

AB 109 and SB 35: IMPLEMENTATION OF NEW STATUTORY REQUIREMENTS

New requirements for county commissions

Reporting and evaluation

1. County commissions will be required to measure the outcomes of county commission-funded programs through the use of applicable, reliable indicators. *Currently commissions are required to include in their strategic plan a description of how measurable outcomes will be determined, but the new language makes the evaluation requirement more explicit.*
2. By October 15 of each year, county commissions must issue a written report that includes information on programs funded and populations served for all funded programs. *This is in addition to the existing requirements for the annual written report.*
3. The county's written report must be in a format prescribed by the state commission, as long as the state commission provides the format prior to the year in which it is to be used. *If the state commission develops and adopts the new reporting format in fiscal year 05-06, it will become effective for the annual report of fiscal year 06-07.*

Adoption of new policies

1. In a public hearing, every county commission must do the following:
 - a. Review the outcomes of county-funded programs as part of the commission's annual public review of its strategic plan.
 - b. Adopt a limit on the percentage of its operating budget that may be spent on administrative functions, using the definition of administrative functions in guidelines to be issued by the state commission.
 - c. Adopt policies and processes establishing the salaries and benefits of its employees.
 - d. Adopt a policy, consistent with state law, on conflict of interest of commission members.
 - e. Adopt a policy, consistent with state law, on contracting and procurement practices. The policy must also contain provisions to ensure the commission's contracting and procurement are consistent with its strategic plan.

Notes:

In the case of commissions that are part of the county HR and procurement systems, commissions could merely adopt or affirm the policies used by the county.

It is unclear how commissions will demonstrate that their procurement and conflict of interest policies are consistent with state law. This will be a discussion item with the Controller's office.

Expansion of the independent audit process

1. The county commissions' annual audits must include the following new elements, all of which must be implemented by an independent auditor in accordance with guidelines to be issued by the State Controller:
 - a. A review of the commission's contracting and procurement policies to ensure the policies are in place, the commission is operating in accordance with them, and they contain provisions to ensure they are consistent with the commission's strategic plan.
 - b. A review of the commission's administrative costs, to ensure they comply with the state commission's guidelines and the county commission has a process in place to monitor them.
 - c. A review of the commission's policies and procedures relating to conflict of interest.
 - d. A review of the commission's policies and procedures that are designed to ensure the commission's compliance with the county ordinance that established it.
 - e. A review of the county commission's long-range financial plans to determine whether the commissions have plans that were adopted at a public hearing.
 - f. A review of the commission's financial condition.
 - g. A review of the amount the county commission spends on program evaluation and the documented results of that expenditure.
 - h. A review of the commission's salary and benefits policy to determine whether employee salaries and benefits comply with them.
2. The independent auditor must submit the audit simultaneously to the Controller and the county commission when it is completed.
3. The commission must hold a public hearing within two months of receipt of the audit on the audit findings and the response to them. Within two weeks of the public

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hearing, the commission must submit its response to the Controller. *If there are no audit findings, no report to the Controller is necessary.*

4. If a county commission's audit results in the independent auditor's determination that the commission is out of compliance with any requirements, the State Controller must, within 6 months, determine whether the commission has corrected its practices.

New reporting deadline

1. The county commission must submit its audit and annual written report to the State Commission by November 1 of each year (*rather than the current deadline of October 15.*)

New penalties

1. If a county commission fails to submit its audit and written report in the format prescribed by the state commission by November 1, the state commission may withhold its allocation until it submits them.
2. If the Controller's Office finds a county commission has not corrected the practices that caused an audit finding, it may recommend to the state commission the withholding of the commission's allocation until the Controller determines the commission has a viable plan and the ability to correct the practices.

New requirements for the State Commission

Reporting and evaluation

1. The State Commission must publicly adopt the reporting format for counties to use in their written report on programs funded and populations served. *This must be adopted in the fiscal year prior to the fiscal year in which it will first be used for reporting.*
2. The State commission must develop this reporting format in consultation with the county commissions.
3. The Annual Report must include a listing, by category, of the aggregate expenditures on program areas funded by the state and county commissions.

Development of new guidelines

1. The state commission must define "administrative functions" and issue guidelines for counties to use to develop and implement their local policy on administrative spending.

New requirements for the State Controller’s Office

1. The State Controller’s Office must:
 - a. Present guidelines for the expanded local independent audit and an implementation plan to the state commission by April 30, 2006.
 - b. Consider the potential cost and administrative burden of the new audit functions when developing the guidelines.
 - c. Prepare an annual summary report of the final audits and submit that report to the state commission by November 1 for inclusion in the annual report. *Given the short turn-around between completion of the independent audits and the Controller’s summary report, it is unclear what the summary can include beyond a listing of commissions that submitted audits and whether or not they had any audit findings.*
 - d. Review commission responses to any audit findings, determine whether they have been corrected, and if not, determine whether to recommend the withholding of the commission’s allocation. In the latter case, determine when the commission has a viable plan and ability to implement corrections, so that its allocations can resume.

Implementation Timeline

State commission defines administrative functions and issues guidelines to county commissions	By late 2005
State controller develops guidelines for expanded audit and plan for implementation and submits to the state commission	By April 30, 2006
County commissions adopt all necessary policies in a public meeting	By June 30, 2006
State commission adopts reporting format for 06-07 annual report	By last meeting prior to June 30, 2006
County commissions report according to new reporting format	Annual report covering 06-07
County commissions undergo expanded independent audit	Audit covering 06-07