

<p style="text-align: center;">State Oversight of ARRA Funds <i>Roles and Responsibilities</i></p>

Bureau of State Audits

Given the vast amount of federal funds that California expects to receive under the federal Recovery Act, oversight and accountability responsibilities for state auditors including the California State Auditor's Office have increased dramatically. Due the concerns related to internal controls, the large amount of Recovery Act funds California expects to receive, the new requirements the federal government is imposing on recipients, and the limited time the State has to spend some of the funding, the State Auditor added California's system for administering federal Recovery Act funds to the list of statewide high-risk issue areas.

Elaine Howle is California's independent State Auditor who serves the State by providing accurate, unbiased, and timely assessments of financial and operation aspects of state and local government entities. Ms. Howle has more than 20 years of auditing, management, and leadership experience with the California State Auditor's Office and its predecessor office, the Office of the Auditor General. She began her career in state government in 1983, joining the Office of the Auditor General as an entry-level auditor conducting performance audits on a variety of state and local governments. Ms. Howle became Deputy State Auditor in 1999 before being appointed California's first female State Auditor in 2000.

Inspector General for American Recovery Act Funds

In April 2009, Governor Schwarzenegger created the position of Inspector General through an executive order to review and monitor the work of the Recovery Task Force and the Recovery Act funds. In addition, the Inspector General will be responsible for protecting the integrity and accountability of the expenditure of Recovery Act funds in California. (See Executive Order at Tab #6 for details)

A trained social worker, Chick received her Bachelors Degree in History from UCLA and a Masters in Social Work from USC. She first entered elected office in 1993 when she won a seat on the Los Angeles City Council. In 2001, Chick was overwhelmingly elected City Controller, becoming the first woman to hold citywide office in Los Angeles. As City Controller, she was the Chief Auditor and Chief Accountant of the City, working to ensure its fiscal health. In her nearly eight years in this office, Chick released over 170 audits and reports exposing a wide range of problems throughout city government.

California Recovery Task Force

In April 2009, Governor Schwarzenegger created the California Recovery Task Force. The Task Force tracks the Recovery Act funds coming into the state; works with the federal administration; helps cities, counties, non-profits, and others access available funds; ensures that the funding directed to the state is spent efficiently and effectively; and maintains the Recovery.ca.gov web site to track Recovery Act funds. (See Task Force background sheet at Tab 5 for additional information.)

In addition to serving as Director of the California Recovery Task Force, Cynthia Bryant serves as Deputy Chief of Staff and Director of the Office of Planning and Research (OPR). She advises Governor Schwarzenegger on the state budget, redistricting, political reform and gambling. As Director of OPR, she oversees the State Clearinghouse, the OPR Legislative and Policy and Research units and the Office of the Small Business Advocate. Ms. Bryant also serves on several state boards and commissions. She previously served the Governor's Chief Deputy Legislative Affairs Secretary, as policy director for the Senate Republican Caucus, and legal counsel to the Assembly Rules Committee.

Department of Finance

The Revised 2009-10 State Budget (AB1 4X) also tasked the Department of Finance with submitting a report to the Joint Legislative Budget Committee describing a comprehensive, statewide plan for ARRA oversight and auditing. According to the Department, they will complete that report before the end of 2009.

The Department of Finance serves as the State's internal auditor. The Office of State Audits and Evaluations (OSAE) within the Department of Finance monitors and coordinates the Financial Integrity and State Manager's Accountability Act, and issues Audit Memos to provide instruction to internal audit organizations within state departments. OSAE also performs special program reviews as requested by the Governor's Office, the Director of Finance, or other state entities.

In addition to serving as Deputy for Accountability of the California Recovery Task Force, Fred Klass is the Chief Operating Officer for the California Department of Finance (DOF). Klass has worked for 20 years developing and administering budgets for state programs in a wide variety of areas. As Chief Operating Officer, Klass is responsible for coordinating the efforts of the Department's various units and ensuring the efficient functioning of the organization. Klass formerly served as a consultant to the Senate Budget Committee. He has also served as Vice Chancellor for Governmental Relations for the Chancellor's Office of the California Community Colleges. Additionally, he spent four years evaluating governmental program effectiveness and efficiency for the Little Hoover Commission.

State Controller's Office

The Audit Division within the State Controller's Office determines the legality and accuracy of all claims against the State through the performance of prepayment audits. The division also assures the accuracy of local government claims and financial statements submitted to the state and federal government by annually reviewing and revising audit guidelines, reviewing audits performed by independent local auditors under these guidelines, and performing field audits of a variety of state and federal programs.