

AMENDED IN SENATE MARCH 10, 2011

SENATE BILL

No. 186

Introduced by Senators Kehoe and DeSaulnier
(Principal coauthor: Assembly Member Alejo)
(Coauthor: Assembly Member Lara)

February 7, 2011

An act to amend Section 12464 of the Government Code, relating to the Controller.

LEGISLATIVE COUNSEL'S DIGEST

SB 186, as amended, Kehoe. The Controller.

Existing law authorizes the Controller to appoint a qualified accountant to make an investigation and to obtain the information required for the annual report of financial transactions.

This bill would authorize the Controller to exercise discretionary authority to perform an audit or investigation of any county, city, special district, *joint powers authority*, or redevelopment agency, if necessary, to ensure compliance with *the financial requirements in* state law, grant agreements, *or* local ordinances, ~~and to determine fiscal viability~~. This bill would require the Controller to prepare a report of the results of the audit or investigation and to file a copy with the local legislative body. This bill would also provide that specified costs incurred by the Controller shall be borne by the county, city, *special district, joint powers authority*, or redevelopment agency and state that reimbursements collected, upon appropriation to the Controller, be available to offset costs of enforcing this provision.

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. Section 12464 of the Government Code is
2 amended to read:

3 12464. (a) If the county, city, ~~or district~~ *special district, joint*
4 *powers authority, or redevelopment agency* reports are not made
5 in the time, form, and manner required or there is reason to believe
6 that a report is false, incomplete, or incorrect, the Controller shall
7 appoint a qualified accountant to make an investigation and to
8 obtain the information required. The accountant appointed shall
9 report to the Controller the results of *the* investigation, and a copy
10 shall be filed with the legislative body of the county, city, ~~or district~~
11 *special district, joint powers authority, or redevelopment agency,*
12 the accounts of which were investigated. If a similar investigation
13 has to be made of the accounts of any county, city, ~~or district~~
14 *special district, joint powers authority, or redevelopment agency,*
15 for two successive years, a certified copy of the results of the
16 investigation last made shall be transmitted to the grand jury of
17 the county that was investigated or in which the ~~city or district~~
18 *local agency* investigated is situated, or, if the ~~district~~ *agency* is
19 situated in more than one county, in the county in which any
20 portion of the ~~district~~ *agency* is situated.

21 (b) The Controller may, at his or her discretion, perform an audit
22 or investigation of any county, city, special district, *joint powers*
23 *authority, or redevelopment agency, if deemed necessary, to ensure*
24 ~~compliance~~ *there is reason to believe that the local agency is not*
25 *complying with the financial requirements in state law, grant*
26 *agreements, or local ordinances, and to determine fiscal viability.*
27 The Controller shall prepare a report of the results of the audit or
28 investigation, and a copy shall be filed with the legislative body
29 of the county, city, special district, *joint powers authority, or*
30 *redevelopment agency, the accounts of which were audited or*
31 *investigated. The audit or investigation will be designed to provide*
32 *reasonable assurance on compliance with laws and regulations*
33 *that are significant to the audit or investigation objectives. Any*
34 *indication, of illegal acts, or fraud will shall be communicated to*
35 *appropriate authorities, including the county grand jury.*

36 (c) Any costs incurred by the Controller pursuant to subdivisions
37 (a) and (b), including contracts with, or employment of, certified
38 public accountants or public accountants, in compiling a financial

1 report pursuant to Section 12463 or 12463.3 shall be borne by the
2 county, city, ~~district~~ *special district, joint powers authority*, or
3 redevelopment agency, and shall be a charge against any
4 unencumbered funds of the county, city, ~~district~~ *special district,*
5 *joint powers authority*, or redevelopment agency. Any forfeiture
6 imposed by Section 53895 or 53895.5 may be offset up to the total
7 costs incurred by the Controller. Any remaining balance shall be
8 forfeited in accordance with Sections 53895 and 53895.5. Any
9 costs incurred by the Controller in excess of the forfeiture imposed
10 shall be a charge against any unencumbered funds of the county,
11 city, ~~district~~ *special district, joint powers authority*, or
12 redevelopment agency. All reimbursements collected in regard to
13 this section shall, upon appropriation to the Controller, be available
14 to offset costs of enforcing this section.

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