

Senate Bill No. 408

CHAPTER 690

An act to amend Section 84752 of the Education Code, to amend Sections 8545 and 14525.6 of, and to repeal Section 8544.1 of, the Government Code, to amend Section 14105.42 of, and to repeal and add Section 19640.5 of, the Welfare and Institutions Code, and to amend Section 13 of Chapter 1044 of the Statutes of 1990, relating to the State Auditor.

[Approved by Governor October 4, 1997. Filed
with Secretary of State October 6, 1997.]

LEGISLATIVE COUNSEL'S DIGEST

SB 408, Maddy. State Auditor.

(1) Existing law prohibits the State Auditor from releasing to the public, among other things, papers, correspondence, or memoranda pertaining to any audit or investigation not completed if the State Auditor determines that disclosure will impede the audit or investigation. Existing law also prohibits the disclosure of papers, correspondence, or memoranda pertaining to any audit or investigation that has been completed if the materials are not used in support of any report resulting from the audit or investigation.

This bill would instead prohibit the release of papers, correspondence, memoranda, or any information pertaining to any audit not completed, delete references to an investigation in these provisions, and delete the requirement that the State Auditor determine that disclosure will impede the audit. The bill would also delete an obsolete provision relating to the Auditor General or Acting Auditor General serving as the Acting State Auditor.

(2) Existing law requires the Auditor General to annually conduct a review of allocations and expenditures of state transportation funds made under specified transportation related acts.

This bill would revise this requirement to apply to the State Auditor and end the requirement on January 1, 1999, or on the date of a report by the Joint Legislative Audit Committee, whichever is earlier.

(3) Existing law requires the Auditor General to prepare a report every 6 months regarding Medi-Cal drug treatment authorization requests.

This bill would revise this requirement to apply to the State Auditor and end the requirement on January 1, 1999, or on the date of a report by the Joint Legislative Audit Committee, whichever is earlier.

(4) Existing law requires the Auditor General to conduct a fiscal audit every 3rd fiscal year and a programmatic review and audit every 5 years of the business enterprises for the blind program.

This bill would revise this requirement to apply to the State Auditor and require that the fiscal audit be conducted until January 1, 2002, and the programmatic audit until January 1, 2003.

(5) Existing law requires the Auditor General, during the annual fiscal audits of major departments, to include an audit of how each agency is complying with state law regarding consulting contracts.

This bill would revise this requirement to apply to the State Auditor and end the requirement on January 1, 1999, or on the date of a report by the Joint Legislative Audit Committee, whichever is earlier.

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

SECTION 1. Section 84752 of the Education Code is amended to read:

84752. (a) No community college district shall receive full-time equivalent student (FTES) funding for activities that are fully funded through another source. The Board of Governors of the California Community Colleges shall adopt regulations to implement this subdivision.

(b) The State Auditor shall report to the Legislature by January 1, 2000, on the status of community college district compliance with this section. In preparing this report, the State Auditor shall use the audit methodology used in the Bureau of State Audits Report No. 96103.

SEC. 2. Section 8544.1 of the Government Code is repealed.

SEC. 3. Section 8545 of the Government Code is amended to read:

8545. The State Auditor shall not destroy any papers or memoranda used to support a completed audit sooner than three years after the audit report is released to the public. All books, papers, records, and correspondence of the bureau pertaining to its work are public records subject to Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1 and shall be filed at any of the regularly maintained offices of the State Auditor, except that none of the following items or papers of which these items are a part shall be released to the public by the State Auditor, his or her employees, or members of the commission:

(a) Personal papers and correspondence of any person receiving assistance from the State Auditor when that person has requested in writing that his or her papers and correspondence be kept private and confidential. Those papers and correspondence shall become public records if the written request is withdrawn or upon the order of the State Auditor.

(b) Papers, correspondence, memoranda, or any information pertaining to any audit not completed.

(c) Papers, correspondence, or memoranda pertaining to any audit that has been completed, which papers, correspondence, or



memoranda are not used in support of any report resulting from the audit.

SEC. 4. Section 14525.6 of the Government Code is amended to read:

14525.6. (a) Until January 1, 1999, or the date of the report specified in subdivision (b), whichever is earlier, the State Auditor shall annually conduct a review of allocations and expenditures at the state level of transportation funds made available by Chapters 105, 106, and 108 of the Statutes of 1989, to determine whether the purposes for which those funds are allocated and expended conform to the requirements of Chapters 105, 106, and 108 of the Statutes of 1989. Not later than March 1, 1992, and by March 1 of each year thereafter, until January 1, 1999, or the date of the report specified in subdivision (b), whichever is earlier, the State Auditor shall submit a report on the results of that review to the Governor and to the Legislature.

(b) The Joint Legislative Audit Committee may review and report on the requirements imposed on the State Auditor by subdivision (a) on or before January 1, 1999.

SEC. 5. Section 14105.42 of the Welfare and Institutions Code is amended to read:

14105.42. (a) The department shall report to the Legislature after the first three major therapeutic categories have been reviewed and contracts executed. The report shall include the estimated savings, number of manufacturers entering negotiations, number of contracts executed, number of drugs added and deleted, and impact on Medi-Cal beneficiaries and providers.

(b) The department shall provide the following data to the Legislature and to the State Auditor by January 1, 1991, and every six months thereafter:

(1) The number of drug treatment authorization requests (TAR) received by facsimile, by secondary answering system and in person for each therapeutic category.

(2) The number of drug TARS requested, approved, denied, and returned.

(3) The length of time between the TAR request and the decision, specified by type of communication such as telephone or facsimile if available.

(4) For denied TARS, the number of fair hearings requested, approved, denied and pending.

(5) The numbers of providers who were unable to submit a request or made multiple attempts because of faulty or unavailable lines of communication, if available.

(6) The numbers of complaints made by beneficiaries and providers relating to difficulty or inability to obtain a TAR response.

(7) The status of the enhancements to the TAR process specified in Section 21 of Chapter 457 of the Statutes of 1990.



(8) The number of calls on the TAR line which are not getting through.

(c) Until January 1, 1999, or the date of the report specified in subdivision (f), whichever is earlier, the State Auditor shall prepare a report by February 1, 1991, and every six months thereafter providing a summary and analysis of the data specified in subdivision (b), and a comparative analysis of changes in the TAR process using June 1, 1990, as a base. The analysis shall include a measure of increased or decreased ability to contact the department and receive a response in a shorter or greater period of time.

(d) The Bureau of State Audits shall prepare a report by January 1, 1998, on the drug program management techniques of the drug contracting program, and the comparability of the program to other private sector third-party payers. In completing its report the bureau may consult with the department, prescribing physicians, pharmacists, drug manufacturers, representatives of beneficiaries, and others as the bureau sees fit.

(e) The department shall report to the Legislature, through the annual budget process, on the cost-effectiveness of contracts executed pursuant to Section 14105.33.

(f) The Joint Legislative audit Committee may review and report on the requirements imposed on the State Auditor by subdivision (c) on or before January 1, 1999.

(g) This section shall remain in effect only until January 1, 1999, and as of that date is repealed, unless a later enacted statute, which is enacted before January 1, 1999, deletes or extends that date.

SEC. 6. Section 19640.5 of the Welfare and Institutions Code is repealed.

SEC. 7. Section 19640.5 is added to the Welfare and Institutions Code, to read:

19640.5. (a) Commencing with the 1991–92 fiscal year, the State Auditor shall conduct a fiscal audit every third fiscal year, until January 1, 2002, and a programmatic review and audit every five years, until January 1, 2003.

(b) The Joint Legislative Audit Committee may review and report on the audit requirements imposed on the State Auditor by subdivision (a) on or before January 1, 2002, for the fiscal audit requirement, and on or before January 1, 2003, for the program review and audit requirement.

SEC. 8. Section 13 of Chapter 1044 of the Statutes of 1990 is amended to read:

Sec. 13. (a) Until January 1, 1999, or the date of the report specified in subdivision (b), whichever is earlier, the State Auditor, during the annual fiscal audits of major departments, shall include an audit of how each agency is complying with state law and regulations dealing with consultant contracts. The audit shall include, but not be limited to, the matters in paragraphs (1), (2), and (3), and shall be



provided to those agencies listed in subdivision (c) of Section 10359 of the Public Contract Code. In addition to major departments, the State Auditor shall also audit consultant contract usage by a random sampling of three smaller departments and offices each year.

Matters to be considered:

- (1) The extent to which each agency has complied with state law.
- (2) The use or overuse of sole-source contracts.
- (3) Whether the state agency has utilized the results obtained by the consultants pursuant to the contracts.

It is the intent of the Legislature that the information contained in the report be available for use in legislative budget hearings.

(b) The Joint Legislative Audit Committee may review and report on the requirements imposed on the State Auditor by subdivision (a) on or before January 1, 1999.

