

AMENDED IN ASSEMBLY MAY 24, 2013

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1248**

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**Introduced by Assembly Member Cooley**

February 22, 2013

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An act to add ~~Sections~~ *Section* 12422.5 and ~~53064.9~~ to the Government Code, relating to local government.

LEGISLATIVE COUNSEL'S DIGEST

AB 1248, as amended, Cooley. ~~Local agencies:~~ *Controller: internal control guidelines applicable to local agencies.*

Existing law requires the Controller to superintend the fiscal concerns of the state, suggest plans for the improvement and management of the public revenues, and at least annually, summon county auditors to discuss problems with, among other things, the reporting of financial transactions of the counties.

This bill would require the Controller, on or before January 1, 2015, to develop internal control guidelines applicable to a local agency, as defined, to prevent and detect financial errors and fraud, based on specified standards and with input from any local agency and organizations representing the interests of local agencies. This bill would require the Controller to, by the same date, post the completed internal control guidelines on the Controller's Internet Web site and update them, as he or she deems necessary, *as specified*. ~~This bill would require a local agency to comply with the guidelines established by the Controller, starting on January 1, 2016. By mandating local agencies to comply with new internal control guidelines established by the Controller, this bill would impose a state-mandated local program.~~

~~The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.~~

~~This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.~~

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

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

1 SECTION 1. Section 12422.5 is added to the Government  
 2 Code, to read:

3 12422.5. (a) On or before January 1, 2015, the Controller shall  
 4 develop internal control guidelines applicable to each local agency  
 5 to prevent and detect financial errors and fraud.

6 (b) The Controller shall develop the internal control guidelines  
 7 based on standards adopted by the American Institute of Certified  
 8 Public Accountants and with input from any local agency and  
 9 organizations representing the interests of local agencies, including,  
 10 but not limited to, the League of California Cities, the California  
 11 State Association of Counties, the California Special Districts  
 12 Association, and the California State Association of County  
 13 Auditors.

14 (c) On or before January 1, 2015, the Controller shall post the  
 15 completed internal control guidelines on the Controller’s Internet  
 16 Web site *to assist a local agency, as defined in subdivision (e), in*  
 17 *establishing a system of internal controls to safeguard assets and*  
 18 *prevent and detect financial errors and fraud.*

19 (d) The Controller shall, *with input from the agencies listed in*  
 20 *subdivision (b)*, update the internal control guidelines, as he or she  
 21 deems necessary, and maintain a current version on the Internet  
 22 Web site.

23 (e) For purposes of this section, “local agency” means a city,  
 24 county, city and county, special district, or any other local  
 25 governmental entity, except a school district.

26 ~~SEC. 2. Section 53064.9 is added to the Government Code, to~~  
 27 ~~read:~~

1     ~~53064.9. Commencing on January 1, 2016, a local agency, as~~  
2 ~~defined in subdivision (c) of Section 12422.5, shall comply with~~  
3 ~~the internal control guidelines established by the Controller~~  
4 ~~pursuant to Section 12422.5.~~

5     ~~SEC. 3. If the Commission on State Mandates determines that~~  
6 ~~this act contains costs mandated by the state, reimbursement to~~  
7 ~~local agencies and school districts for those costs shall be made~~  
8 ~~pursuant to Part 7 (commencing with Section 17500) of Division~~  
9 ~~4 of Title 2 of the Government Code.~~

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