

## Assembly Bill No. 1248

### CHAPTER 190

An act to add Section 12422.5 to the Government Code, relating to local government.

[Approved by Governor August 28, 2013. Filed with  
Secretary of State August 28, 2013.]

#### LEGISLATIVE COUNSEL'S DIGEST

AB 1248, Cooley. 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.

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

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

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

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

(c) On or before January 1, 2015, the Controller shall post the completed internal control guidelines on the Controller's Internet Web site to assist a local agency, as defined in subdivision (e), in establishing a system of

internal controls to safeguard assets and prevent and detect financial errors and fraud.

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

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