

Senate Bill No. 584

CHAPTER 167

An act to amend Section 14502.1 of the Education Code, relating to school facilities.

[Approved by Governor August 27, 2013. Filed with
Secretary of State August 27, 2013.]

LEGISLATIVE COUNSEL'S DIGEST

SB 584, Wyland. School facilities: financial and performance audits.

Existing law requires the Controller, in consultation with the Department of Finance, the State Department of Education, and representatives of certain nongovernmental organizations, to recommend the statements and other information to be included in the audit reports filed with the state, and to propose the content of an audit guide that is required to be submitted by the Controller to the Education Audits Appeal Panel for review and possible amendment.

This bill would require the Controller, on or before January 1, 2015, and in consultation with the State Allocation Board, the Department of Finance, and the State Department of Education, to submit content to the Education Audits Appeal Panel to be included in the audit guide, Standards and Procedures for Audits of California K-12 Local Educational Agencies beginning in the 2015–16 fiscal year, that is related to financial and performance audits required for specified school facility projects.

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

SECTION 1. Section 14502.1 of the Education Code is amended to read:

14502.1. (a) The Controller, in consultation with the Department of Finance and the State Department of Education, shall develop a plan to review and report on financial and compliance audits. The plan shall commence with the 2003–04 fiscal year for audits of school districts, other local educational agencies, and the offices of county superintendents of schools. The Controller, in consultation with the Department of Finance, the State Department of Education, and representatives of the California School Boards Association, the California Association of School Business Officials, the California County Superintendents Educational Service Association, the California Teachers Association, the California Society of Certified Public Accountants, shall recommend the statements and other information to be included in the audit reports filed with the state, and shall propose the content of an audit guide to carry out the purposes of this chapter. A supplement to the audit guide may be suggested in the audit year,

following the above process, to address issues resulting from new legislation in that year that changes the conditions of apportionment. The proposed content of the audit guide and any supplement to the audit guide shall be submitted by the Controller to the Education Audits Appeal Panel for review and possible amendment.

(b) The audit guide and any supplement shall be adopted by the Education Audits Appeal Panel pursuant to the rulemaking procedures of the Administrative Procedure Act as set forth in Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code. It is the intent of the Legislature that, for the 2003–04 fiscal year, the audit guide be adopted by July 1 of the fiscal year to be audited. A supplemental audit guide may be adopted to address legislative changes to the conditions of apportionment. It is the intent of the Legislature that supplements be adopted before March 1 of the audit year. Commencing with the 2004–05 fiscal year, and each fiscal year thereafter, the audit guide shall be adopted by July 1 of the fiscal year to be audited. A supplemental audit guide may be adopted to address legislative changes to the conditions of apportionment. The supplements shall be adopted before March 1 of the audit year. To meet these goals and to ensure the accuracy of the audit guide, the process for adopting emergency regulations set forth in Section 11346.1 of the Government Code may be followed to adopt the audit guide and supplemental audit guide. It is the intent of the Legislature that once the audit guide has been adopted for a fiscal year, as well as any supplement for that year, thereafter only suggested changes to the audit guide and any additional supplements need be adopted pursuant to the rulemaking procedures of the Administrative Procedure Act. The audit guide and any supplement shall be issued in booklet form and may be made available by any means deemed appropriate. The Controller and consultants in the development of the suggested audit guide and any supplement shall work cooperatively on a timeline that will allow the Education Audits Appeal Panel to meet the July 1 and March 1 issuance dates. Consistent with current practices for development of the audit guide before the 2003–04 fiscal year, the Controller shall provide for the adoption of procedures and timetables for the development of the suggested audit guide, any supplement, and the format for additions, deletions, and revisions.

(c) For the audit of school districts or county offices of education electing to take formal action pursuant to Sections 22714 and 44929, the audit guide content proposed by the Controller shall include, but not be limited to, the following:

- (1) The number and type of positions vacated.
- (2) The age and service credit of the retirees receiving the additional service credit provided by Sections 22714 and 44929.
- (3) A comparison of the salary and benefits of each retiree receiving the additional service credit with the salary and benefits of the replacement employee, if any.
- (4) The resulting retirement cost, including interest, if any, and postretirement health care benefits costs, incurred by the employer.

(d) The Controller shall annually prepare a cost analysis, based on the information included in the audit reports for the prior fiscal year, to determine the net savings or costs resulting from formal actions taken by school districts and county offices of education pursuant to Sections 22714 and 44929, and shall report the results of the cost analysis to the Governor and the Legislature by April 1 of each year.

(e) All costs incurred by the Controller to implement subdivision (c) shall be absorbed by the Controller.

(f) On or before January 1, 2015, the Controller, in consultation with the State Allocation Board, the Department of Finance, and the State Department of Education, shall submit content to the Education Audits Appeal Panel to be included in the audit guide, Standards and Procedures for Audits of California K-12 Local Educational Agencies beginning in the 2015–16 fiscal year, that is related to the financial and performance audits required for school facility projects, as described in Section 15286.