of the Government Code is amended*
17 *to read:*

18 8548.1. No later than April 1, 2002, the State Auditor *Inspector*
19 *General* shall prepare for state employees a written explanation
20 of the California Whistleblower Protection Act contained in Article
21 3 (commencing with Section 8547). The explanation shall include,
22 but not be limited to, the following information:

23 (a) Instructions on how to contact the State Auditor *Inspector*
24 *General* by mail or telephone.

25 (b) A general overview of improper governmental activities and
26 examples of three of the most common types of improper
27 governmental activities that may be reported to the State Auditor
28 *Inspector General*.

29 (c) Examples of two of the most commonly reported
30 governmental activities that the State Auditor *Inspector General*
31 does not have authority to investigate.

32 (d) An explanation of whistleblower protection available to state
33 employees who report improper governmental activities to the
34 State Auditor *Inspector General*.

35 (e) The requirement that the State Auditor *Inspector General*
36 protect the anonymity of a person who reports improper
37 governmental activity to the State Auditor *Inspector General*.

38 (f) The State Auditor's *Auditor Inspector General's* authority
39 in connection with violations of law discovered during an
40 investigation of improper governmental activities.

1 *SEC. 33. Section 8548.2 of the Government Code is amended*
2 *to read:*

3 8548.2. The State Auditor *Inspector General* shall prepare for
4 distribution to each state agency in an electronic format a notice
5 containing the information in the written explanation prepared
6 pursuant to Section 8548.1. No later than July 1, 2002, each state
7 agency shall print and post this notice at its state office or offices
8 in a location or locations where employee notices are maintained.
9 A state agency shall not edit the written text of the notice but it
10 may publish the notice in a manner it chooses, and it may include
11 its own introductory language in the notice, provided that the
12 language and the format selected do not alter the meaning of the
13 notice.

14 *SEC. 34. Section 8548.4 of the Government Code is amended*
15 *to read:*

16 8548.4. The State Auditor *Inspector General* shall post the
17 information described in Section 8548.1 on the Web site of the
18 ~~Bureau of State Audits~~ *bureau*.

19 *SEC. 35. Section 8548.9 of the Government Code is amended*
20 *to read:*

21 8548.9. (a) The State Auditor *Inspector General* shall, by
22 January 15th of each year, report to the Joint Legislative Budget
23 Committee, the Joint Legislative Audit Committee, and the
24 Department of Finance with respect to each recommendation he
25 or she has made based on an audit or investigation that was reported
26 more than one year prior and that has not been fully implemented
27 by the affected agency.

28 (b) The report shall clearly identify the state agency audited or
29 investigated, the audit or investigation that contained the
30 recommendation, a brief description of the recommendation, the
31 date it was issued, and the most recent explanation provided by
32 the agency to the State Auditor *Inspector General* on the status of
33 the recommendation.

34 (c) Any state agency that is notified by the State Auditor
35 *Inspector General* that it has not fully implemented a
36 recommendation made pursuant to this chapter more than one year
37 prior, shall do either of the following:

38 (1) Provide a written report to the State Auditor *Inspector*
39 *General*, the respective policy committees and budget
40 subcommittees of the Assembly and Senate with oversight of the

1 agency, and the Department of Finance, explaining why the audit
2 recommendation or investigation has not been fully implemented.

3 (2) Notify all entities described in subdivision (a) that it will
4 begin implementing the audit recommendation or investigation
5 recommendation within 90 days of the notification by the State
6 Auditor *Inspector General*, and include the estimated date of full
7 implementation.

8 SECTION 1.— Article 8 (commencing with Section 550) is added
9 to Chapter 3 of Part 1 of Division 1 of the Food and Agricultural
10 Code, to read:

11
12 Article 8.— Sustainable Agriculture

13
14 550.— This article shall be known and may be cited as the
15 Sustainable Agriculture Research and Education Act of 1986.

16 551.— The Legislature finds and declares all of the following:

17 (a) There is a growing movement in California and the nation
18 to change farming techniques by adopting more
19 resource-conserving, energy-efficient systems of agriculture. The
20 objective of these changes is to produce agricultural products that
21 may reduce the use of petrochemicals, improve means of biological
22 pest management, improve soil productivity, improve erosion
23 control, and improve irrigation, cultivation, and harvesting
24 techniques.

25 (b) Over the long term, adoption of more efficient
26 resource-conserving systems of agricultural production can benefit
27 both the producing and consuming public.

28 (c) The resolution of many agricultural problems depends on
29 immediate efforts to provide farmers with practices that are both
30 resource-conserving and economical for food producers, and to
31 foster food production and distribution methods that reduce
32 dependence on petroleum-based inputs.

33 552.— The purpose of this article is to promote more research
34 and education on sustainable agricultural practices, such as organic
35 methods, biological control, and integrated pest managements,
36 including the analysis of economic factors influencing the
37 long-term sustainability of California agriculture. This article is
38 intended to foster economically and ecologically beneficial means
39 of soil improvement, pest management, irrigation, cultivation,

1 harvesting, transportation, and marketing for California agriculture
2 based on methods designed to accomplish all of the following:

3 (a) ~~The control of pests and diseases of agricultural importance~~
4 ~~through alternatives that reduce or eliminate the use of pesticides~~
5 ~~and petrochemicals.~~

6 (b) ~~The production, processing, and distribution of food and~~
7 ~~fiber in ways that consider the interactions among soil, plants,~~
8 ~~water, air, animals, tillage, machinery, labor, energy, and~~
9 ~~transportation to enhance agricultural efficiency, public health,~~
10 ~~and resource conservation.~~

11 553. (a) ~~It is the intent of the Legislature that the Regents of~~
12 ~~the University of California establish the Sustainable Agriculture~~
13 ~~Research and Education Program to support all of the following:~~

14 (1) ~~Competitive grants for research on topics described in~~
15 ~~Section 552.~~

16 (2) ~~The giving of instructions and practical demonstrations in~~
17 ~~agriculture and imparting information through demonstrations,~~
18 ~~publications, and otherwise, and for printing and distribution of~~
19 ~~information in connection with the Sustainable Agriculture~~
20 ~~Research and Education Program. Where feasible, these~~
21 ~~demonstrations shall include field research conducted on~~
22 ~~cooperating farms.~~

23 (3) ~~Planning for and management of University of California~~
24 ~~farmlands committed to supporting long-term continuous research~~
25 ~~in sustainable agricultural practices and farming systems.~~

26 (b) ~~Those eligible to apply for competitive grants under~~
27 ~~subdivision (a) shall include individuals affiliated with public and~~
28 ~~private institutions of higher education and with nonprofit~~
29 ~~tax-exempt organizations.~~

30 (c) ~~All grant applications shall be subject to peer review for~~
31 ~~scientific merit.~~

32 (d) ~~In awarding grants, preference shall be given to projects that~~
33 ~~include field evaluation and offer the greatest potential for~~
34 ~~measurable progress toward attaining the long-term goals pursuant~~
35 ~~to Section 552.~~

36 554. (a) ~~If the Sustainable Agriculture Research and Education~~
37 ~~Program is established by the regents, the President of the~~
38 ~~University of California shall establish and appoint a Program~~
39 ~~Advisory Committee and a Technical Advisory Committee.~~

- 1 ~~(b) The duties of the Program Advisory Committee shall include~~
2 ~~recommending goals and priorities for this program, including,~~
3 ~~but not limited to, reviewing the priority of grant applications.~~
4 ~~(c) The Program Advisory Committee shall be composed of a~~
5 ~~majority of individuals representing agriculture, as well as~~
6 ~~representatives from government, public organizations, and~~
7 ~~institutions of higher education, all of whom are knowledgeable~~
8 ~~regarding the issues and practices of sustainable agriculture.~~
9 ~~(d) The duties of the Technical Advisory Committee shall~~
10 ~~include making recommendations about the scientific merit of~~
11 ~~grant applications submitted pursuant to Section 553.~~
12 ~~(e) The Technical Advisory Committee shall be composed of~~
13 ~~faculty and staff of the University of California and other experts~~
14 ~~from outside the university.~~
15 ~~(f) Members of the Program Advisory Committee and Technical~~
16 ~~Advisory Committee who are not employed by the University of~~
17 ~~California shall be appointed for a period not exceeding three years~~
18 ~~and receive compensation for expenses incurred in the performance~~
19 ~~of their duties according to applicable university regulations and~~
20 ~~guidelines.~~
21 ~~555. If the Sustainable Agriculture Research and Education~~
22 ~~Program is established by the regents, it shall be established from~~
23 ~~existing resources.~~