



# SB 318 – Independent Auditors

## *Senator Melissa Melendez*

### **Background**

This measure is sponsored by the Desert Valleys Builders Association.

SB 318 builds from previous legislation (SB 1202) by Senator Stone which was signed into law with no “no” votes in 2018. This law amended the Mitigation Fee Act (MFA) in that a local agency collecting development impact fees that had failed to provide its obligatory annual reports for three consecutive years shall be subject to a public request for an audit of its Mitigation Fee Act funds, at the local agency’s expense.

### **Problem Being Addressed**

The Desert Valleys Builders Association is currently using the new law to obtain an audit from the City of Coachella. Unfortunately, at the time of filing suit, the City had failed to report on its fee collections for the previous nine years.

While in the process of the public request of an audit, the organization noticed two issues in need of clarification in the Code.

### **Which code section is affected?**

This bill amends Government Code 66023(h) which deals with the independent auditor piece.

### **Summary**

SB 318 is one of two bills aimed at clarifying language in the Mitigation Fee Act, which is a primary tool used against unreasonable construction costs.

Specifically, it targets the definition of an independent auditor. In this area of the Government Code, choosing an independent auditor is a new concept. As a request for an audit is based on a lack of public trust, that mistrust carries over to past employees, past consultants, and contractors.

This bill is needed to better maintain the appearance of independence. It seeks to disallow consulting firms and individuals who have worked for the agency in the past ten years.

It additionally would prevent individuals or firms bidding and accepting contracts with the agency for a period of five years after the conclusion of an audit and resulting public inquiry.

### **Support**

Desert Valleys Builders Association - *Sponsor*