



JOHN CHIANG
California State Controller

October 16, 2014

To: Certified Public Accountants and Their Auditees: Local Governments (Counties, Cities, Towns, and Special Districts).

Subject: Assembly Bill 1345—Additions and Amendments to Government Code Section 12410

This advisory provides information to counties, cities, towns, and special districts (local agency) and assists independent auditors in planning and performing audits of local agency entities commencing with fiscal year 2013-14.

SINGLE AUDITS WEB PAGE

The California State Controller's Office (SCO) Single Audits webpage is located at http://www.sco.ca.gov/aud_single_audits.html. This advisory and general guidelines for single audits of local governments are available on this internet site.

SUMMARY OF ADDED PROVISIONS

Government Code section 12410.6.(a) states:

An audit for any local agency, including those submitted to the Controller pursuant to subdivision (a) of Section 12410.5, below, shall be made by a certified public accountant or public accountant, licensed by, and in good standing with, the California Board of Accountancy.

Government Code section 12410.6.(b) states:

Commencing with the 2013-14 fiscal year, a local agency shall not employ a public accounting firm to provide audit services to a local agency if the lead audit partner or coordinating audit partner having primary responsibility for the audit, or the audit partner responsible for reviewing the audit, has performed audit services for that local agency for six consecutive fiscal years. For purposes of calculating the six consecutive fiscal years, the local agency shall not take into account any time that a public accounting firm was employed by that local agency prior to the 2013-14 fiscal year. The Controller may waive this requirement if he or she finds that another eligible public accounting firm is not available to perform the audit.

SUMMARY OF AMENDMENTS

Government Code section 12410.5.(a) states:

The Controller shall receive every audit report prepared for any local agency, as defined in Section 53890, in compliance with the federal Single Audit Act of 1984 (31 U.S.C. Sec. 7501 et seq.) and required under any law to be submitted to any state agency, and shall, after ascertaining its compliance with that federal act, transmit the report to the designated state agency.

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Government Code section 12410.5.(b) states:

The audit report shall be submitted to the Controller within nine months after the end of the period audited or pursuant to applicable federal or state law.

Government Code section 12410.5.(c) states:

An audit report for any local agency submitted to the Controller pursuant to this section shall comply with the Government Auditing Standards issued by the Comptroller General of the United States.

Government Code section 12410.5.(d) states:

If a local agency does not submit the audit report required by this section to the Controller by the due date established in subdivision (b) of this section, the Controller may appoint a qualified certified public accountant or public accountant to complete the report and to obtain the information required. Any cost incurred by the Controller pursuant to this subdivision, including a contract with, or the employment of, the certified public accountant or public accountant, in completing the audit shall be borne by the local agency and shall be a charge against any unencumbered funds of the local agency.

Government Code section 12410.5.(e) states:

Before appointing a certified public accountant or public accountant pursuant to subdivision (d), the Controller shall first notify a local agency of its failure to submit the audit report and give the local agency a reasonable amount of time to submit the report.

Government Code section 12410.5.(f) states:

The Controller shall refer any matters of unprofessional conduct, as defined in Section 5100 of the Business and Professions Code, and multiple and repeated failures to disclose noncompliant acts to the California Board of Accountancy.

If you have any questions or need additional information, please contact Carolyn Baez, Chief, Financial Audits Bureau, Division of Audits, by telephone at (916) 324-6442 or by email at singleaudits@sco.ca.gov.

Sincerely,

Original signed by

JEFFREY V. BROWNFIELD, CPA
Chief, Division of Audits

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cc: Carolyn Baez, CPA
Bureau Chief, Division of Audits