

**ASSEMBLY BILL**

**No. 2676**

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**Introduced by Assembly Member Rendon**

February 21, 2014

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An act to amend Sections 12463, 12463.3, 53890, 53895, and 53895.7 of, to amend, repeal and add Section 12464 of, to add Article 6 (commencing with Section 12486) to Chapter 5 of Part 2 of Division 3 of Title 2 of, and to repeal Section 53895.5 of, the Government Code, relating to state and local government.

LEGISLATIVE COUNSEL'S DIGEST

AB 2676, as introduced, Rendon. Controller: reports.

(1) Existing law requires the Controller to annually compile and publish reports of the financial transactions of each county, city, and school district within the state, together with other matters he or she deems of public interest.

This bill would change the definition of a special district included in the reporting requirements of the Controller to include a public entity, agency, or board provided for by a joint powers agreement that is separate from the parties to the agreement and is responsible for the administration of the agreement.

(2) Existing law provides that if the county, city, or district reports, including redevelopment agency reports, are not made in a specified manner, or there is reason to believe that the report is false, the Controller is required to appoint a qualified accountant to make an investigation and to obtain the information required for the annual report of financial transactions. Existing law requires, if a similar investigation is made of any county, city, or district for 2 successive years, that a copy of the results of those investigations be transmitted to the grand

jury of the county investigated or in which the local agency investigated is situated. Existing law requires any costs incurred by the Controller in carrying out those audits to be paid by the local agency.

This bill would also, until January 1, 2020, authorize the Controller to perform an audit or investigation of any county, city, special district, or community redevelopment agency, if the Controller has made findings, supported by documentation, that the local agency is not complying with the financial requirements in state law, state grant agreements, local charters, or local ordinances, and 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, as specified. This bill would require, if the results of those audits determine that the financial report filed by the local agency did not contain false, incomplete, or incorrect information, that the Controller waive the costs of the investigation, and would authorize the Controller to establish a payment program, as specified, to assist a local agency to pay for any costs that cannot be waived.

(3) Existing law provides that an officer of a local agency who fails or refuses to make and file his or her financial report within 20 days after receipt of a written notice of the failure from the Controller forfeits to the state a specified amount depending on the amount of total revenue of that local agency. Existing law raises these amounts in the case of a community redevelopment agency and a joint powers agency that issues conduit revenue bonds in the 2nd and 3rd consecutive year.

This bill would raise the forfeiture amounts for all local agencies, as specified. The bill would double these fines if the agency fails to submit the report to the Controller for 2 consecutive years, and would triple the fines if the agency fails to submit the report to the Controller for 3 consecutive years. This bill would increase penalties for an agency that fails to submit a report, as specified.

This bill would also make technical nonsubstantive, and conforming changes.

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 12463 of the Government Code is  
2 amended to read:

1 12463. (a) The Controller shall compile and publish reports  
2 of the financial transactions of each county, city, and special  
3 district, respectively, within this state, together with any other  
4 matter he or she deems of public interest. The reports shall include  
5 the appropriations limits and the total annual appropriations subject  
6 to limitation of the counties, cities, and special districts. The reports  
7 to the Controller shall be made in the time, form, and manner  
8 prescribed by the Controller.

9 (b) Effective January 1, 2005, the Controller shall compile and  
10 publish reports of the financial transactions of each county, city,  
11 and special district pursuant to subdivision (a) on or before August  
12 1, September 1, and October 1 respectively, of each year following  
13 the end of the annual reporting period. The Controller shall make  
14 data collected pursuant to this subdivision available upon request  
15 to the Legislature and its agents, on or before April 1 of each year.

16 (c) The Controller shall annually publish, on the Internet Web  
17 site of the Controller, reports of the financial transactions of each  
18 school district within this state, together with any other matter he  
19 or she deems of public interest. The reports shall include the  
20 appropriations limit and the total annual appropriations subject to  
21 limitation of the school district. The reports to the Controller shall  
22 be made in the time, form, and manner prescribed by the Controller.

23 (d) As used in this section, the following terms have the  
24 following meanings:

25 (1) "School district" means a school district as defined in Section  
26 80 of the Education Code.

27 (2) "Special district" means any of the following:

28 (A) A special district as defined in Section 95 of the Revenue  
29 and Taxation Code.

30 (B) ~~A commission~~ *public entity, agency, commission, or board*  
31 provided for by a joint powers agreement pursuant to Chapter 5  
32 (commencing with Section 6500) of Division 7 of Title 4. ~~1 that~~  
33 *is separate from the parties to the agreement.*

34 (C) A nonprofit corporation that is any of the following:

35 (i) Was formed in accordance with the provisions of a joint  
36 powers agreement to carry out functions specified in the agreement.

37 (ii) Issued bonds, the interest on which is exempt from federal  
38 income taxes, for the purpose of purchasing land as a site for, or  
39 purchasing or constructing, a building, stadium, or other facility,  
40 that is subject to a lease or agreement with a local public entity.

1 (iii) Is wholly owned by a public agency.

2 SEC. 2. Section 12463.3 of the Government Code is amended  
3 to read:

4 12463.3. On or before May 1 of each year, the Controller shall  
5 compile and publish annually reports of the financial transactions  
6 of each ~~community redevelopment~~ agency created pursuant to  
7 Division 24 (commencing with Section 33000) of the Health and  
8 Safety Code. The Controller shall make the data available to the  
9 Legislature and its agents upon request, on or before April 1 of  
10 each year. The Controller shall publish this information for each  
11 project area of each ~~redevelopment~~ agency. The reports shall be  
12 made in the time, form, and manner prescribed by the Controller,  
13 after consultation with the Department of Housing and Community  
14 Development and the advisory committee created pursuant to  
15 Section 12463.1.

16 SEC. 3. Section 12464 of the Government Code is amended  
17 to read:

18 12464. (a) If the *reports of a county, city, special district, or*  
19 ~~district reports~~ *agency, created pursuant to Division 24*  
20 *(commencing with Section 33000) of the Health and Safety Code*  
21 *are not made in the time, form, and manner required or there is*  
22 *reason to believe that a report is false, incomplete, or incorrect,*  
23 *the Controller shall appoint a qualified accountant to make an*  
24 *investigation and to obtain the information required. The*  
25 *accountant appointed shall report to the Controller the results of*  
26 *investigation, and a copy shall be filed with the legislative body*  
27 *of the county, city, special district, or ~~district,~~ agency, the accounts*  
28 *of which were investigated. If a similar investigation has to be*  
29 *made of the accounts of any county, city, special district, or ~~district,~~*  
30 *agency, for two successive years, a certified copy of the results of*  
31 *the investigation last made shall be transmitted to the grand jury*  
32 *of the county that was investigated or in which the ~~city~~ city, special*  
33 *district, or ~~district~~ agency investigated is situated, or, if the special*  
34 *district or agency is situated in more than one county, in the county*  
35 *in which any portion of the special district or agency is situated.*

36 (b) (1) *If the Controller has made findings pursuant to*  
37 *subdivision (c) that a county, city, or special district is not*  
38 *complying with the financial requirements in state law, state grant*  
39 *agreements, local charters, or local ordinances, he or she may*  
40 *audit or investigate the issue if he or she determines that sufficient*

1 *funds exist within his or her budget to conduct the audit or*  
2 *investigation.*

3 (2) *The Controller shall prepare a report of the results of the*  
4 *audit or investigation that shall include detailed documentation*  
5 *of the material basis for the findings included in the audit or*  
6 *investigation. A copy of the report shall be filed with the legislative*  
7 *body of the city, county, or special district subject to the audit or*  
8 *investigation. A finding of illegal acts or fraud shall be*  
9 *communicated to the appropriate authorities, including the county*  
10 *grand jury.*

11 (c) (1) *Prior to an audit or investigation being conducted*  
12 *pursuant to subdivision (b), the Controller, after consultation with*  
13 *the local agency, shall make written findings that explain the legal*  
14 *and factual basis supporting the decision to conduct the audit or*  
15 *investigation and the Controller shall give the local agency a*  
16 *reasonable opportunity to respond to these findings.*

17 (2) (A) *In cases in which the Controller seeks to audit or*  
18 *investigate compliance with the financial requirements in local*  
19 *charters or local ordinances, the Controller shall first share with*  
20 *the local agency documentation of evidence relied upon in*  
21 *determining the need for the audit or investigation and provide*  
22 *the local agency the opportunity to conduct its own audit or*  
23 *investigation of the matter in a reasonable period of time. If the*  
24 *local agency elects to conduct an audit or investigation, the local*  
25 *agency shall provide the results to the Controller promptly upon*  
26 *completion. If the Controller subsequently proceeds with his or*  
27 *her own audit or investigation, he or she shall make specific written*  
28 *findings concerning the evidence relied upon in determining the*  
29 *need for the audit or investigation and confirming that each issue*  
30 *to be audited or investigated has not been or is not likely to be*  
31 *addressed by local means, which may include, but are not limited*  
32 *to, a grand jury or district attorney.*

33 (B) *The Controller shall not audit or investigate compliance*  
34 *with the financial requirements in local charters or local*  
35 *ordinances if the matter involves a pending policy or administrative*  
36 *decision, such as adoption of a budget, negotiations of labor or*  
37 *other contracts, or a pending decision on an unpaid claim. The*  
38 *Controller shall not audit or investigate the matter until a final*  
39 *decision has been adopted by the local agency.*

1 (C) *The Controller shall not audit or investigate compliance*  
 2 *with the financial requirements of local charters or local*  
 3 *ordinances if the matter is the subject of actual or completed*  
 4 *litigation.*

5 (3) *For purposes of this subdivision, documentation means a*  
 6 *writing, photograph, photostat, email or facsimile transmission,*  
 7 *or any other means of recording upon a tangible thing in any form*  
 8 *of communication or representation, including letters, words,*  
 9 *pictures, sounds, or symbols, or combinations thereof, or a record*  
 10 *thereby created, regardless of the manner in which the record has*  
 11 *been stored.*

12 (4) *The Controller shall not initiate or conduct an audit or*  
 13 *investigation pursuant to subdivision (b) or (c) of a local agency*  
 14 *that falls within the date the local agency has initiated the neutral*  
 15 *evaluation process, pursuant to Article 5 (commencing with Section*  
 16 *53760) of Chapter 4 of Part 1 of Division 2 of Title 5, and the date*  
 17 *that process has been completed.*

18 ~~(b)~~

19 (d) (1) *Any costs incurred by the Controller pursuant to*  
 20 *subdivision (a), including contracts with, or employment of,*  
 21 *certified public accountants or public accountants, in compiling a*  
 22 *financial report pursuant to Section 12463 or 12463.3 shall be*  
 23 *borne by the county, city, special district, or ~~redevelopment agency,~~*  
 24 *agency and shall be a charge against any unencumbered funds of*  
 25 *the county, city, special district, or ~~redevelopment~~ agency. Any*  
 26 *forfeiture imposed by Section 53895 or 53895.5 may be offset up*  
 27 *to the total costs incurred by the Controller. Any remaining balance*  
 28 *shall be forfeited in accordance with Sections 53895 and 53895.5.*  
 29 *53895.7. Any costs incurred by the Controller in excess of the*  
 30 *forfeiture imposed shall be a charge against any unencumbered*  
 31 *funds of the county, city, special district, or ~~redevelopment~~ agency.*

32 (2) *If an investigation conducted pursuant to subdivision (a)*  
 33 *determines that the financial report filed by the county, city, or*  
 34 *special district did not contain materially false, incomplete, or*  
 35 *incorrect information, the Controller shall waive the costs of the*  
 36 *investigation. The Controller may establish a payment program,*  
 37 *with interest, for up to five years to assist a local agency to pay*  
 38 *for the costs that cannot be waived.*

1 (e) *This section shall remain in effect only until January 1, 2020,*  
2 *and as of that date is repealed, unless a later enacted statute, that*  
3 *is enacted before January 1, 2020, deletes or extends that date.*

4 SEC. 4. Section 12464 is added to the Government Code, to  
5 read:

6 12464. (a) If the reports of the county, city, special district, or  
7 agency created pursuant to Division 24 (commencing with Section  
8 33000) of the Health and Safety Code are not made in the time,  
9 form, and manner required or there is reason to believe that a report  
10 is false, incomplete, or incorrect, the Controller shall appoint a  
11 qualified accountant to make an investigation and to obtain the  
12 information required. The accountant appointed shall report to the  
13 Controller the results of the investigation, and a copy shall be filed  
14 with the legislative body of the county, city, special district, or  
15 agency the accounts of which were investigated. If a similar  
16 investigation has to be made of the accounts of any county, city,  
17 special district, or agency for two successive years, a certified copy  
18 of the results of the investigation last made shall be transmitted to  
19 the grand jury of the county that was investigated or in which the  
20 city, special district, or agency investigated is situated, or, if the  
21 special district or agency is situated in more than one county, in  
22 the county in which any portion of the special district or agency  
23 is situated.

24 (b) Any costs incurred by the Controller pursuant to subdivision  
25 (a), including contracts with, or employment of, certified public  
26 accountants or public accountants, in compiling a financial report  
27 pursuant to Section 12463 or 12463.3 shall be borne by the county,  
28 city, special district, or agency and shall be a charge against any  
29 unencumbered funds of the county, city, special district, or agency.  
30 Any forfeiture imposed by Section 53895 may be offset up to the  
31 total costs incurred by the Controller. Any remaining balance shall  
32 be forfeited in accordance with Sections 53895 and 53895.7. Any  
33 costs incurred by the Controller in excess of the forfeiture imposed  
34 shall be a charge against any unencumbered funds of the county,  
35 city, special district, or agency.

36 (c) This section shall become operative on January 1, 2020.

37 SEC. 5. Article 6 (commencing with Section 12486) is added  
38 to Chapter 5 of Part 2 of Division 3 of Title 2 of the Government  
39 Code, to read:

1 Article 6. Voluntary Local Agency Financial Review

2  
3 12486. (a) At the written request of the governing body, chief  
4 administrative officer, or chief executive of a local agency, the  
5 Controller may convene a local agency financial review committee  
6 to provide assistance to the local agency in reviewing and assessing  
7 its financial condition and related internal controls to avert or  
8 manage a serious financial problem.

9 (b) The request shall include a description of the factors that  
10 warrant the need for review and assessment.

11 (c) The local agency shall reimburse the Controller for any costs  
12 incurred by the Controller in conducting a review pursuant to this  
13 section. The Controller may establish a payment program for up  
14 to five years, with interest.

15 (d) A local agency financial review committee shall be chaired  
16 by the Controller and both state and local government  
17 representatives selected by the Controller. The Controller shall  
18 allow at least two local government representatives to serve on the  
19 committee, selected as follows:

20 (1) If the local agency is a city, representatives selected by the  
21 League of California Cities.

22 (2) If the local agency is a county, representatives selected by  
23 the California State Association of Counties.

24 (3) If the local agency is a special district, representatives  
25 selected by the California Special Districts Association.

26 (e) The Controller shall use the services of a consultant that has  
27 extensive financial management and accounting experience with  
28 local agencies in the state to assist the local agency financial review  
29 committee in evaluating and assisting the local agency.

30 (f) In consultation with the local agency requesting assistance,  
31 the local agency financial review committee shall provide a written  
32 report to the local agency, which may include its recommendations  
33 and an assessment of the local agency's financial practices and  
34 conditions and internal controls related to its financial condition.

35 (g) Assistance provided pursuant to this section shall not include  
36 direct financial payments or loans to local agencies that are not  
37 otherwise authorized by statute.

38 (h) If the local agency notifies the Controller that it has initiated  
39 the neutral evaluation process pursuant to Article 5 (commencing  
40 with Section 53760) of Chapter 4 of Part 1 of Division 2 of Title

1 5, the Controller shall suspend all activities under this section,  
2 unless the local agency requests that the activities be continued.  
3 The local agency shall be liable for costs under subdivision (c).

4 12487. For purposes of this article, “local agency” means a  
5 city, county, city and county, or special district.

6 SEC. 6. Section 53890 of the Government Code is amended  
7 to read:

8 53890. As used in this article, “local agency” means any city,  
9 county, ~~any special~~ district, and ~~any community redevelopment~~  
10 ~~agency agency, created pursuant to Division 24 (commencing with~~  
11 ~~Section 33000) of the Health and Safety Code, required to furnish~~  
12 financial reports pursuant to Section ~~12463.1~~ 12463 or 12463.3.

13 SEC. 7. Section 53895 of the Government Code is amended  
14 to read:

15 53895. (a) An officer of a local agency *to which Section*  
16 *53895.7 does not apply* who fails or refuses to make and file his  
17 or her report within 20 days after receipt of a written notice of the  
18 failure from the Controller shall forfeit to the state:

19 (1) ~~One~~ *Two* thousand ~~five hundred~~ dollars ~~(\$1,000);~~ (\$2,500),  
20 in the case of a local agency with total revenue, in the prior year,  
21 of less than one hundred thousand dollars (\$100,000), as reported  
22 in the Controller’s annual financial reports.

23 (2) ~~Two~~ *Five* thousand five hundred dollars ~~(\$2,500)~~ (\$5,500)  
24 in the case of a local agency with total revenue, in the prior year,  
25 of at least one hundred thousand dollars (\$100,000) but less than  
26 two hundred fifty thousand dollars (\$250,000), as reported in the  
27 Controller’s annual financial reports.

28 (3) ~~Five~~ *Ten* thousand dollars ~~(\$5,000)~~ (\$10,000) in the case of  
29 a local agency with total revenue, in the prior year, of at least two  
30 hundred fifty thousand dollars (\$250,000), as reported in the  
31 Controller’s annual financial reports.

32 (b) *If an officer of a local agency fails or refuses to make and*  
33 *file his or her report within 20 days after receipt of a written notice*  
34 *pursuant to subdivision (a) for two consecutive years, the forfeiture*  
35 *pursuant to paragraph (1), (2), or (3) of subdivision (a) shall be*  
36 *doubled.*

37 (c) *If an officer of a local agency fails or refuses to make and*  
38 *file his or her report within 20 days after receipt of a written notice*  
39 *pursuant to subdivision (a) for three or more consecutive years,*

1 *the forfeiture pursuant to paragraph (1), (2), or (3) of subdivision*  
 2 *(a) shall be tripled.*

3 *(d) Notwithstanding any amount forfeited pursuant to*  
 4 *subdivision (a), (b), or (c), the agency shall be required to file the*  
 5 *report pursuant to Section 53891.*

6 ~~(b)~~

7 *(e) (1) Upon the request of the Controller, the Attorney General*  
 8 *shall prosecute an action for the forfeiture in the name of the people*  
 9 *of the State of California.*

10 ~~(2) Upon a satisfactory showing of good cause, cause to the~~  
 11 ~~Controller may waive Controller, the penalties for late filing~~  
 12 ~~forfeiture provided in this section. section shall not be imposed.~~

13 SEC. 8. Section 53895.5 of the Government Code is repealed.

14 ~~53895.5. (a) An officer of a community redevelopment agency~~  
 15 ~~who fails or refuses to make and file his or her report within 20~~  
 16 ~~days after receipt of a written notice of the failure from the~~  
 17 ~~Controller shall forfeit to the state:~~

18 ~~(1) One thousand dollars (\$1,000) in the case of a community~~  
 19 ~~redevelopment agency with total revenue, in the prior year, of less~~  
 20 ~~than one hundred thousand dollars (\$100,000), as reported in the~~  
 21 ~~Controller's annual financial reports:~~

22 ~~(2) Two thousand five hundred dollars (\$2,500) in the case of~~  
 23 ~~a community redevelopment agency with total revenue, in the prior~~  
 24 ~~year, of at least one hundred thousand dollars (\$100,000), but less~~  
 25 ~~than two hundred fifty thousand dollars (\$250,000), as reported~~  
 26 ~~in the Controller's annual financial reports:~~

27 ~~(3) Five thousand dollars (\$5,000) in the case of a community~~  
 28 ~~redevelopment agency with total revenue, in the prior year, of at~~  
 29 ~~least two hundred fifty thousand dollars (\$250,000), as reported~~  
 30 ~~in the Controller's annual financial reports:~~

31 ~~(b) An officer of a community redevelopment agency who fails~~  
 32 ~~or refuses to make and file his or her report within 20 days after~~  
 33 ~~receipt of a written notice of the failure from the Controller in the~~  
 34 ~~second or more consecutive year shall forfeit to the state:~~

35 ~~(1) Two thousand dollars (\$2,000) in the case of a community~~  
 36 ~~redevelopment agency with total revenue, in the prior year, of less~~  
 37 ~~than one hundred thousand dollars (\$100,000), as reported in the~~  
 38 ~~Controller's annual financial reports:~~

39 ~~(2) Five thousand dollars (\$5,000) in the case of a community~~  
 40 ~~redevelopment agency with total revenue, in the prior year, of at~~

1 least one hundred thousand dollars (\$100,000), but less than two  
2 hundred fifty thousand dollars (\$250,000), as reported in the  
3 Controller's annual financial reports:

4 ~~(3) Ten thousand dollars (\$10,000) in the case of a community~~  
5 ~~redevelopment agency with total revenue, in the prior year, of at~~  
6 ~~least two hundred fifty thousand dollars (\$250,000), as reported~~  
7 ~~in the Controller's annual financial reports.~~

8 ~~(e) In the case of a community redevelopment agency that fails~~  
9 ~~or refuses to make and file its report within 20 days after receipt~~  
10 ~~of a written notice of the failure from the Controller in the third~~  
11 ~~or more consecutive year, the Controller shall conduct or cause to~~  
12 ~~be conducted an independent financial audit report consistent with~~  
13 ~~the requirements of Section 33080.1 of the Health and Safety Code.~~  
14 ~~The community redevelopment agency shall reimburse the~~  
15 ~~Controller for the cost of complying with this subdivision. The~~  
16 ~~community redevelopment agency shall not use any of the funds~~  
17 ~~in the Low and Moderate Income Housing Fund to reimburse the~~  
18 ~~Controller.~~

19 ~~(d) (1) Upon the request of the Controller, the Attorney General~~  
20 ~~shall prosecute an action for the forfeiture in the name of the people~~  
21 ~~of the State of California.~~

22 ~~(2) Upon a satisfactory showing of good cause, the Controller~~  
23 ~~may waive the penalties for late filing provided in this section.~~

24 ~~(e) A community redevelopment agency that makes a forfeiture~~  
25 ~~or payment pursuant to this section shall still file the report required~~  
26 ~~pursuant to Section 53891.~~

27 SEC. 9. Section 53895.7 of the Government Code is amended  
28 to read:

29 53895.7. (a) For the purpose of this section, "agency" means  
30 any agency or entity formed pursuant to the Joint Exercise of  
31 Powers Act (Article 1 (commencing with Section 6500) of Chapter  
32 5 of Division 7 of Title 1) that issues conduit revenue bonds.

33 (b) An officer of an agency who fails or refuses to make and  
34 file his or her report pursuant to this article within 20 days after  
35 receipt of a written notice of the failure from the Controller shall  
36 forfeit to the state:

37 (1) ~~One Two thousand five hundred dollars (\$1,000) (\$2,500)~~  
38 ~~in the case of an agency with total revenue, in the prior year, of~~  
39 ~~less than one hundred thousand dollars (\$100,000), as reported in~~  
40 ~~the Controller's annual financial reports.~~

1 (2) ~~Two-Five~~ thousand five hundred dollars ~~(\$2,500)~~ (\$5,500)  
2 in the case of an agency with total revenue, in the prior year, of at  
3 least one hundred thousand dollars (\$100,000), but less than two  
4 hundred fifty thousand dollars (\$250,000), as reported in the  
5 Controller's annual financial reports.

6 (3) ~~Five-Ten~~ thousand dollars ~~(\$5,000)~~ (\$10,000) in the case of  
7 an agency with total revenue, in the prior year, of at least two  
8 hundred fifty thousand dollars (\$250,000), as reported in the  
9 Controller's annual financial reports.

10 (c) An officer of an agency who fails or refuses to make and  
11 file his or her report within 20 days after receipt of a written notice  
12 of the failure from the Controller in the second ~~or more~~ consecutive  
13 year shall forfeit to the state:

14 (1) ~~Two-Five~~ thousand dollars ~~(\$2,000)~~ (\$5,000) in the case of  
15 an agency with total revenue, in the prior year, of less than one  
16 hundred thousand dollars (\$100,000), as reported in the Controller's  
17 annual financial reports.

18 (2) ~~Five-Eleven~~ thousand dollars ~~(\$5,000)~~ (\$11,000) in the case  
19 of an agency with total revenue, in the prior year, of at least one  
20 hundred thousand dollars (\$100,000), but less than two hundred  
21 fifty thousand dollars (\$250,000), as reported in the Controller's  
22 annual financial reports.

23 (3) ~~Ten-Twenty~~ thousand dollars ~~(\$10,000)~~ (\$20,000) in the case  
24 of an agency with total revenue, in the prior year, of at least two  
25 hundred fifty thousand dollars (\$250,000), as reported in the  
26 Controller's annual financial reports.

27 (d) In the case of an agency that fails or refuses to make and  
28 file its report within 20 days after receipt of a written notice of the  
29 failure from the Controller ~~in the third~~ *for three* or more  
30 consecutive ~~year, years,~~ *the forfeiture pursuant to paragraph (1),*  
31 *(2), or (3) of subdivision (b) shall be tripled.* The Controller shall  
32 conduct, or cause to be conducted, an independent financial audit  
33 report consistent with the requirements of Section 6505. The  
34 agency shall reimburse the Controller for the cost of complying  
35 with this subdivision.

36 (e) (1) Upon the request of the Controller, the Attorney General  
37 shall prosecute an action for the forfeiture in the name of the people  
38 of the State of California.

1 (2) Upon a satisfactory showing of good ~~cause~~, *cause* to the  
2 ~~Controller may waive~~ *Controller*, the ~~penalties for late filing~~  
3 ~~forfeiture provided in this section.~~ *section shall not be imposed.*  
4 (f) ~~An agency that makes a forfeiture or payment~~  
5 *Notwithstanding any amount forfeited pursuant to this section*  
6 *subdivision (a), (b), (c), or (d) the agency shall still be required*  
7 *to file the report required pursuant to Section 53891.*

O