

Author: Strickland Analyst: Janet Jennings Bill Number: AB 2403  
 Related Bills: See Legislative History Telephone: 845-3495 Introduced Date: February 19, 2010  
 Amended Date: April 26, 2010  
 Attorney: Patrick Kusiak Sponsor: \_\_\_\_\_

**SUBJECT:** State Agencies Post Specified Audits & Contracts To The Reporting Transparency In Government Internet Web Site

**SUMMARY**

This bill would codify Executive Orders S-08-09 and S-20-09, which require state agencies to post various reports to the Reporting Transparency in Government Web site.

**SUMMARY OF AMENDMENTS**

The April 26, 2010, amendments removed language relating to public contracts and added language relating to posting audits and contracts to the Reporting Transparency in Government Internet Web site.

This is the department’s first analysis of this bill.

**PURPOSE OF THE BILL**

The legislative intent language of this bill indicates the purpose is to continue the Legislature’s commitment to promoting transparency in state government.

**EFFECTIVE/OPERATIVE DATE**

This bill would be effective January 1, 2011, and operative as of that date.

**POSITION**

Pending.

**ANALYSIS**

STATE LAW

Executive Order S-08-09 ordered state agencies and departments to post to the Reporting Transparency in Government Web site<sup>1</sup> audits of their operations performed by outside entities dating back to January 1, 2008.

<sup>1</sup> <http://www.reportingtransparency.ca.gov/>

Board Position:	Department Director	Date
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Additionally, agencies must post financial and programmatic audits that they and other departments have done on their own operations and audits they have performed on other governmental entities dating back to January 1, 2008.

Executive Order S-20-09 requires posting to the Reporting Transparency in Government Web site for the following items:

- Program reviews
- Monitoring, and accountability reports
- Evaluations
- Inspections
- Assessments and studies of operations

Documents are to be posted within five working days of finalization.

Existing state law prohibits the disclosure of any taxpayer information, except as specifically authorized by statute. Generally, disclosure is authorized to other state tax agencies, federal tax agencies, and the Multistate Tax Commission solely for tax administration purposes. Additionally, the Franchise Tax Board is authorized to publish statistical data related to taxpayer information so long as no individually identifiable information is revealed. Unauthorized disclosure of state tax information is a misdemeanor and unauthorized disclosure of federal tax information is a felony.

Each state agency is responsible for its own services acquisitions program. This responsibility includes ensuring the necessity of the services, securing appropriate funding, complying with laws and policies, writing the contract in a manner that safeguards the state's interests, and obtaining required approvals. State agencies use contracts, purchase orders, interagency agreements, and memorandums of understanding to implement services acquisition programs.

### THIS BILL

This bill would require a state agency to post to the State's Reporting Transparency in Government Web site the following:

1. Operations audits, as defined, conducted by the agency itself or another agency finalized between January 1, 2008, and December 31, 2010, shall be posted by February 15, 2010. For reports finalized on or after January 1, 2011, audits must be posted within 15 calendar days of finalization.
2. On or before February 15, 2011, the Department of General Services (DGS) and the office of the State Chief information Officer (CIO) will post any contract awarded by the state between January 1, 2008, and December 31, 2010, valued at \$5,000 or more. The DGS and the CIO will assist a state agency to comply with these requirements.
3. Within 15 calendar day of signing by all parties to the contract, a state agency must post any contract it awarded on or after January 1, 2011, valued at \$5,000 or more. The DGS and the CIO will assist a state agency to comply with these requirements.

4. Commencing January 1, 2011, the DGS and the CIO shall post the following information for each contract entered into, renewed, or amended by any state entity:
  - (a) The name and contact information of the entity or person with which the state proposes to contract.
  - (b) The organizational character of the entity, whether public or private and whether for profit or nonprofit.
  - (c) The specific purpose or purposes of the contract.
  - (d) The total value of the contract.
  - (e) The distribution of the allocated funds for each purpose of the contract.
  - (f) A list of all parties who have an interest in the entity, including owners, board or directors and officers, auditors, internal and external accountants, and all managers who will receive or manage state funds.
  
5. The office of the Governor shall post every statement of economic interest and travel and expense report of its staff, agency secretaries, department heads, and any official under the direct supervision of the Governor to the Reporting Transparency in Government Internet Web site

#### IMPLEMENTATION CONSIDERATIONS

Implementing this bill would not significantly impact the department's programs and operations. Contract information is currently posted to the e-Procurement system as discussed below under Program Background.

#### **LEGISLATIVE HISTORY**

AB 1194 (Strickland, 2009/2010) would have required a state agency to develop a publicly accessible Web site containing specified information detailing expenditures by that agency of state funds. This bill would have required the Web site to be available by July, 2010, and be updated monthly. This bill failed to pass out of the Assembly Business and Professions committee by the constitutional deadline.

AB 1899 (Eng, 2009/10) is similar to this bill. AB 1899 differs in the contract reporting requirements. AB 1899 was referred to the Assembly Appropriations committee suspense file on April 14, 2010.

SB 502 (Walters, 2009/2010) would have required a state agency to develop a publicly accessible Web site containing specified information detailing expenditures by that agency of state funds. This bill would have required the Web site to be available January 1, 2010, and updated annually. This bill failed to pass out of the Senate Governmental Organization committee by the constitutional deadline.

SB 719 (Huff, et al., 2009/2010) would have required a state agency to develop a publicly accessible Web site containing specified information detailing expenditures by that agency of state funds. This bill failed to pass out of the Senate Appropriations committee by the constitutional deadline.

SB 1494 (McClintock, 2007/2008) would have required a state agency to develop a publicly accessible Web site containing specified information detailing expenditures by that agency of state funds. This bill would have required the Web site to be available by July 1, 2009, and be updated annually. This bill failed to pass out of the Senate Appropriations committee by the constitutional deadline.

## **PROGRAM BACKGROUND**

The e-Procurement system is a centralized database of information on state contracts and purchases over \$5,000. This database is available on the California Department of General Services Web site, and the State's Reporting Transparency in Government Web site. Each state agency is required to report its contracts to DGS. The public can download information on the procurement expenditures of each state department and agency.

## **FISCAL IMPACT**

This bill would not significantly impact the department's costs.

## **ECONOMIC IMPACT**

This bill would not impact state income tax revenues.

## **LEGISLATIVE STAFF CONTACT**

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