

Assembly Bill No. 2613

CHAPTER 934

An act to add Section 12440.1 to, and to repeal Section 12470.1 of, the Government Code, relating to the California State University, and making an appropriation therefor.

[Approved by Governor September 25, 1996. Filed
with Secretary of State September 26, 1996.]

LEGISLATIVE COUNSEL'S DIGEST

AB 2613, Aguiar. California State University: direct vendor payments.

Existing law requires the Trustees of the California State University, in conjunction with the Controller, among other things, to implement a pilot project on 3 campuses to reduce the time required for California State University vendors to receive payment by authorizing the university to make payments directly to vendors from its revolving fund.

This bill would delete that provision. The bill would require the trustees, in conjunction with the Controller, to implement a process that allows any campus or other unit of the university to make payments of obligations of the university from its revolving fund directly to all of its vendors, subject to the approval of the Director of Finance if the amount used as a revolving fund is more than 10% of the total appropriation to the university for any fiscal year. The bill would, prior to January 1, 2002, authorize the trustees 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. The bill would require the trustees to maintain payment records for 3 years and make those records available to the Controller for postaudit review, as needed. The bill would require the trustees to contract with one or more public accounting firms to conduct systemwide and individual campus financial statement and compliance audits, as specified. The bill would require the internal and independent financial statement audits of the trustees to test compliance with procurement procedures and the integrity of payments made, and would require the results of these audits to be included in a biennial report required by the Financial Integrity and State Manager's Accountability Act of 1983.

The bill would require the Bureau of State Audits to evaluate the system of direct payments to vendors authorized by the bill and to submit a written report thereon to the Legislature on or before January 1, 2001.

The bill would require the Director of Finance, after receiving certification from the Controller of the audit costs incurred by the Controller's office pursuant to the bill, to transfer to the Controller, for reimbursement of those costs, up to \$125,000 for the 1996–97 fiscal year and up to \$250,000 for the 1997–98 fiscal year, thereby making an appropriation.

Appropriation: yes.

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

SECTION 1. Section 12440.1 is added to the Government Code, to read:

12440.1. (a) The trustees, in conjunction with the Controller, shall implement a process that allows any campus or other unit of the university to make payments of obligations of the university from its revolving fund directly to all of its vendors. Notwithstanding Article 5 (commencing with Section 16400) of Chapter 2 of Part 2 of Division 4 of Title 2, or any other provision of law, prior to January 1, 2002, the trustees may 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. In any fiscal year, the trustees shall obtain the approval of the Director of Finance to draw amounts in excess of 10 percent of the total appropriation to the university for that fiscal year for use as a revolving fund.

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

(c) Notwithstanding Section 8546.4 or any other provision of law, the trustees shall contract with one or more public accounting firms to conduct systemwide and individual campus annual financial statement and compliance audits without obtaining the approval of any other state officer or entity. At least 10 individual campus audits shall be conducted on a rotating basis, and each campus shall be audited at least once every two years.

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

(e) As used in this section:

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

(2) "University" means the California State University.

SEC. 2. Section 12470.1 of the Government Code is repealed.

SEC. 3. The Bureau of State Audits shall evaluate the system of direct payments to vendors authorized by subdivision (a) of Section 12440.1 of the Government Code and shall submit a written report



of its findings and recommendations thereon to the Legislature on or before January 1, 2001.

SEC. 4. Notwithstanding any other provision of law, both of the following shall occur:

(a) For the 1996–97 fiscal year, after receiving certification from the Controller of the audit costs incurred by the Controller’s office pursuant to this act, the Director of Finance shall transfer to the Controller, for reimbursement of those costs, up to one hundred twenty-five thousand dollars (\$125,000) from the unencumbered balance of schedule (a) of Item 6610-001-0001 of Section 2.00 of the Budget Act of 1996 (Ch. 162, Stats. 1996).

(b) For the 1997–98 fiscal year, after receiving certification from the Controller of the audit costs incurred by the Controller’s office pursuant to this act, the Director of Finance shall transfer to the Controller, for reimbursement of those costs, up to two hundred fifty thousand dollars (\$250,000) from the unencumbered balance of schedule (a) of Item 6610-001-0001 of Section 2.00 of the Budget Act of 1997.

