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AB-804 Controller: internal control guidelines. (2017-2018)

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Assembly Bill No. 804

CHAPTER 317

An act to amend Section 12422.5 of the Government Code, relating to state government.

[Approved by Governor September 27, 2017. Filed with Secretary of State September 27, 2017.]

LEGISLATIVE COUNSEL'S DIGEST

AB 804, Cristina Garcia. Controller: internal control guidelines.

Existing law requires 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 authorize the Controller to audit any local agency for purposes of determining whether the agency's internal controls are adequate to detect and prevent financial errors and fraud.

The bill would declare that these provisions are a matter of statewide concern and not a municipal affair.

Vote: majority Appropriation: no Fiscal Committee: yes Local Program: no

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 12422.5 of the Government Code is amended 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 (f), 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) The Controller may audit any local agency for purposes of determining whether the agency's internal controls are adequate to detect and prevent financial errors and fraud.

(f) 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.

SEC. 2. The Legislature finds and declares that internal controls are a matter of vital statewide importance and not a municipal affair as that term is used in Section 5 of Article XI of the California Constitution. Therefore, Section 12422.5 of the Government Code applies to all cities and counties, including charter cities.