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CONSENT

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Bill No: SB 914  
Author: Ashby (D)  
Amended: 4/6/26  
Vote: 21

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SENATE EDUCATION COMMITTEE: 7-0, 4/15/26  
AYES: Pérez, Ochoa Bogh, Cabaldon, Choi, Cortese, Gonzalez, Reyes

SENATE APPROPRIATIONS COMMITTEE: Senate Rule 28.8

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**SUBJECT:** School accountability: audits: annual review

**SOURCE:** Author

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**DIGEST:** This bill revises the timeline and procedures by which local educational agency (LEA) governing boards must review annual audit reports by replacing the existing fixed deadline with a rolling timeline tied to the issuance of the audit and requires LEA governing boards to formally accept or reject the audit report at a public meeting.

**ANALYSIS:**

Existing law:

- 1) Requires each LEA to obtain an annual independent audit of its books and accounts, including all funds under its control, to promote fiscal accountability and transparency.
- 2) Requires annual audits to be conducted in accordance with government auditing standards and the state-prescribed audit guide, and to include review of internal controls, attendance reporting, and compliance with state and federal funding requirements.
- 3) Requires LEAs to submit completed audit reports by December 15 of each year to the county superintendent of schools, the Superintendent of Public Instruction, and the Controller, unless an extension is granted.

- 4) Establishes a system of fiscal oversight and audit resolution, requiring county superintendents of schools to review audit findings, ensure corrections or corrective action plans are developed, and certify resolution of findings to the state.
- 5) Authorizes the county superintendent of schools or the Controller to intervene when audits are delayed or not completed, including granting extensions, arranging for completion of audits, or conducting the audit directly.
- 6) Requires auditors to report audit exceptions, management recommendations, and going concern risks, and requires LEAs to address findings through corrective actions.
- 7) Requires the governing board of each LEA, by January 31 of each year, to review the annual audit at a public meeting, including audit findings, recommendations, and corrective actions, and to place this review on a public meeting agenda.

This bill:

- 1) Replaces the existing requirement that LEAs review their annual audit by January 31 of each year with a requirement that the review occur within 45 days of the issuance of the audit report.
- 2) Requires the governing board or body of the LEA to formally accept or reject the audit report at the public meeting at which the audit is reviewed.
- 3) Defines LEA, for purposes of its provisions, as school districts, county offices of education, charter schools, and educational joint powers authorities.

### **Comments**

- 1) *Need for the bill.* According to the author, “Under current law, governing boards of local educational agencies (LEAs) must annually review audits of the LEAs finances and records by January 31st of each year, regardless of when the audit is submitted to the LEAs.

This bill extends the audit review deadline for governing boards to 45 days after the audit is formally issued, which allows governing boards the flexibility to carefully evaluate findings and develop financial plans. This extension also

gives governing boards more time to effectively ensure LEAs are managing their budgets appropriately and ensure any corrective action plans are in place.”

- 2) *Aligning audit timelines with local governance practices.* Existing law requires LEA governing boards to review annual audit reports by a fixed date of January 31, regardless of when the audit is completed or whether an extension has been granted. In practice, audit timelines can vary, particularly in years when extensions are more common or when audit requirements change.

By tying the governing board review to the issuance of the audit report, this bill establishes a more flexible timeline that may better reflect the timing of audit completion. This approach could allow governing boards additional time to review audit findings, recommendations, and corrective actions in a more deliberate manner. At the same time, a rolling deadline may result in less uniformity when audits are reviewed across LEAs, which could have implications for statewide transparency and oversight.

- 3) *Clarifying the role of governing boards in audit review.* This bill requires governing boards to formally “accept or reject” the audit report. Under current practice, some governing boards have taken action to “approve” audit reports, which may imply a level of authority over the audit that is inconsistent with professional auditing standards.

Clarifying that boards accept or reject the audit may better reflect their role in receiving and responding to audit findings rather than validating the audit itself. However, the bill does not specify the implications of a governing board rejecting an audit report. The Legislature may wish to consider whether additional clarity is needed regarding the purpose and effect of a rejection, particularly in cases where concerns relate to the audit process rather than the underlying financial findings.

- 4) *Technical alignment with broader audit policy discussions.* This bill addresses a discrete component of the state’s audit framework related to the timing and conduct of governing board review. Similar changes to audit timelines and practices have been considered in other policy contexts, including recent Administration proposals related to charter school and fiscal oversight.

As those discussions continue to evolve, the Legislature may wish to consider how changes to audit timelines interact with the broader audit and oversight system, including audit submission deadlines, extension practices, and the roles

of county offices of education and state agencies in reviewing and resolving audit findings.

**FISCAL EFFECT:** Appropriation: No Fiscal Com.: Yes Local: Yes

**SUPPORT:** (Verified 4/27/26)

Alameda County Office of Education

**OPPOSITION:** (Verified 4/27/26)

None received

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4/28/26 16:33:31

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