

APPENDIX B

Summary of Monetary Benefits Identified In Audit Reports Released From July 1, 2001, Through December 31, 2006

We estimate that auditees could have realized more than \$953 million of monetary benefits during the period July 1, 2001, through December 31, 2006, if they implemented our recommendations. Table B provides a brief description of the monetary benefits we found such as cost recoveries, cost savings, and increased revenues. Finally, many of the monetary benefits we have identified are not only one-time benefits; they are monetary benefits that could be realized each year for many years to come.

TABLE B

Monetary Benefits July 1, 2001, Through December 31, 2006

Audit Number/ Date Released	Audit Title/Basis of Benefit	Monetary Benefit
July 1, 2006, through December 31, 2006		
I2006-2 (Allegation I2006-0663) (September 2006)	Department of Forestry and Fire Protection: <i>Investigations of Improper Activities by State Employees</i> Cost Recovery —Between January 2004 and December 2005, an employee with the Department of Forestry and Fire Protection improperly claimed \$17,904 in wages for 672 hours he did not work in violation of state law prohibiting individuals from intentionally submitting false claims for payment.	\$18,000
	Annualized carry forward from prior fiscal years:	<u>\$191,742,000</u>
2001-102	Department of Insurance Conservation and Liquidation Office	300,000
2001-107	Port of Oakland	7,500,000
2001-108	California Department of Corrections	733,000
2001-120	School Bus Safety II	44,300,000
2001-128	Enterprise Licensing Agreement	8,120,000
2002-101	California Department of Corrections	29,000,000
2002-009	California Energy Markets	29,000,000
2002-118	Department of Health Services	20,000,000
2003-125	California Department of Corrections	20,700,000
2003-124	Department of Health Services	4,600,000
I2004-2	Department of Health Services	9,000
I2004-2	Military Department	64,000

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Audit Number/ Date Released	Audit Title/Basis of Benefit	Monetary Benefit
2004-105	California Department of Corrections	290,000
2004-033	Pharmaceuticals	5,100,000*
12005-1	California Department of Corrections	119,000
2004-113	Department of General Services	3,036,000
2004-125	Department of Health Services	10,300,000
2004-134	State Athletic Commission	33,000
12006-1	California Department of Corrections and Rehabilitation	193,000
12006-1	Department of Fish and Game	8,300,000
2005-120	California Student Aid Commission	45,000
Totals for July 1, 2006, through December 31, 2006		\$191,760,000
July 1, 2005, through June 30, 2006		
2004-113 (July 2005)	Department of General Services: Opportunities Exist Within the Office of Fleet Administration to Reduce Costs <i>Cost Savings/Avoidance</i> —The Department of General Services (General Services) expects that the new, more competitive contracts it awarded for January 2006 through December 2008 should save the State about \$3 million each year. <i>Increased Revenue</i> —General Services identified 49 parkers it was not previously charging. By charging these parkers, General Services will experience increased revenue totaling \$36,000 per year. <i>Cost Recovery</i> —General Services reports it has recovered or established a monthly payment plan to recover \$45,000 in previously unpaid parking fees.	\$1,581,000
2004-134 (July 2005)	State Athletic Commission: The Current Boxers' Pension Plan Benefits Only a Few and Is Poorly Administered <i>Increased Revenue</i> —If the commission raises the ticket assessment to meet targeted pension contributions as required by law, we estimate it will collect an average of \$33,300 more per year.	\$33,000
2004-125 (August 2005)	Department of Health Services: Participation in the School-Based Medi-Cal Administrative Activities Program Has Increased, but School Districts Are Still Losing Millions Each Year in Federal Reimbursements <i>Increased Revenue</i> —We estimate that California school districts would have received at least \$53 million more in fiscal year 2002–03 if all school districts had participated in the program and an additional \$4 million more if certain participating schools had fully used the program. A lack of program awareness was among the reasons school districts cited for not participating. By stepping up outreach, we believe more schools will participate in the program and revenues will continue to increase. However, because participation continued to increase between fiscal years 2002–03 and 2004–05, the incremental increase in revenue will be less than it was in fiscal year 2002–03. Taking into account this growth in participation and using a trend line to estimate the resulting growth in revenues, we estimate that revenues will increase by about \$10.3 million per year beginning in fiscal year 2005–06.	\$10,300,000
2004-126 (August 2005)	Off-Highway Motor Vehicle Recreation Program: The Lack of a Shared Vision and Questionable Use of Program Funds Limits Its Effectiveness <i>Cost Recovery</i> —Of the \$566,000 in grant advances we identified as outstanding from Los Angeles County, the division reports receiving a \$226,000 refund and determining that the remaining \$340,000 was used in accordance with grant guidelines.	\$226,000
12005-2 (Allegation 12004-0710) (September 2005)	California Military Department: Investigations of Improper Activities by State Employees <i>Cost Recovery</i> —A supervisor at the Military Department embezzled \$132,523 in public funds; a court has subsequently ordered restitution of these funds.	\$133,000

Audit Number/ Date Released	Audit Title/Basis of Benefit	Monetary Benefit
I2005-2 (Allegations I2004-0649, I2004-0681, I2004-0789) (September 2005)	California Department of Corrections: Investigations of Improper Activities by State Employees <u>Cost Recovery</u> —The Department of Corrections (Corrections) failed to properly account for the time that employees used when released from their regular job duties to perform union-related activities. In addition to recovering past payments totaling \$397,161, Corrections can save \$192,500 annually by discontinuing this practice.	\$590,000
I2006-1 (Allegation I2005-0781) (March 2006)	California Department of Corrections and Rehabilitation: Investigations of Improper Activities by State Employees <u>Cost Recovery</u> —The Department of Corrections and Rehabilitation failed to exercise its management controls, resulting in gifts of public funds of \$17,164 in improper holiday accruals and \$49,094 in leave not charged.	\$66,000
I2006-1 (Allegations I2005-0810, I2005-0874, I2005-0929) (March 2006)	Department of Forestry and Fire Protection: Investigations of Improper Activities by State Employees <u>Cost Recovery</u> —Several employees of the Department of Forestry and Fire Protection received \$61,466 in improper overtime payments.	\$61,000
I2006-1 (Allegations I2004-0983, I2005-1013) (March 2006)	Victim Compensation and Government Claims Board and Department of Corrections and Rehabilitation: Investigations of Improper Activities by State Employees <u>Cost Recovery</u> —The Department of Corrections and Rehabilitation (Corrections) improperly awarded payments to a physician at Corrections totaling \$25,950.	\$26,000
I2006-1 (Allegation I2004-1057) (March 2006)	Department of Fish and Game: Investigations of Improper Activities by State Employees <u>Increased Revenue</u> —The Department of Fish and Game allowed several state employees and volunteers to reside in state-owned homes without charging them rent, consequently providing gifts of public funds. A subsequent housing review conducted by the Department of Personnel Administration demonstrated that all 13 state departments that own employee housing may be underreporting or failing to report housing fringe benefits. As a result, the State could increase revenues as much as \$8.3 million by charging fair-market rents.	\$8,300,000
2005-120 (April 2006)	California Student Aid Commission: Changes in the Federal Family Education Loan Program, Questionable Decisions, and Inadequate Oversight Raise Doubts About the Financial Stability of the Student Loan Program <u>Cost Savings/Avoidance</u> —We recommended that the Student Aid Commission amend its operating agreement to require EDFUND to establish a travel policy that is consistent with the State's policy and that it closely monitor EDFUND expenses paid out of the Operating Fund for conferences, workshops, all-staff events, travel, and the like. By implementing policy changes as recommended, we estimate EDFUND could save a minimum of \$44,754 annually	\$45,000
	Annualized carry forward from prior fiscal years:	<u>\$155,335,000</u>
	2001-102 Department of Insurance Conservation and Liquidation Office 300,000	
	2001-107 Port of Oakland 7,500,000	
	2001-108 California Department of Corrections 733,000	
	2001-120 School Bus Safety II 44,300,000	
	2001-128 Enterprise Licensing Agreement 8,120,000	
	2002-101 California Department of Corrections 14,500,000	
	2002-009 California Energy Markets 29,000,000	
	2002-118 Department of Health Services 20,000,000	
	2003-125 California Department of Corrections 20,700,000	
	2003-124 Department of Health Services 4,600,000	

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Audit Number/ Date Released	Audit Title/Basis of Benefit	Monetary Benefit
I2004-2	Department of Health Services	9,000
I2004-2	Military Department	64,000
2004-105	California Department of Corrections	290,000
2004-033	Pharmaceuticals	5,100,000*
I2005-1	California Department of Corrections	119,000
Totals for July 1, 2005, through June 30, 2006		\$176,696,000
July 1, 2004, through June 30, 2005		
2003-125 (July 2004)	California Department of Corrections: <i>More Expensive Hospital Services and Greater Use of Hospital Facilities Have Driven the Rapid Rise in Contract Payments for Inpatient and Outpatient Care</i>	†
	<u>Cost Savings</u> —The potential for the Department of Corrections (Corrections) to achieve some level of annual savings appears significant if it could negotiate cost-based reimbursement terms, such as paying Medicare rates, in its contracts with hospitals. We estimated potential savings of at least \$20.7 million in Corrections’ fiscal year 2002–03 inmate hospital costs. Specifically, had Corrections been able to negotiate contracts without its typical stop-loss provisions that are based on a percent discount from the hospitals’ charges rather than costs, it might have achieved potential savings of up to \$9.3 million in inpatient hospital payments in fiscal year 2002–03 for the six hospitals we reviewed that had this provision. Additionally, had Corrections been able to pay hospitals the same rates as Medicare—which bases its rates on an estimate of hospital resources used and their associated costs—it might have achieved potential savings of \$4.6 million in emergency room and \$6.8 million in nonemergency room outpatient services at all hospitals in fiscal year 2002–03. Recognizing that Corrections will need some time to negotiate cost-based reimbursement contract terms, we estimate that it could begin to realize savings of \$20.7 million annually in fiscal year 2005–06.	
2003-124 (August 2004)	Department of Health Services: <i>Some of Its Policies and Practices Result in Higher State Costs for the Medical Therapy Program</i>	\$4,600,000
	<u>Cost Savings</u> — Represents the savings the Department of Health Services (Health Services) would have achieved in fiscal year 2002–03 had it paid only the amount specifically authorized by law for the Medical Therapy Program. Of the total, \$3.6 million relates to the full funding of county positions responsible for coordinating with services provided by special education programs; \$774,000 relates to Health Services’ method for sharing Medi-Cal payments with counties; and \$254,000 relates to Health Services’ failure to identify all Medi-Cal payments made to certain counties.	
I2004-2 (Allegation I2002-0853) (September 2004)	Department of Health Services: <i>Investigations of Improper Activities by State Employees</i>	\$9,000
	<u>Cost Savings</u> —We found that managers and employees at the Department of Health Services’ (Health Services) Medical Review Branch office in Southern California regularly used state vehicles for their personal use. We estimate Health Services could save an average of \$9,260 each year because its employees no longer use state vehicles for personal use.	
I2004-2 (Allegation I2002-1069) (September 2004)	California Military Department: <i>Investigations of Improper Activities by State Employees</i>	\$64,000
	<u>Cost Savings</u> —We found that the California Military Department (Military) improperly granted employees an increase in pay they were not entitled to receive. Because Military has returned all the overpaid employees to their regular pay levels, it should be able to save approximately \$64,200 each year.	
2004-105 (October 2004)	California Department of Corrections: <i>Although Addressing Deficiencies in Its Employee Disciplinary Practices, the Department Can Improve Its Efforts</i>	\$290,000
	<u>Cost Savings</u> —The Department of Corrections could save as much as \$290,000 annually by using staff other than peace officers to fill its employment relations officer positions.	

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12005-1 (Allegation 12003-0834) (March 2005)	<p>California Department of Corrections: Investigations of Improper Activities by State Employees</p> <p><u>Cost Recovery</u>—In violation of state regulations and employee contract provisions, the Department of Corrections (Corrections) paid 25 nurses at four institutions nearly \$238,200 more than they were entitled to receive between July 1, 2001, and June 30, 2003. In addition to recovering past overpayments, Corrections can save \$119,000 annually by discontinuing this practice. Although Corrections now contends that the payments to 10 of the 25 nurses were appropriate, despite repeated requests, it has not provided us the evidence supporting its contention. Thus, we have not revised our original estimate.</p>	\$357,000
2005-030 (April 2005)	<p>State Bar of California: It Should Continue Strengthening Its Monitoring of Disciplinary Case Processing and Assess the Financial Benefits of Its New Collection Enforcement Authority</p> <p><u>Cost Recovery</u>—As a result of our recommendation that it prioritize its cost recovery efforts to focus on attorneys who owe substantial amounts, the State Bar sent demand letters to the top 100 disciplined attorneys and has received \$24,411.50 as of April 2006.</p>	\$24,000 [‡]
2004-033 (May 2005)	<p>Pharmaceuticals: State Departments That Purchase Prescription Drugs Can Further Refine Their Cost Savings Strategies</p> <p><u>Cost Savings/Avoidance</u>—In a prior audit, we had noted that opportunities existed for the Department of General Services (General Services) to increase the amount of purchases made under contract with drug companies, and we recommended in this audit that General Services continue its efforts to obtain more drug prices on contract by working with its contractor to negotiate new and renegotiate existing contracts with certain manufacturers. General Services reports that it has implemented contracts that it estimates will save the State \$5.1 million annually.</p> <p><u>Cost Recovery</u>—As we recommended, the Department of Health Services identified and corrected all of the drug claims it paid using an incorrect pricing method. It expects to recoup the nearly \$2.5 million in net overpayments that resulted from its error.</p> <p>Annualized carry forward from prior fiscal years:</p>	\$5,100,000*
		\$2,469,000
		<u>\$109,976,000</u>
	2001-102 Department of Insurance Conservation and Liquidation Office	300,000
	2001-107 Port of Oakland	7,500,000
	2001-108 California Department of Corrections	733,000
	2001-120 School Bus Safety II	44,300,000
	2001-128 Enterprise Licensing Agreement	8,120,000
	2002-107 Office of Criminal Justice Planning	23,000
	2002-009 California Energy Markets	29,000,000
	2002-118 Department of Health Services	20,000,000
Totals for July 1, 2004, through June 30, 2005		\$122,889,000
July 1, 2003, through June 30, 2004		
2002-121 (July 2003)	<p>California Environmental Protection Agency: Insufficient Data Exists on the Number of Abandoned, Idled, or Underused Contaminated Properties, and Liability Concerns and Funding Constraints Can Impede Their Cleanup and Redevelopment</p> <p><u>Increased Revenue</u>—The California Environmental Protection Agency received \$1 million in revenues after it applied for a one-time federal grant.</p>	\$1,000,000
2003-106 (October 2003)	<p>State Mandates: The High Level of Questionable Costs Claimed Highlights the Need for Structural Reforms of the Process</p> <p><u>Cost Savings</u>—If the local entities we audited file corrected claims for the errors we identified, the State will save \$4.8 million (\$4.1 million related to the Peace Officers Procedural Bill of Rights mandate and \$675,000 related to the Animal Adoption mandate). We also recommended that the State Controller's Office audit the Peace Officers Procedural Bill of Rights claims that have been filed. We believe that such audits could yield savings of up to \$159.6 million.</p>	\$4,800,000

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2003-102 (December 2003)	<p>Water Quality Control Boards: <i>Could Improve Their Administration of Water Quality Improvement Projects Funded by Enforcement Actions</i></p> <p><u>Increased Revenue</u>—We identified 92 violations that require fine issuance and collection of the fines and three fines that were issued but not collected. The State Water Resources Control Board could increase its revenue if it collected these fines.</p>	\$301,000																								
2003-117 (April 2004)	<p>California Department of Corrections: <i>It Needs to Ensure That All Medical Service Contracts It Enters Are in the State's Best Interest and All Medical Claims It Pays Are Valid</i></p> <p><u>Cost Savings/Avoidance</u>—Recovery of overpayments to providers for medical service charges in the amount of \$77,200 and the establishment of procedures to avoid lost discounts and prompt payment penalties totaling \$18,600.</p>	\$96,000																								
2003-138 (June 2004)	<p>Department of Insurance: <i>It Needs to Make Improvements in Handling Annual Assessments and Managing Market Conduct Examinations</i></p> <p><u>Increased Revenue</u>—We estimate a one-time increase of revenue totaling \$7 million from the Department of Insurance's ability to make regulation changes that will result in capturing more specific data from insurers about the number of vehicles they insure. Future increases in revenue are undeterminable.</p>	\$7,000,000																								
	Annualized carry forward from prior fiscal years:	<u>\$110,033,000</u>																								
	<table border="0"> <tr> <td>2001-102</td> <td>Department of Insurance Conservation and Liquidation Office</td> <td>300,000</td> </tr> <tr> <td>2001-107</td> <td>Port of Oakland</td> <td>7,500,000</td> </tr> <tr> <td>2001-108</td> <td>California Department of Corrections</td> <td>733,000</td> </tr> <tr> <td>2001-120</td> <td>School Bus Safety II</td> <td>44,300,000</td> </tr> <tr> <td>2001-128</td> <td>Enterprise Licensing Agreement</td> <td>8,120,000</td> </tr> <tr> <td>2002-107</td> <td>Office of Criminal Justice Planning</td> <td>23,000</td> </tr> <tr> <td>2002-009</td> <td>California Energy Markets</td> <td>29,000,000</td> </tr> <tr> <td>2002-118</td> <td>Department of Health Services</td> <td>20,057,000</td> </tr> </table>	2001-102	Department of Insurance Conservation and Liquidation Office	300,000	2001-107	Port of Oakland	7,500,000	2001-108	California Department of Corrections	733,000	2001-120	School Bus Safety II	44,300,000	2001-128	Enterprise Licensing Agreement	8,120,000	2002-107	Office of Criminal Justice Planning	23,000	2002-009	California Energy Markets	29,000,000	2002-118	Department of Health Services	20,057,000	
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Totals for July 1, 2003, through June 30, 2004		\$123,230,000																								
July 1, 2002, through June 30, 2003																										
2001-123 (July 2002)	<p>Deaf and Disabled Telecommunications Program: <i>Insufficient Monitoring of Surcharge Revenues Combined With Imprudent Use of Public Funds Leave Less Money Available for Program Services</i></p> <p><u>Cost Savings</u>—Represents \$200,000 in known unremitted collections from intrastate telecommunication charges and \$68,000 in penalties and interest due for 2000 and 2001.</p>	\$268,000																								
2002-101 (July 2002)	<p>California Department of Corrections: <i>A Shortage of Correctional Officers, Along With Costly Labor Agreement Provisions, Raises Both Fiscal and Safety Concerns and Limits Management's Control</i></p> <p><u>Cost Savings</u>—We estimate that the Department of Corrections (Corrections) could save \$58 million if it reduces overtime costs by filling unmet correctional officer needs. This estimate includes the \$42 million we identified in our November 2001 report (2001-108). Corrections stated in its six-month response to this audit that, following our recommendation to increase the number of correctional officer applicants, it has submitted a proposal to restructure its academy to allow two additional classes each year. This action could potentially allow Corrections to graduate several hundred more correctional officers each year, thereby potentially contributing to a reduction in its overtime costs. However, any savings from this action would be realized in future periods. We estimate that Corrections could realize savings of \$14.5 million beginning in fiscal year 2005–06, with savings increasing each year until reaching \$58 million in fiscal year 2008–09.</p>	†																								

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2002-107 (October 2002)	<p>Office of Criminal Justice Planning: <i>Experiences Problems in Program Administration, and Alternative Administrative Structures for the Domestic Violence Program Might Improve Program Delivery</i></p> <p><u>Cost Savings</u>—Represents estimated annual savings from the elimination of duplicative work conducted by the State Controller’s Office. This savings would recur indefinitely.</p>	\$23,000															
2002-109 (December 2002)	<p>Department of Health Services: <i>It Needs to Better Control the Pricing of Durable Medical Equipment and Medical Supplies and More Carefully Consider Its Plans to Reduce Expenditures on These Items</i></p> <p><u>Cost Savings</u>—Represents savings the Department of Health Services (Health Services) would have achieved in fiscal year 2002–03 had it updated its maximum price for blood glucose test strips and volume remained the same as it was in the previous fiscal year. Also, beginning in fiscal year 2003–04, Health Services could save an additional \$2.7 million annually if it purchases stationary volume ventilators instead of renting them. However, because this action has not taken place, we are not adding the \$2.7 million to the monetary benefits estimate.</p>	\$911,000															
2002-009 (April 2003)	<p>California Energy Markets: <i>The State’s Position Has Improved, Due to Efforts by the Department of Water Resources and Other Factors, but Cost Issues and Legal Challenges Continue</i></p> <p><u>Cost Savings</u>—In response to an audit recommendation, the Department of Water Resources (Water Resources) renegotiated certain energy contracts. Water Resources’ consultant estimates that the present value of the potential cost savings due to contract renegotiation efforts as of December 31, 2002, by Water Resources and power suppliers, when considering replacement power costs, to be \$580 million. For the purpose of this analysis, we have computed the average annual cost savings by dividing the \$580 million over the 20-year period the savings will be realized. The estimated savings totaling \$580 million over 20 years varies by year from approximately -\$130 million to +\$180 million.</p>	\$29,000,000															
2002-118 (April 2003)	<p>Department of Health Services: <i>Its Efforts to Further Reduce Prescription Drug Costs Have Been Hindered by Its Inability to Hire More Pharmacists and Its Lack of Aggressiveness in Pursuing Available Cost-Saving Measures</i></p> <p><u>Cost Savings</u>— For two drugs we found that the net costs of the brand names were higher than those of the generics because the Department of Health Services (Health Services) failed either to renegotiate the contract or to secure critical contract terms from the manufacturer—errors we estimated cost Medi-Cal roughly \$57,000 in 2002. Additionally, Health Services estimated that it could save \$20 million annually by placing the responsibility on the pharmacists to recover \$1 copayments they collect from each Medi-Cal beneficiary filling a prescription. We estimate the State could begin to receive these savings each year beginning in fiscal year 2003–04.</p>	†															
	Annualized carry forward from prior fiscal years:	<u>\$61,103,000</u>															
	<table border="0"> <tr> <td data-bbox="467 1331 558 1352">2001-102</td> <td data-bbox="613 1331 997 1373">Department of Insurance Conservation and Liquidation Office</td> <td data-bbox="1105 1352 1182 1373">300,000</td> </tr> <tr> <td data-bbox="467 1394 558 1415">2001-107</td> <td data-bbox="613 1394 753 1415">Port of Oakland</td> <td data-bbox="1089 1394 1182 1415">7,500,000</td> </tr> <tr> <td data-bbox="467 1436 558 1457">2001-108</td> <td data-bbox="613 1436 943 1457">California Department of Corrections</td> <td data-bbox="1105 1436 1182 1457">883,000</td> </tr> <tr> <td data-bbox="467 1478 558 1499">2001-120</td> <td data-bbox="613 1478 786 1499">School Bus Safety II</td> <td data-bbox="1073 1478 1182 1499">44,300,000</td> </tr> <tr> <td data-bbox="467 1520 558 1541">2001-128</td> <td data-bbox="613 1520 894 1541">Enterprise Licensing Agreement</td> <td data-bbox="1089 1520 1182 1541">8,120,000</td> </tr> </table>	2001-102	Department of Insurance Conservation and Liquidation Office	300,000	2001-107	Port of Oakland	7,500,000	2001-108	California Department of Corrections	883,000	2001-120	School Bus Safety II	44,300,000	2001-128	Enterprise Licensing Agreement	8,120,000	
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Totals for July 1, 2002, through June 30, 2003		\$91,305,000															
July 1, 2001, through June 30, 2002																	
2001-102 (July 2001)	<p>Department of Insurance Conservation and Liquidation Office: <i>Stronger Oversight Is Needed to Properly Safeguard Insurance Companies’ Assets</i></p> <p><u>Cost Savings and Cost Recovery</u>—Recovery of overpayment to a contractor for \$43,000 and recovery of reinsurance not yet billed at \$1,385,000. In addition, cost savings of \$300,000 under the Conservation and Liquidation Office’s (CLO) new contract with its investment managers, which will recur for many years. The CLO reported that it recovered the overpayment as of December 21, 2001.</p>	\$1,728,000															

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2001-107 (October 2001)	Port of Oakland: <i>Despite Its Overall Financial Success, Recent Events May Hamper Expansion Plans That Would Likely Benefit the Port and the Public</i> <u>Increased Revenue</u> —If the real estate division were to renegotiate its below-market leases to approximately 25 percent of their aggregate estimated fair market value, it could increase annual revenues. In 2002 three of the Port of Oakland’s (Port) below-market leases expired. If the Port renegotiated these leases to 25 percent of market value, the Port would realize over \$7.5 million annually.	\$7,500,000
2001-108 (November 2001)	California Department of Corrections: <i>Its Fiscal Practices and Internal Controls Are Inadequate to Ensure Fiscal Responsibility</i> <u>Cost Savings and Cost Recovery</u> —Recover \$24,000 of overpayment on overhead, save \$150,000 of future overhead costs through fiscal year 2002–03, save \$733,000 by eliminating unneeded contractor, which will recur for many years, and save \$42 million spent on overtime by filing vacant positions, which will recur for many years. We estimate that savings for fiscal year 2002–03 could be \$883,000 (\$150,000 plus \$733,000) and savings of \$733,000 annually for periods thereafter. However, since it may take the Department of Corrections (Corrections) a few years to fill its vacant positions, it is reasonable to expect Corrections to incrementally realize overtime cost savings over a five-year period starting in fiscal year 2005–06.	\$907,000
2001-120 (March 2002)	School Bus Safety II: <i>State Law Intended to Make School Bus Transportation Safer Is Costing More Than Expected</i> <u>Cost Savings</u> —We recommended that the Legislature clarify what activities are reimbursable. In 2002 the Legislature passed Assembly Bill 2781, which specifies that costs associated with implementation of transportation plans are not reimbursable claims. Costs for a six-year period ending June 30, 2002, were \$235.8 million and the ongoing costs after June 30, 2002, are \$44.3 million each year thereafter.	\$235,800,000
2001-128 (April 2002)	Enterprise Licensing Agreement: <i>The State Failed to Exercise Due Diligence When Contracting With Oracle, Potentially Costing Taxpayers Millions of Dollars</i> <u>Cost Savings</u> —The State and Oracle agreed to rescind the contract in July 2002. As a result, we estimate the State will save \$8,120,000 per year for five years starting in fiscal year 2002–03.	†
2001-116 (April 2002)	San Diego Unified Port District: <i>It Should Change Certain Practices to Better Protect the Public’s Interests in Port-Managed Resources</i> <u>Increased Revenue</u> —We estimate an increase in revenue of \$700,000 per year by obtaining market value rents. This monetary benefit will recur for many years, however, it is not anticipated to begin until 2007.	†
2001-124 (June 2002)	Los Angeles Unified School District: <i>Outdated, Scarce Textbooks at Some Schools Appear to Have a Lesser Effect on Academic Performance Than Other Factors, but the District Should Improve Its Management of Textbook Purchasing and Inventory</i> <u>Cost Savings</u> —We found that some publishers are not equitably providing free instructional materials (commonly referred to as gratis items) to different schools within Los Angeles Unified School District (LAUSD), as state law requires. Subsequently, LAUSD reports that it negotiated with publishers and thus far one publisher has actually provided approximately \$300,000 in gratis items.	\$1,762,000

Totals for July 1, 2001, through June 30, 2002	\$247,697,000
Totals for July 1, 2001, through December 31, 2006	\$953,577,000

* This monetary benefit was not previously reported because the Department of General Services had not yet implemented the contracts resulting in this savings.

† Although we identified monetary benefits the auditee could reasonably expect to realize if it implements our recommendations, these benefits would be realized in a future period rather than the period in which the report was issued. Therefore, the appropriate amounts either are or will be included in future years’ annualized carry forward.

‡ This monetary benefit was previously listed as \$2,700. The State Bar reported that it has since received an increased amount of cost recovery.