

Repeal Department of Finance Review of the CCC Audit Manual

SEC. 1 Amend Education Code Section 84040.5

84040.5.

(a) The board of governors, ~~in cooperation with, and upon approval by, the Department of Finance~~, shall prescribe the statements and other information to be included in the audit reports filed with the state and shall develop audit procedures for carrying out the purposes of this section. The Department of Finance may make audits, surveys, and reports which, in the judgment of the department will serve the best interest of the state.

(b) A review of existing audit procedures, statements, and other information required to be included in the audit reports shall be conducted periodically by the board of governors, ~~in cooperation with the Department of Finance~~. Standards shall be updated periodically.

(c) For the audit of community colleges electing to take formal action pursuant to Sections 22714, 22714.5, 87488, and 87488.1, the audit standards shall require any information as is prescribed by the chancellor, including, but not limited to, the following:

(1) The number and type of positions being vacated.

(2) The age and service credit of the retirees receiving the additional service credit provided by Sections 22714 and 87488.

(3) A comparison of the salary and benefits of each retiree receiving the additional service credit with the salary and benefits of the replacement employee, if any.

(4) The resulting retirement costs, including interest, if any, and postretirement healthcare benefits costs, incurred by the employer.

(d) The chancellor shall annually prepare a cost analysis, based upon the information included in the audit reports for the prior fiscal year, to determine the net savings or costs resulting from formal actions taken by community college districts pursuant to Sections 22714, 22714.5, 87488, and 87488.1, and shall report the results of the cost analysis to the Governor and the Legislature by April 1 of each year.

(e) All costs incurred by the board of governors to implement subdivision (c) shall be absorbed by the board of governors.

(f) At the request of the Department of Finance, each community college district that elects to take formal action pursuant to Sections 22714, 22714.5, 87488, and 87488.1 shall reimburse the Department of Finance for any related administrative costs incurred by the Department of Finance.