



THE OFFICE OF SENATE MAJORITY WHIP  
**LENA A. GONZALEZ**  
SENATOR 33<sup>RD</sup> SENATE DISTRICT

## SB 769 (Gonzalez) Fiscal and Financial Training

### SUMMARY

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Senate Bill (SB) 769 will require local agency officials, such as city councilmembers and other members of local agency legislative bodies, to complete fiscal and financial training on their duties and responsibilities in budgeting, contracting, procurement, and other critical fiscal obligations.

### EXISTING LAW

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AB 1234 (Salinas, Chapter 700, Statutes of 2005) requires ethics training for all local agency officials in California if the local agency provides any type of compensation, salary, or stipend.

AB 187 (Lara & Smyth, Chapter 451, Statutes of 2011) established the California State Auditor's high-risk local government agency audit program.

AB 1661 (McCarty & Gonzalez, Chapter 816, Statutes of 2016) requires local agency officials who receive any type of compensation, salary, or stipend to complete sexual harassment prevention training.

### BACKGROUND/PROBLEM

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Local elected officials are responsible for fiscal management of the jurisdictions they oversee. These responsibilities include budget creation and monitoring, financial reporting and accounting, capital financing and debt management, and purchasing and contracting practices.<sup>1</sup> However, there is no existing requirement that

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<sup>1</sup> [https://www.ca-ilg.org/sites/main/files/file-attachments/basics\\_of\\_municipal\\_revenue\\_2016.pdf?1478299060](https://www.ca-ilg.org/sites/main/files/file-attachments/basics_of_municipal_revenue_2016.pdf?1478299060)

these elected leaders receive training relevant to these critical and expansive fiscal and financial responsibilities.

A 2020 study found that the more local government employees who participated in fiscal training, the greater the positive impact on financial outcome.<sup>2</sup> This indicates that uniform training for local officials leads to better financial decisionmaking. Further evidence suggests that training is more effective when specific, rather than general, skills are targeted.<sup>3</sup>

The California State Auditor's high-risk local program has found repeated instances of local officials financially mismanaging local agencies, and recommended additional training as a remedy.<sup>4,5,6</sup>

In a 2021 report, the California State Auditor recommended that the Legislature require city officials to "participate in recurring training related to municipal finance, budgeting, and the council's role in overseeing city operations."<sup>7</sup> Because counties and special districts perform similar financial responsibilities, this training would also be beneficial for them.

### SOLUTION

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SB 769 will encourage responsible governing and prevent fiscal mismanagement by applying training requirements for local officials who receive any type of compensation, salary, or stipend, on the fiscal and financial responsibilities of their position.

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<sup>2</sup> <https://doi.org/10.1177/0275074020911717>

<sup>3</sup> <https://doi.org/10.1080/0958519032000106164>

<sup>4</sup> <https://www.auditor.ca.gov/reports/2015-803/issues.html>

<sup>5</sup> <https://www.auditor.ca.gov/reports/2015-806/issues.html>

<sup>6</sup> <https://www.auditor.ca.gov/reports/2021-808/index.html>

<sup>7</sup> <https://www.auditor.ca.gov/reports/2021-802/index.html>

The training requirement will be triggered under any of three scenarios. First, if a local agency is designated as high risk in an audit conducted by the California State Auditor. Second, if a local agency receives a written notice from the California State Controller of the agency's failure to timely submit their annual financial transaction report. Lastly, the training requirements would be triggered if the local agency has been found to have submitted a false annual financial transaction report.

Like the AB 1234 ethics training, this training will be required once every two years. The fiscal and financial training will also be made available for local agency employees.

#### **SUPPORT**

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CA Association of County Treasurers and Tax Collectors  
Open Contracting Partnership  
State Association of County Auditors

#### **CONTACT**

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