

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: June 22, 2011
POSITION: Neutral

BILL NUMBER: AB 187
AUTHOR: R. Lara

BILL SUMMARY: State Auditor: Audits: Local Government Agency Program

This bill would authorize the State Auditor to conduct audits of high-risk local agencies, as specified.

FISCAL SUMMARY

The Bureau of State Audits indicates the cost of the audits authorized by this bill could vary depending on the scope and complexity of the audits. Generally, the cost of an audit ranges between \$100,000 and \$250,000. The bill specifies that these audits would only be conducted if sufficient funds are appropriated to cover the cost. To the extent that existing resources for discretionary audits could be redirected, these audits would be a low priority for the Bureau.

COMMENTS

The Department of Finance is neutral on this bill because it would provide greater transparency within local government using existing resources.

Existing law authorizes the State Auditor to conduct audits of high-risk state agencies, but does not give the State Auditor the authority to include local agencies in its high-risk audit program.

This bill would allow the State Auditor to establish a high-risk local government agency audit program, as specified. This bill also would require the State Auditor to report to the Joint Legislative Audit Committee (JLAC) and be responsible for all state costs. This bill further provides that the State Auditor may only conduct the audits to the extent that the Legislature appropriates sufficient funds to cover the state costs of the program and does not interfere with mandated audits and JLAC requests.

Code/Department Agency or Revenue Type	(Fiscal Impact by Fiscal Year)								Fund Code			
	(Dollars in Thousands)											
	SO	LA	CO	PROP	FC	2011-2012	FC	2012-2013		FC	2013-2014	
8855/Bureau Audit	SO	No								See Fiscal Summary		0001

Analyst/Principal (0221) J. Fitzpatrick	Date	Program Budget Manager Lisa Ann L. Mangat	Date
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Department Deputy Director	Date
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Governor's Office:	By:	Date:	Position Approved _____
			Position Disapproved _____

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