

AMENDED IN SENATE APRIL 26, 2011

AMENDED IN SENATE MARCH 21, 2011

**SENATE BILL**

**No. 736**

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**Introduced by Senator Cannella**

February 18, 2011

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An act to amend Section 12440.1 of the Government Code, relating to the California State University.

LEGISLATIVE COUNSEL'S DIGEST

SB 736, as amended, Cannella. California State University: trustees.

Existing law authorizes the Trustees of the California State University to draw from funds appropriated to the university, for use as a revolving fund, amounts necessary to make payments of obligations of the university directly to vendors. Existing law requires the Trustees of the California State University to contract with one or more public accounting firms to conduct a systemwide and individual campus annual financial statement audit.

This bill would instead require the Trustees of the California State University to contract with one or more public accounting firms to conduct a systemwide annual financial statement audit in accordance with generally accepted accounting principles and subject to specified criteria, as well as other required compliance audits. This bill would delete the requirement that at least 10 individual campus audits be conducted on a rotating basis, and each campus be audited at least once every 2 years.

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 12440.1 of the Government Code is  
2 amended to read:

3 12440.1. (a) The trustees, in conjunction with the Controller,  
4 shall implement a process that allows any campus or other unit of  
5 the university to make payments of obligations of the university  
6 from its revolving fund directly to all of its vendors.  
7 Notwithstanding Article 5 (commencing with Section 16400) of  
8 Chapter 2 of Part 2 of Division 4 of Title 2, or any other law, the  
9 trustees may draw from funds appropriated to the university, for  
10 use as a revolving fund, amounts necessary to make payments of  
11 obligations of the university directly to vendors. In any fiscal year,  
12 the trustees shall obtain the approval of the Director of Finance to  
13 draw amounts in excess of 10 percent of the total appropriation to  
14 the university for that fiscal year for use as a revolving fund.

15 (b) Notwithstanding Sections 925.6, 12410, and 16403, or any  
16 other law, the trustees shall maintain payment records for three  
17 years and make those records available to the Controller for  
18 postaudit review, as needed.

19 (c) (1) Notwithstanding Section 8546.4 or any other law, the  
20 trustees shall contract with one or more public accounting firms  
21 to conduct a systemwide annual financial statement audit in  
22 accordance with generally accepted accounting principles (GAAP),  
23 as well as other required compliance audits without obtaining the  
24 approval of any other state officer or entity.

25 (2) Each campus' statement of net assets, statement of revenues,  
26 expenses, and changes in net assets, and statement of cashflows  
27 shall be included as an addendum to the annual systemwide audit.  
28 *Summary information on transactions with auxiliary organizations*  
29 *for each campus shall also be included in the addendum. Any*  
30 *additional information necessary shall be provided upon request,*  
31 ~~to the extent available.~~ *request.*

32 (d) The internal and independent financial statement audits of  
33 the trustees shall test compliance with procurement procedures  
34 and the integrity of the payments made. The results of these audits  
35 shall be included in the biennial report required by Section 13405.

36 (e) As used in this section:

37 (1) "Trustees" means the Trustees of the California State  
38 University.

- 1 (2) “University” means the California State University.

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