

Recommendations Not Fully Implemented After One Year

The Omnibus Audit Accountability Act of 2006

Report 2013-041



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INTEGRITY
LEADERSHIP

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January 14, 2014

2013-041

Dear Governor and Legislative Leaders:

Consistent with the Omnibus Audit Accountability Act of 2006 (California Government Code, sections 8548.7 and 8548.9), the California State Auditor (state auditor) presents this special report to the Joint Legislative Audit Committee, Joint Legislative Budget Committee, and California Department of Finance. This report notes that from November 2006 through October 2012, the state auditor issued 109 reports on audits and investigations of state agencies. In those reports, we made 1,306 recommendations and state agencies had fully implemented 1,076, or 82 percent, as of September 2013. After following up with those agencies that had outstanding recommendations, we determined that an additional 62 have been fully implemented and 168 remain outstanding. Similarly, the state auditor issued eight reports to nonstate entities, such as local counties or school districts. In those reports, we made 134 recommendations and as of September 2013 the nonstate entities had implemented 74, or 55 percent. Of the remaining 60 recommendations, we determined that eight have now been fully implemented while 52 remain outstanding. In addition to identifying which recommendations have and have not been fully implemented, the state auditor's Web site contains written responses from each state agency explaining the status of each recommendation. For recommendations that have not been fully implemented, the Web site also provides agency responses regarding when or if these recommendations will be fully implemented.

Our audit and investigative efforts bring the greatest returns when agencies act upon our findings and recommendations. For example, in December 2011 the state auditor reported that the Division of the State Architect (division) within the California Department of General Services could better ensure the safety of school construction if the division improved its oversight of school construction projects. As of December 2010 the division had approximately 16,400 projects statewide that it was not able to certify as meeting state standards. Further, the division lacked a process for planning site visits, could not always demonstrate that it visited projects during construction, and inconsistently used its authority to order districts to stop work on projects after identifying potential threats to public safety. Without adequate oversight of school construction projects, the division could not ensure that these projects were completed in a manner that protected the safety of school staff and students. The state auditor made numerous recommendations to the division, including that it establish expectations for site visits and expand the use of both its orders to comply and stop-work orders. The state auditor also recommended that the division implement initiatives to follow up with school districts on uncertified projects. By October 2013 the division fully implemented all but two of the 14 recommendations the state auditor made, which should help the division increase the safety of California's school buildings.

If you would like more information or assistance regarding any of the recommendations or background provided in this report, please contact Margarita Fernández, Chief of Public Affairs, at (916) 445-0255.

Respectfully submitted,



ELAINE M. HOWLE, CPA
State Auditor

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INTRODUCTION

As required by the Omnibus Audit Accountability Act of 2006 (Accountability Act), the California State Auditor (state auditor) presents this report on the status of recommendations that are more than one year old and have not been fully implemented by the entities we audited.

RESULTS IN BRIEF

State Entities

From November 2006 through October 2012, the state auditor issued 109 reports that related to audits or investigations of state agencies. These reports were requested through the Joint Legislative Audit Committee, legislation, or were the result of an investigation.¹ The state auditor made 1,306 recommendations to the audited state agencies in those reports.² While the state agencies implemented many of the recommendations, the state auditor identified 230 recommendations made to 36 state agencies that had been outstanding at least one year and not fully implemented. Of the 230 recommendations, 166 appeared in last year's report. Based on recent responses obtained from state agencies, the state auditor determined that 168 of the 230 recommendations remain not fully implemented.

Nonstate Entities

From January 2011 through October 2012, the state auditor issued eight reports that included nonstate entities, and made 134 recommendations to these entities. While these nonstate entities implemented many of the recommendations, the state auditor identified 60 recommendations made to 13 of these entities that had been outstanding at least one year and not fully implemented. Further, based on recent responses obtained from these nonstate entities, the state auditor determined that 52 of the 60 recommendations remain not fully implemented.

Importance of Implementing Recommendations


Our audit and investigative efforts bring the greatest returns when agencies act upon our findings and recommendations. For example, in December 2011 the state auditor reported that the Division of the State Architect (division) within the California Department of General Services could better ensure the safety of school construction if the division improved its oversight of school construction projects. As of December 2010 the division had approximately 16,400 projects statewide that it was not able to certify as meeting state standards. Further, the division lacked a process for planning site visits,

¹ Excludes the statewide single audit (financial and federal compliance audits), which is mandated as a condition of California receiving federal funding. The recommendations made in those audits are followed up and reported each year in the state auditor's annual report on California's Internal Control and State and Federal Compliance. As of January 1, 2010, the state auditor began reporting as required on the status of recommendations made in investigative reports. The state auditor initiated the investigations in response to whistleblower complaints or other information suggesting improper governmental activities.

² Excludes recommendations for legislative changes. We report such recommendations in a separate report to the Legislature.

could not always demonstrate that it visited projects during construction, and inconsistently used its authority to order districts to stop work on projects after identifying potential threats to public safety. Without adequate oversight of school construction projects, the division could not ensure that these projects were completed in a manner that protected the safety of school staff and students. The state auditor made numerous recommendations to the division, including that it establish expectations for site visits and expand the use of both its orders to comply and stop-work orders. The state auditor also recommended that the division implement initiatives to follow up with school districts on uncertified projects. By October 2013 the division fully implemented all but two of the 14 recommendations the state auditor made, which should help the division increase the safety of California's school buildings.

The tables beginning on page 3 summarize and provide information on recommendations issued between November 2006 and October 2012. Table 1 shows one recommendation that was not fully implemented as of the agency's latest response. Because the recommendation shown in Table 1 is from an audit issued in October 2007 and is more than five years old, it will not be reassessed by the state auditor in subsequent reports. Table 2, beginning on page 4, summarizes recommendations that have not been fully implemented for audits and investigations issued between November 2007 and October 2012. As indicated in Table 2, the state auditor did not always agree with agency assertions that certain recommendations were fully implemented. Two columns in Table 2 provide the state auditor's reason for disagreement. Table 3, beginning on page 24, summarizes recommendations that have been fully implemented since last year's report or the agencies' one-year responses. Finally, Table 4, beginning on page 31, summarizes all recommendations made to nonstate entities and their current implementation status.

The symbol  appears in the tables next to the audit number whenever an audit has recommendations to more than one agency appearing in this report. Please refer to the index below.

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Reference for Reports Featuring Recommendations to Multiple Entities

| REPORT | NAME OF ENTITY |
|---|---|
| State Entities With Recommendations—Included in Tables 2 and 3 | |
| A 2009-103 | Department of Health Care Services, Department of Public Health |
| B 2009-107.1 | California Correctional Health Care Services, California Department of Corrections and Rehabilitation |
| C 2009-107.2 | California Correctional Health Care Services, California Department of Corrections and Rehabilitation |
| D 2010-116 | California Department of Corrections and Rehabilitation, Department of State Hospitals |
| E 2010-117 | Department of Finance, Department of Water Resources |
| F 2010-118 | California Department of Corrections and Rehabilitation, Prison Industry Authority |
| G 2011-103 | Department of Forestry and Fire Protection, Emergency Management Agency |
| H 2011-111 | California Workforce Investment Board, Employment Development Department |
| I 2011-120 | California Department of Transportation, Department of General Services |
| J 2011-129 | Board of State and Community Corrections, Department of Justice |
| Nonstate Entities With Recommendations—Included in Table 4 | |
| K 2010-036 | Counties of Amador, Humboldt, Riverside, San Diego, Santa Barbara, Shasta, and Yolo |
| L 2012-032 | Laney College, San Diego Community College District, and University of the Pacific |

Table 1
Recommendation More Than Five Years Old That Is Still Not Fully Implemented
(Audit Issued October 2007)

| REPORT TITLE, NUMBER, AND ISSUE DATE | RECOMMENDATION | NUMBER OF YEARS RECOMMENDATION APPEARED IN THIS REPORT | ESTIMATED DATE OF COMPLETION |
|--|---|---|---------------------------------|
| BUSINESS, CONSUMER SERVICES, AND HOUSING | | | |
| Medical Board of California | | | |
| Medical Board of California: It Needs to Consider Cutting Its Fees or Issuing a Refund to Reduce the Fund Balance of Its Contingent Fund 2007-038 (October 2007) | 1. To ensure the fund balance in the medical board's contingent fund does not continue to significantly exceed the level established in law, it should, in light of its future needs, consider refunding physicians' license fees or, if successful in gaining the flexibility to adjust its fees through an amendment to existing law, consider temporarily reducing them. | 6 | Will not implement |

Table 2
Recommendations More Than One Year Old That Are Still Not Fully Implemented
(Reports Issued Between November 2007 and October 2012)

| REPORT TITLE, NUMBER, AND ISSUE DATE | RECOMMENDATION | NUMBER OF YEARS RECOMMENDATION APPEARED IN THIS REPORT | ESTIMATED DATE OF COMPLETION | STATE AUDITOR'S ASSESSMENT | |
|--|---|--|------------------------------|---|---|
| | | | | AUDITEE DID NOT SUBSTANTIATE ITS CLAIM OF FULL IMPLEMENTATION | AUDITEE DID NOT ADDRESS ALL ASPECTS OF THE RECOMMENDATION |
| K THRU 12 EDUCATION | | | | | |
| California Department of Education | | | | | |
| California's Charter Schools: Some Are Providing Meals to Students, but a Lack of Reliable Data Prevents the California Department of Education From Determining the Number of Students Eligible for or Participating in Certain Federal Meal Programs 2010-104 (October 2010) | <ol style="list-style-type: none"> To ensure the reliability of the ConApp database fields related to the number of students enrolled at the school level, the number of those enrolled students who are eligible to receive free meals, and the number of those students who are eligible to receive reduced-price meals. Education should establish an internal control process such as a systematic review of a sample of the local educational agencies' and direct-funded charter schools' supporting documentation. To improve the utility of CALPADS and fulfill the legislative intent of the system, the department should work with the Legislature, the State Board of Education, and the governor to identify priorities for building upon the system when funding is available. These priorities could include tracking student participation in dropout prevention programs or strategies to measure the effectiveness of those programs or strategies over time. | 3 | * | ● | |
| High School Graduation and Dropout Data: California's New Database May Enable the State to Better Serve Its High School Students Who Are at Risk of Dropping Out 2011-117 (March 2012) | | 1 | Will not implement | | |
| HIGHER EDUCATION | | | | | |
| California State University | | | | | |
| California State University: It Needs to Strengthen Its Oversight and Establish Stricter Policies for Compensating Current and Former Employees 2007-102.1 (November 2007)† | <ol style="list-style-type: none"> To provide effective oversight of its systemwide compensation policies, the university should create a centralized information system structure to catalog university compensation by individual, payment type, and funding source. The university should then use this information to monitor campuses' implementation of systemwide policies and measure the impact of these policies on university finances. To ensure that campuses employ consistent search processes and develop appropriate policies, the university should issue systemwide guidance on the hiring process for management personnel. In developing this guidance, the university should instruct campuses to compare the proportions of women and minorities in the total applicant pool with the proportions in the labor pool to help assess the success of their outreach efforts in recruiting female and minority applicants. To help ensure that they have sufficient data from applicants to effectively compare these proportions, campuses could send reminders to applicants requesting them to submit information regarding their gender and ethnicity. | 5 | July 2015 | | |
| California State University: It Is Inconsistent in Considering Diversity When Hiring Professors, Management Personnel, Presidents, and System Executives 2007-102.2 (December 2007)† | <ol style="list-style-type: none"> To ensure that campuses employ consistent search processes and develop appropriate policies, the university should issue systemwide guidance on the hiring process for management personnel. In developing this guidance, the university should advise campuses to compare and report the gender and ethnicity of their current workforce to the labor pool by separating management personnel positions into groups based on the function of their positions to ensure that placement goals are meaningful and useful to those involved in the hiring process. Direct campuses to have search committees review affirmative action plans so they are aware of the availability and placement goals for women and minorities when planning the search process. The guidance should address the purpose of placement goals and the affirmative action plan in general so that the search committees have the appropriate context and do not misuse the information. | 5 | Will not implement | | |

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| | | | | AUDITEE DID NOT SUBSTANTIATE ITS CLAIM OF FULL IMPLEMENTATION | AUDITEE DID NOT ADDRESS ALL ASPECTS OF THE RECOMMENDATION |
| | <p>5. To ensure that campuses employ hiring practices that are consistent with laws and regulations, the university should issue systemwide guidance on the hiring process for professors. In developing this guidance, the university should devise and implement a uniform method for campuses to use when calculating availability of data to better enable the university to identify and compare availability and placement goals systemwide and among campuses. Additionally, direct campuses to compare and report the gender and ethnicity of their current workforce to the labor pool by individual department to ensure that placement goals are meaningful and useful to those involved in the hiring process.</p> <p>6. To broaden the perspective of the committees and increase the reach of the search for presidential positions, the university should develop policies regarding the diversity of the trustees committee and the advisory committee and consider alternatives on the manner in which to increase committee diversity.</p> | 5 | Will not implement | | |
| California Community Colleges | | | | | |
| Affordability of College Textbooks: Textbook Prices Have Risen Significantly in the Last Four Years, but Some Strategies May Help to Control These Costs for Students 2007-116 (August 2008) | <p>1. To increase awareness and transparency about the reasons campus bookstores add markups to publishers' invoice prices for textbooks, UC, CSU, and the community colleges should reevaluate bookstores' pricing policies to ensure that markups are not higher than necessary to support bookstore operations. If the campuses determine that bookstore profits are needed to fund other campus activities, the campuses should seek input from students as necessary to determine whether such purposes are warranted and supported by the student body, particularly when higher textbook prices result.</p> <p>2. To increase awareness and transparency about the reasons campus bookstores add markups to publishers' invoice prices for textbooks, UC, CSU, and the community colleges should direct bookstores to publicly disclose on an annual basis any amounts they use for purposes that do not relate to bookstore operations, such as contributions they make to campus organizations and activities.</p> | 5 | Unknown | | |
| University of California | | | | | |
| University of California: Although the University Maintains Extensive Financial Records, it Should Provide Additional Information to Improve Public Understanding of Its Operations 2010-105 (July 2011) ¹ | <p>1. To address the variations in per student funding of its campuses, the university should complete its reexamination of the base budgets to the campuses and implement appropriate changes to its budget process. As part of its reexamination of the base budget, it should:</p> <ul style="list-style-type: none"> Identify the amount of general funds and tuition budget revenues that each campus receives for specific types of students (such as undergraduate, graduate, and health sciences) and explain any differences in the amount provided per student among the campuses. Consider factors such as specific research and public service programs at each campus, the higher level of funding provided to health sciences students, historical funding methods that favored graduate students, historical and anticipated future variations in enrollment growth funding, and any other factors applied consistently across campuses. After accounting for the factors mentioned above, address any remaining variations in campus funding over a specified period of time. Make the results of its reexamination and any related implementation plan available to stakeholders, including the general public. | 2 | Unknown | | |

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| | | | | AUDITEE DID NOT SUBSTANTIATE ITS CLAIM OF FULL IMPLEMENTATION | AUDITEE DID NOT ADDRESS ALL ASPECTS OF THE RECOMMENDATION |
| University of California, Office of the President: Waste of State Funds 12012-1, Case 12010-1022 (December 2012) [†] | 3. To help improve accountability in the university's budget process, and to help minimize the risk of unfair damage to its reputation, the university should take additional steps to increase the transparency of its budget process. Specifically, the Office of the President should update its budget manual to reflect current practices and make its revised budget manual, including relevant formulas and other methodologies for determining budget amounts, available on its Web site. | 2 | July 2014 | | |
| | 5. To increase the transparency of university funds, the Office of the President should make available annually financial information regarding its funds, including beginning and ending balances; revenues, expenses, and transfers; and the impact of these transactions on the balances from year to year. | 2 | January 2014 | | |
| | 8. To ensure that campuses do not inappropriately use revenues generated from student fees imposed by referenda, the university should ensure that it, the regents, and the campuses do not expand the uses for such revenues beyond those stated in the referenda. | 2 | Will not implement | | |
| | 23. To address the improper acts we identified, the university should collect \$1,802 from the official for the wasteful expenses he claimed for lodging and meals during his trip to England, the expenses he incurred within the vicinity of his headquarters, and the business meal expenses. | 1 | Unknown | | |
| | 24. The university should revise the policies to allow employees to claim only actual lodging expenses up to established rates for international travel. | 1 | December 2013 | | |
| | 26. The university should clarify policies to include a distance test for expenses that employees incur within the vicinity of their headquarters. | 1 | December 2013 | | |
| | 27. The university should revise policies to establish defined maximum limits for the reimbursement of domestic lodging costs and establish controls that allow for exceptions to the limits under specific circumstances only. | 1 | Unknown | | |
| HEALTH AND HUMAN SERVICES Department of Developmental Services Department of Developmental Services: A More Uniform and Transparent Procurement and Rate-Setting Process Would Improve the Cost-Effectiveness of Regional Centers 2009-118 (August 2010) | 1. To ensure that consumers receive high-quality, cost-effective services that meet the goals of their individual development plans (IPPs) consistent with state law, Developmental Services should require the regional centers to document the basis of any IPP-related vendor selection and specify which comparable vendors (when available) were evaluated. | 3 | Will not implement | | |
| | 2. To ensure that consumers receive high-quality, cost-effective services that meet the goals of their IPPs consistent with state law, Developmental Services should review a representative sample of this documentation as part of its biennial waiver reviews or fiscal audits to ensure that regional centers are complying with state law—and particularly with the July 2009 amendment requiring selection of the least costly available provider of comparable service. | 3 | Will not implement | | |
| Department of Health Care Services Departments of Health Care Services and Public Health: Their Actions Reveal Flaws in the State's Oversight of the California Constitution's Implied Civil Service Mandate and in the Departments' Contracting for Information Technology Services 2009-103 (September 2009) [†] | 1. To comply with requirements in the <i>State Administrative Manual</i> , Health Care Services should refrain from funding permanent full-time employees with the State's funding mechanism for temporary-help positions. | 4 | Will not implement | | |
| | 2. To readily identify active IT and other contracts, Health Care Services should either revise its existing contract database or develop and implement a new contract database. | 4 | Will not implement | | |



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| | | | | AUDITEE DID NOT SUBSTANTIATE ITS CLAIM OF FULL IMPLEMENTATION | AUDITEE DID NOT ADDRESS ALL ASPECTS OF THE RECOMMENDATION |
| <p>Department of Health Care Services: It Needs to Streamline Medi-Cal Treatment Authorizations and Respond to Authorization Requests Within Legal Time Limits 2009-112 (May 2010)</p> | <p>2. To ensure that Medi-Cal recipients receive timely access to prescribed drugs, Health Care Services should abolish its policy of responding to drug TARs by the end of the next business day and should instead ensure that prior-authorization requests to dispense drugs are processed within the legally mandated 24-hour period. Alternatively, it should seek formal authorization from CMS to deviate from the 24-hour requirement, and should seek a similar modification to state law. In addition, Health Care Services should begin recording the actual time it receives paper TARs so that it can begin to measure accurately its processing times.</p> | 3 | Unknown | | |
| | <p>3. To ensure that Medi-Cal recipients are receiving timely medical services from providers, Health Care Services should start tracking prior-authorization medical TARs separately and should ensure that such TARs are processed within an average of five working days. Although state law and regulations specifically require prior authorization for certain medical services, Health Care Services generally does not require prior authorizations in practice. Consequently, Health Care Services should seek legislation to update existing laws and amend its regulations to render them consistent with its TAR practices.</p> | 3 | Will not implement | | |
| | <p>1. To the extent that Public Health continues to fund its various contracts, it should establish clearer expectations with its contractors concerning how much money is to be spent directly on the different aspects of the EWC program and should monitor spending to confirm that these expectations are being met.</p> | 3 | Will not implement | | |
| <p>Department of Public Health: It Faces Significant Fiscal Challenges and Lacks Transparency in Its Administration of the Every Woman Counts Program 2010-103R (July 2010)[§]</p> | <p>2. To ensure better public transparency and accountability for how the EWC program is administered, Public Health should comply with state law to develop regulations, based on input from the public and interested parties, that will direct how Public Health administers the EWC program. At a minimum, such regulations should define the eligibility criteria for women seeking access to EWC screening services.</p> | 3 | September 2014 | | |
| | <p>4. Caltrans, the Energy Commission, Food and Agriculture, and Health Care Services should put in writing those policies and procedures related to intellectual property that they believe are necessary and appropriate to enable their staff to identify, manage, and protect their intellectual property.</p> | 1 | January 2015 | | |
| <p>Medi-Cal Managed Care Program: The Departments of Managed Health Care and Health Care Services Could Improve Their Oversight of Local Initiatives Participating in the Medi-Cal Two-Plan Model 2011-104 (December 2011)[†]</p> | <p>6. Health Care Services should ensure that it performs annual medical audits of local initiatives as required by law.</p> | 1 | 2014 | | |
| <p>Department of Public Health Low-Level Radioactive Waste: The State Has Limited Information That Hampers Its Ability to Assess the Need for a Disposal Facility and Must Improve Its Oversight to Better Protect the Public 2007-114 (June 2008)</p> | <p>1. To ensure that the branch uses sufficiently reliable data from its future data system to manage its inspection workload, the department should develop and maintain adequate documentation related to data storage, retrieval, and maintenance.</p> | 5 | * | ● | |
| | <p>2. To ensure that the branch can sufficiently demonstrate that the fees it assesses are reasonable, the department should evaluate the branch's current fee structure using analyses that consider fiscal and workload factors. These analyses should establish a reasonable link between fees charged and the branch's actual costs for regulating those that pay specific fees. Further, the analyses should demonstrate how the branch calculated specific fees.</p> | 5 | * | ● | ● |

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| | | | | AUDITEE DID NOT SUBSTANTIATE ITS CLAIM OF FULL IMPLEMENTATION | AUDITEE DID NOT ADDRESS ALL ASPECTS OF THE RECOMMENDATION |
| Laboratory Field Services' Lack of Clinical Laboratory Oversight Places the Public at Risk 2007-040 (September 2008) | 3. To make certain that it can identify and address existing work backlogs and comply with all of its federal and state obligations, the department should develop a staffing plan for the branch based on current, reliable data. The plan should involve a reevaluation of the branch's assumptions about workload factors, such as how many inspections an inspector can perform annually. The plan should also include the following components: <ul style="list-style-type: none"> • An assessment of all backlogged work and the human resources necessary to eliminate that backlog within a reasonable amount of time. • An assessment of all currently required work and the human resources necessary to accomplish it. | 5 | * | ● | |
| | 4. To inform the Legislature when it is likely to receive the information to evaluate the State's need for its own disposal facility, the department should establish and communicate a timeline describing when the report required by Section 115000.1 of the Health and Safety Code will be available. The department should also see that its executive management and the branch discuss with appropriate members of the Legislature as soon as possible the specific information required by state law that it cannot provide. Further, to the extent that the department cannot provide the information required by law, it should seek legislation to amend the law. | 5 | * | ● | ● |
| | 5. To provide greater public transparency and accountability of its decommissioning practices, the department should begin complying with the Executive Order D-62-02 and develop dose-based decommissioning standards formally, if the department believes that doing so is not feasible, it should ask the governor to rescind this 2002 executive order. | 5 | Will not implement | | |
| | 6. When the Radiological Health Branch has an understanding of the disposal needs for generators in California, it should develop an updated low-level waste disposal plan. | 5 | Will not implement | | |
| | 1. Laboratory Services should perform all its mandated oversight responsibilities for laboratories subject to its jurisdiction operating within and outside California, including, but not limited to the following: <ul style="list-style-type: none"> • Inspecting licensed laboratories every two years. • Sanctioning laboratories as appropriate. • Reviewing and investigating complaints and ensuring necessary resolution. | 5 | June 2015 | | |
| | 2. Laboratory Services should adopt and implement proficiency-testing policies and procedures for staff to do the following: <ul style="list-style-type: none"> • Promptly review laboratories' proficiency-testing results and notify laboratories that fail. • Follow specified timelines for responding to laboratories' attempts to correct proficiency-testing failures and for sanctioning laboratories that do not comply. • Monitor the proficiency-testing results of out-of-state laboratories. • Verify laboratories' enrollment in proficiency testing, and ensure that Laboratory Services receives proficiency-testing scores from all enrolled laboratories. | 5 | June 2015 | | |
| 3. To update its regulations, Laboratory Services should review its clinical laboratory regulations and repeal or revise them as necessary. As part of its efforts to revise regulations, Laboratory Services should ensure that the regulations include requirements such as time frames it wants to impose on the laboratory community. | 5 | June 2015 | | | |

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| Department of Public Health: It Reported Inaccurate Financial Information and Can Likely Increase Revenues for the State and Federal Health Facilities Citation Penalties Accounts 2010-108 (June 2010) | 4. Laboratory Services should continue its efforts to license California laboratories that require licensure. Further, it should take steps to license out-of-state laboratories that perform testing on specimens originating in California but are not licensed, as the law requires. | 5 | June 2015 | | |
| | 5. To strengthen its complaints process, Laboratory Services should identify necessary controls and incorporate them into its complaints policies. The necessary controls include, but are not limited to, receiving, logging, tracking, and prioritizing complaints, as well as ensuring that substantiated allegations are corrected. In addition, Laboratory Services should develop and implement corresponding procedures for each control. Further, Laboratory Services should establish procedures to ensure that it promptly forwards complaints for which it lacks jurisdiction to the entity having jurisdiction. | 5 | June 2015 | | |
| | 6. To strengthen its sanctioning efforts, Laboratory Services should do the following: <ul style="list-style-type: none"> • Maximize its opportunities to impose sanctions. • Appropriately justify and document the amounts of the civil money penalties it imposes. • Ensure that it always collects the penalties it imposes. • Follow up to ensure that laboratories take corrective action. • Ensure that when it sanctions a laboratory, it notifies other appropriate agencies as necessary. | 5 | June 2015 | | |
| | 7. Public Health, in conjunction with Laboratory Services, should ensure that Laboratory Services has sufficient resources to meet all its oversight responsibilities. | 5 | June 2015 | | |
| | 8. Laboratory Services should work with its Information Technology Services Division and other appropriate parties to ensure that its data systems support its needs. If Laboratory Services continues to use its internally developed databases, it should ensure that it develops and implements appropriate system controls. | 5 | June 2015 | | |
| | 9. To demonstrate that it has used existing resources strategically and has maximized their utility to the extent possible, Laboratory Services should identify and explore opportunities to leverage existing processes and procedures. These opportunities should include, but not be limited to, exercising clinical laboratory oversight when it renews licenses and registrations, developing a process to share state concerns identified during federal inspections, and using accreditation organizations and contracts to divide its responsibilities for inspections every two years. | 5 | June 2014 | | |
| | 1. To ensure that citation review conferences are completed expeditiously, Public Health should continue to take steps to eliminate its backlog of appeals awaiting a citation review conference. | 3 | December 2014 | | |
| | 2. To increase revenue for the penalty accounts, Public Health should seek legislation authorizing it to revise periodically the penalty amounts to reflect an inflation indicator, such as the CPI. | 3 | * | | ● |
| | 3. To increase revenue for the penalty accounts, Public Health should ensure that it conducts all state surveys of facilities every two years, as required by state law. | 3 | December 2017 | | |
| 4. To ensure that it complies with current state law and increases transparency, Public Health should adopt regulations for the administration of temporary management companies. | 3 | January 2014 | | | |

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|--|--|--|------------------------------|---|---|
| | | | | AUDITEE DID NOT SUBSTANTIATE ITS CLAIM OF FULL IMPLEMENTATION | AUDITEE DID NOT ADDRESS ALL ASPECTS OF THE RECOMMENDATION |
| Department of Social Services Department of Social Services: For the CalWORKS and Food Stamp Programs, it Lacks Assessments of Cost-Effectiveness and Misses Opportunities to Improve Counties' Antifraud Efforts 2009-101 (November 2009) | 5. To increase revenue for the state account, Public Health should seek legislation authorizing it to require facilities that want to contest the monetary penalty to pay the penalty upon its appeal which could then be deposited into an account within the special deposit fund. The original monetary penalty deposited, plus interest accrued in the account, should then be liquidated in accordance with the terms of the decision. | 3 | Will not implement | | |
| | 6. To ensure consistency with federal guidance related to federal requirements, and that it is not creating incentives for facilities to appeal citations issued for noncompliance with state requirements, Public Health should provide guidance to its staff that discourages settling appealed monetary penalties for a better term than had the facility not contested the citation and paid the penalty within the time frame specified in law to receive a 35 percent reduction. If Public Health believes instances occur when it is appropriate to reduce a monetary penalty by more than 35 percent, it should document which statutory or regulatory factors that formed the basis for concluding that the original class of citation and corresponding monetary penalty amount were no longer considered valid or relevant. | 3 | Will not implement | | |
| | 7. To increase revenue for the penalty accounts, Public Health should seek legislation specifying a time frame within which facilities with nonappealed citations that do not qualify for a 35 percent reduction must pay their monetary penalties and allowing Public Health to collect interest on late payments of monetary penalties. | 3 | January 2016 | | |
| | 1. To ensure that all counties consistently gauge the cost-effectiveness of their early fraud activities and ongoing investigation efforts for the CalWORKS and food stamp programs, Social Services should work with the counties to develop a formula to regularly perform a cost-effectiveness analysis using information that the counties currently submit. | 3 | December 2013 | | |
| | 2. To make certain that counties receive the greatest benefit from the resources they spend on antifraud efforts related to CalWORKS and food stamp cases, Social Services should, using the results from the recommended cost-effectiveness analysis, determine why some counties' efforts to combat welfare fraud are more cost-effective than others. | 3 | October 2013 | | |
| | 3. To make certain that counties receive the greatest benefit from the resources they spend on antifraud efforts related to CalWORKS and food stamp cases, Social Services should seek to replicate the most cost-effective practices among all counties. | 3 | October 2013 | | |
| | 4. To make certain that counties receive the greatest benefit from the resources they spend on antifraud efforts related to CalWORKS and food stamp cases, Social Services should continue to address the recommendations of the steering committee and promptly act on the remaining recommendations. | 3 | October 2015 | | |
| 5. To ensure the accuracy and consistency of the information on welfare fraud activities that counties report and that Social Services subsequently reports to the federal government, the Legislature, and internal users, Social Services should remind counties that they are responsible for reviewing the accuracy and consistency of investigation activity reports before submission. | 3 | December 2013 | | | |

| REPORT TITLE, NUMBER, AND ISSUE DATE | RECOMMENDATION | NUMBER OF YEARS RECOMMENDATION APPEARED IN THIS REPORT | ESTIMATED DATE OF COMPLETION | STATE AUDITOR'S ASSESSMENT | |
|---|--|--|------------------------------|---|---|
| | | | | AUDITEE DID NOT SUBSTANTIATE ITS CLAIM OF FULL IMPLEMENTATION | AUDITEE DID NOT ADDRESS ALL ASPECTS OF THE RECOMMENDATION |
| Child Welfare Services: California Can and Must Provide Better Protection and Support for Abused and Neglected Children 2011-101.1 (October 2011) [†] | 7. To ensure the accuracy and consistency of the information on welfare fraud activities that counties report and that Social Services subsequently reports to the federal government, the Legislature, and internal users, Social Services should continue with regular meetings of its workgroup to further its efforts to clarify its instructions for completing the counties' investigation activity reports. | 3 | * | ● | |
| | 8. To ensure that counties are consistently following up on all match lists, Social Services should remind counties of their responsibility under state regulations to follow up diligently on all match lists. Further, it should work with counties to determine why poor follow-up exists and address those reasons. | 3 | Fall 2018 | | |
| | 9. To ensure that counties are consistently following up on all match lists, Social Services should revive its efforts to work with counties and federal agencies to address the counties' concerns about match list formats and criteria. | 3 | Fall 2018 | | |
| | 10. Social Services should track how counties determine prosecution thresholds for welfare fraud cases and determine the effects of these thresholds on counties' decisions to investigate potential fraud, with a focus on determining best practices and cost-effective methods. It should then work with counties to implement the consistent use of these cost-effective methods. | 3 | November 2015 | | |
| | 11. Social Services should either ensure that counties follow state regulations regarding the use of administrative disqualification hearings or pursue changing the regulations. | 3 | * | ● | ● |
| | 1. To ensure that its licensees, including state-licensed foster homes, foster family agencies, and group homes, are in compliance with applicable requirements and that children are protected, Social Services should complete on-site reviews at least once every five years as required by state law. | 2 | * | ● | |
| | 2. To encourage more effective communication from county CWS agencies regarding its licensees, Social Services should specify in regulations what types of situations or allegations the agencies should forward to its licensing division. | 2 | Will not implement | | |
| | 3. To ensure that rates paid to foster family agencies are appropriate, Social Services should analyze the rates and provide reasonable support for each component, especially the 40 percent administrative fee it currently pays these agencies. | 2 | October 2014 | | |
| | 4. Social Services should create and monitor compliance with clear requirements specifying that children placed with foster family agencies must have elevated treatment needs that would require a group home placement if not for the existence of these agencies' programs. Specifically, Social Services should revise its regulations so licensed foster homes have higher priority than foster family agencies for children that do not have identified treatment needs. | 2 | October 2013 | | |
| | 5. Social Services should require county CWS agencies to file in CWS/CMS a detailed justification for any child placed with a foster family agency. | 2 | Unknown | | |
| | 6. Social Services should create a mechanism by which it can efficiently check for compliance with the needs-justification requirement. | 2 | Unknown | | |
| 7. To encourage continued progress and innovation in keeping children safe, Social Services should add to its current CWS performance metrics a measure of the percentage of investigatory visits (both immediate and 10-day) completed on time that excludes attempted investigatory visits from its calculation of successful outcomes. | 2 | Unknown | | | |

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| | | | | AUDITEE DID NOT SUBSTANTIATE ITS CLAIM OF FULL IMPLEMENTATION | AUDITEE DID NOT ADDRESS ALL ASPECTS OF THE RECOMMENDATION |
| | <p>8. To determine whether the hold harmless provision has been effective in reducing caseloads and whether it should be revised or rescinded, Social Services should refine and use CWS/CMS to calculate and report county CWS caseloads.</p> <p>9. To encourage county CWS agencies to conduct formal internal death reviews, Social Services should revise its annual report on child deaths resulting from abuse or neglect to provide information on whether county CWS agencies conducted such a review of child deaths with prior CWS history. To obtain this information, Social Services should revise its regulations to require all county CWS agencies to not only report child deaths resulting from abuse or neglect but to also require a subsequent report indicating whether an internal child death review was completed.</p> <p>11. To provide more useful information in its annual report, Social Services should provide child death information broken out by county, not just statewide totals. Further, Social Services should provide more analysis, such as comparing child death information over multiple years and presenting each county's child deaths as a percentage of its total child population.</p> | 2 | Unknown | | |
| | <p>9. To encourage county CWS agencies to conduct formal internal death reviews, Social Services should revise its annual report on child deaths resulting from abuse or neglect to provide information on whether county CWS agencies conducted such a review of child deaths with prior CWS history. To obtain this information, Social Services should revise its regulations to require all county CWS agencies to not only report child deaths resulting from abuse or neglect but to also require a subsequent report indicating whether an internal child death review was completed.</p> <p>11. To provide more useful information in its annual report, Social Services should provide child death information broken out by county, not just statewide totals. Further, Social Services should provide more analysis, such as comparing child death information over multiple years and presenting each county's child deaths as a percentage of its total child population.</p> | 2 | Fall 2013 | | |
| | <p>11. To provide more useful information in its annual report, Social Services should provide child death information broken out by county, not just statewide totals. Further, Social Services should provide more analysis, such as comparing child death information over multiple years and presenting each county's child deaths as a percentage of its total child population.</p> | 2 | Unknown | | |
| Department of State Hospitals¹¹ | | | | | |
| High Risk Update—State Overtime Costs: A Variety of Factors Resulted in Significant Overtime Costs at the Departments of Mental Health and Developmental Services 2009-608 (October 2009) | <p>1. To ensure that all overtime hours worked are necessary, and to protect the health and safety of its employees and patients, Mental Health should implement the Legislative Analyst's suggestion of hiring an independent consultant to evaluate the current staffing model for Mental Health's hospitals. The staffing levels at Mental Health should then be adjusted, depending on the outcome of the consultant's evaluation.</p> | 4 | July 2017 | | |
| Sex Offender Commitment Program: Streamlining the Process for Identifying Potential Sexually Violent Predators Would Reduce Unnecessary or Duplicative Work 2010-116 (July 2011) | <p>2. To eliminate duplicative effort and increase efficiency, Corrections should not make unnecessary referrals to Mental Health. Corrections and Mental Health should jointly revise the structured screening instrument so that the referral process adheres more closely to the law's intent.</p> | 2 | * | ● | |
| | <p>6. To reduce costs for unnecessary evaluations, Mental Health should either issue a regulation or seek a statutory amendment to clarify that when resolving a difference of opinion between the two initial evaluators of an offender, Mental Health must seek the opinion of a fourth evaluator only when a third evaluator concludes that the offender meets SVP criteria.</p> | 2 | December 2014 | | |
| | <p>8. To ensure that the Legislature can provide effective oversight of the program, Mental Health should complete and submit as soon as possible its reports to the Legislature about Mental Health's efforts to hire state employees to conduct evaluations and about the impact of Jessica's Law on the program.</p> | 2 | January 2014 | | |
| CORRECTIONS AND REHABILITATION | | | | | |
| Board of State and Community Corrections | | | | | |
| Juvenile Justice Realignment: Limited Information Prevents a Meaningful Assessment of Realignment's Effectiveness 2011-129 (September 2012) | <p>1. To improve the usefulness of its reports so that they can be used to assess the outcomes of realignment, the board should work with counties and relevant stakeholders, such as the committee that established performance outcome measures for the block grant, to determine the data that counties should report. To minimize the potential for creating a state mandate, the board should take into consideration the information that counties already collect to satisfy requirements for other grants.</p> | 1 | Unknown | | |



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| | | | | AUDITEE DID NOT SUBSTANTIATE ITS CLAIM OF FULL IMPLEMENTATION | AUDITEE DID NOT ADDRESS ALL ASPECTS OF THE RECOMMENDATION | |
| California Correctional Health Care Services and Department of Corrections and Rehabilitation: Improper Travel Expenses I2012-1, Case I2009-0689 (December 2012) [†] | 1. Correctional Health Services should provide training to the manager and supervisors involved in the claim authorization process regarding the state rules applicable to claiming travel expenses. | 1 | December 2013 | | | |
| | 2. Correctional Health Services should discontinue reimbursing employees for expenses claimed in violation of state regulations. | 1 | December 2013 | | | |
| California Department of Corrections and Rehabilitation California Department of Corrections and Rehabilitation: It Fails to Track and Use Data That Would Allow It to More Effectively Monitor and Manage Its Operations 2009-107.1 (September 2009) [†] | 1. To help it assess the effect of policy changes and manage operations in a cost-effective manner, Corrections should do the following: <ul style="list-style-type: none"> Ensure that its new data system will address its current lack of data available for statewide analysis, specifically data related to identifying the custody staffing cost by inmate characteristics such as security level, age, and custody designation. If implementation of its new system continues to be delayed, or if Corrections determines that the new system will not effectively replace the current assignment and scheduling systems used by the institutions, it should improve its existing data related to custody staffing levels and use the data to identify the related costs of various inmate populations. | 4 | June 2015 | | | |
| | 5. To more closely align its operations with state law and its own policy, make certain that inmates are provided with an adequate level of supervision, and protect the health and safety of employees and inmates, Corrections should encourage the Department of Personnel Administration** to negotiate a reduction in the amount of voluntary overtime a correctional officer is allowed to work in future collective bargaining unit agreements, in order to reduce the likelihood that involuntary overtime will cause them to work more than 80 hours of overtime in total during a month. | 4 | * | | ● | ● |
| | 6. To more closely align its operations with state law and its own policy, make certain that inmates are provided with an adequate level of supervision, and protect the health and safety of employees and inmates, Corrections should better ensure that it prevents the instances in which correctional officers work beyond the voluntary overtime limit in a pay period. | 4 | * | | ● | |
| | 8. To ensure that it can determine whether it is in compliance with state law and can measure the efficacy of its programs in reducing recidivism, Corrections should track, maintain, and use historical program assignment and waiting list data by inmate. | 4 | June 2014 | | | |
| | 1. To address the erroneous sentencing information and inappropriately assigned convictions in its data system, Corrections should complete its cleanup of data that will be transferred into the new system, ensuring that this review includes a detailed evaluation of convictions that have been assigned outdated sentencing information as well as deleting erroneous sentencing information, before it begins using its new data system. | 3 | June 2014 | | | |
| | 2. To address the erroneous sentencing information and inappropriately assigned convictions in its data system, Corrections should create a schedule for regular checks of the accuracy of existing sentencing information, as well as the accuracy with which sentencing information has been assigned to convictions. | 3 | * | | ● | ● |
| California Department of Corrections and Rehabilitation: Inmates Sentenced Under the Three Strikes Law and a Small Number of Inmates Receiving Specialty Health Care Represent Significant Costs 2009-107.2 (May 2010) | | | | | | |
| | | | | | | |



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| | | | | AUDITEE DID NOT SUBSTANTIATE ITS CLAIM OF FULL IMPLEMENTATION | AUDITEE DID NOT ADDRESS ALL ASPECTS OF THE RECOMMENDATION |
| | <p>10. To better communicate to policy makers the annual cost of incarceration, and to provide a more accurate estimate of expenditures associated with changes in the large leave balances of custody staff—many of whom require relief coverage when they are absent—Corrections should provide a calculation of the annual increase or decrease in its liability for the leave balances of custody staff to better explain the cause of changes in expenditures to the relevant legislative policy and fiscal committees.</p> <p>11. To better communicate to policy makers the annual cost of incarceration, and to provide a more accurate estimate of expenditures associated with changes in the large leave balances of custody staff—many of whom require relief coverage when they are absent—Corrections should provide an estimate of the annual cost of leave balances likely to be paid for retiring custody staff to the relevant legislative policy and fiscal committees.</p> | 3 | * | ● | ● |
| | <p>1. Corrections should take appropriate disciplinary actions against the employee and pursue collection efforts for the compensation she did not earn.</p> <p>6. As Corrections prepares to move CalParole data into the Strategic Offender Management System (SOMS), it should modify existing employment-related fields and add to SOMS new fields that are currently not available in CalParole so that Corrections can minimize the opportunity for erroneous data entries and make employment data more reliable.</p> <p>3. To eliminate duplicative effort and increase efficiency, Corrections should not make unnecessary referrals to Mental Health. For example, Corrections should better leverage the time and work it already conducts by including in its referral process (a) determining whether the offender committed a predatory offense, (b) reviewing results from any previous screenings and evaluations that Mental Health completed and considering whether the most recent parole violation or offense might alter the previous decision, and (c) using STATIC-99R to assess the risk that an offender will reoffend.</p> <p>4. To eliminate duplicative effort and increase efficiency, Corrections should not make unnecessary referrals to Mental Health. Corrections and Mental Health should jointly revise the structured screening instrument so that the referral process adheres more closely to the law's intent.</p> <p>1. To ensure that the State does not spend additional resources on COMPAS while its usefulness is uncertain, Corrections should suspend its use of the COMPAS core and reentry assessments until it has issued regulations and updated its operations manual to define how Corrections' use of COMPAS will affect decision making regarding inmates, such as clarifying how COMPAS results will be considered when sending inmates to different prison facilities, enrolling them in rehabilitative programs to address their criminal risk factors, and developing expectations for those on parole.</p> | 2 | Unknown | | |
| <p>Department of Corrections and Rehabilitation: Improper Overtime Reporting I2010-2, Case I2007-0887 (January 2011)</p> <p>California Prison Industry Authority: It Can More Effectively Meet Its Goals of Maximizing Inmate Employment, Reducing Recidivism, and Remaining Self-Sufficient 2010-118 (May 2011)†</p> | | 2 | December 2014 | | |
| <p>Sex Offender Commitment Program: Streamlining the Process for Identifying Potential Sexually Violent Predators Would Reduce Unnecessary or Duplicative Work 2010-116 (July 2011)</p> | | 2 | Will not implement | | |
| <p>Department of Corrections and Rehabilitation: The Benefits of Its Correctional Offender Management Profiling for Alternative Sanctions Program Are Uncertain 2010-124 (September 2011)</p> | | 2 | Will not implement | ● | ● |

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| | | | | AUDITEE DID NOT SUBSTANTIATE ITS CLAIM OF FULL IMPLEMENTATION | AUDITEE DID NOT ADDRESS ALL ASPECTS OF THE RECOMMENDATION |
| | <p>2. To ensure that the State does not spend additional resources on COMPAS while its usefulness is uncertain, Corrections should suspend its use of the COMPAS core and reentry assessments until it has demonstrated to the Legislature that it has a plan to measure and report COMPAS's effect on reducing recidivism. Such a plan could consider whether inmates enrolled in a rehabilitative program based on a COMPAS assessment had lower recidivism rates than those provided rehabilitative programming as a result of non-COMPAS factors.</p> <p>3. Once Corrections resumes its use of COMPAS core and reentry assessments, it should provide ongoing training to classification staff representatives, parole agents, and others that may administer or interpret COMPAS assessment results to ensure that COMPAS is a valuable inmate assessment and planning tool.</p> <p>4. Once Corrections resumes its use of COMPAS core and reentry assessments, it should develop practices or procedures to periodically determine whether its staff are using COMPAS core or reentry assessments as intended. Such a process might include performing periodic site visits to corroborate that COMPAS is being used as required.</p> <p>5. Once Corrections resumes its use of COMPAS core and reentry assessments, it should develop practices or procedures to periodically compare the demand for certain rehabilitative programs, as suggested by a COMPAS core assessment, to the existing capacity to treat such needs.</p> | 2 | * | ● | ● |
| | | 2 | * | ● | |
| | | 2 | * | ● | ● |
| | | 2 | * | ● | |
| TRANSPORTATION | | | | | |
| Board of Pilot Commissioners for the Bays of San Francisco, San Pablo and Suisun | | | | | |
| Board of Pilot Commissioners for the Bays of San Francisco, San Pablo and Suisun: It Needs to Develop Procedures and Controls Over Its Operations and Finances to Ensure That It Complies With Legal Requirements 2009-043 (November 2009) | | 3 | July 2014 | | |
| | 1. To ensure that it consistently adheres to requirements in state law when licensing pilots, the board should establish and implement a procedure for approving and monitoring board-appointed physicians. | 3 | July 2014 | | |
| | 2. To ensure that its expenditures are appropriate, the board should competitively bid contracts with physicians who perform physical examinations of pilots. | | | | |
| California Department of Transportation | | | | | |
| California Department of Transportation: Its Poor Management of State Route 710 Extension Project Properties Costs the State Millions of Dollars Annually Yet State Law Limits the Potential Income From Selling the Properties 2011-120 (August 2012) | | 1 | Unknown | | |
| | 1. To ensure that it collects fair market rents for the SR 710 properties on the State's behalf, Caltrans should, using the fair market rent determinations for all SR 710 properties it recently prepared and excluding those in its affordable rent program, adjust the tenants' rents to fair market after providing them with proper notice. | 1 | Unknown | | |
| | 2. To ensure that it collects fair market rents for the SR 710 properties on the State's behalf, Caltrans should make only limited exceptions to charging fair market rent and document the specific public purpose that is served in any case that it does not charge fair market rent. | | | | |
| | 9. To ensure that the affordable rent policy is enforceable and that only eligible tenants receive the benefit of the policy, Caltrans should adopt regulations in accordance with the Administrative Procedure Act (APA) if the director determines that it is appropriate to continue to offer affordable rent to certain tenants. | 1 | December 2013 | | |
| | 39. To comply with the 2007 court ruling and the APA until such time as the Legislature may choose to act, Caltrans should establish regulations to govern the sales process for the SR 710 properties affected by the Roberti Bill. | 1 | June 2014 | | |



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| | | | | AUDITEE DID NOT SUBSTANTIATE ITS CLAIM OF FULL IMPLEMENTATION | AUDITEE DID NOT ADDRESS ALL ASPECTS OF THE RECOMMENDATION |
| | 40. To pursue alternatives to its management of the SR 710 properties, Caltrans should prepare a cost-benefit analysis to determine if the State would save money by hiring a private vendor to manage the properties. If such savings would occur, Caltrans should seek an exemption under Government Code, Section 19130 (a), to hire a private vendor. | 1 | 2014 | | |
| High-Speed Rail Authority | | | | | |
| High-Speed Rail Authority: It Risks Delays or an Incomplete System Because of Inadequate Planning, Weak Oversight, and Lack of Contract Management 2009-106 (April 2010) | <p>1. To ensure that it can respond adequately to funding levels that may vary from its business plan, the Authority should develop and publish alternative funding scenarios that reflect the possibility of reduced or delayed funding from the planned sources. These scenarios should detail the implications of variations in the level or timing of funding on the program and its schedule.</p> <p>3. To avert possible legal challenges, the Authority should ensure that the review group adheres to the Meeting Act or seek a formal opinion from the Office of the Attorney General regarding whether the review group is subject to this act.</p> | 3 | Early 2014 | | |
| High-Speed Rail Authority Follow-Up: Although the Authority Addressed Some of Our Prior Concerns, Its Funding Situation Has Become Increasingly Risky and the Authority's Weak Oversight Persists 2011-504 (January 2012) | <p>1. To ensure that it can respond adequately to funding levels that may vary from its business plan, the Authority should develop and publish alternative funding scenarios that reflect the possibility of reduced or delayed funding from the planned sources. These scenarios should detail the implications of variations in the level or timing of funding on the program and its schedule.</p> <p>3. To avert possible legal challenges, the Authority should ensure that the independent peer review panel adheres to the Bagley-Keene Open Meeting Act or seek a formal opinion from the Office of the Attorney General (attorney general) regarding whether the panel is subject to this act.</p> <p>7. To add clarification to the first recommendation we made in our prior report that stated, "To ensure that it can respond adequately to funding levels that may vary from its business plan, the Authority should develop and publish alternative funding scenarios that reflect the possibility of reduced or delayed funding from the planned sources. These scenarios should detail the implications of variations in the level or timing of funding on the program and its schedule," the Authority should also present viable alternative funding scenarios for phase one in its entirety that do not assume an increase in the federal funding levels already identified in the 2012 draft business plan. If the Authority does not believe that such alternatives exist, it should publicly disclose this in its 2012 final business plan.</p> <p>9. To ensure that the public and the Legislature are aware of the full cost of the program, the Authority should clearly disclose that the 2012 draft business plan assumes that the State will only be receiving profits for the first two years of operation in 2022 and 2023, and potentially not again until 2060 in exchange for the almost \$11 billion the Authority assumes it will receive from the private sector over a four-year period.</p> <p>13. To increase transparency and to ensure that it is aware of any financial interest that a subcontractor may have in the program, the Authority should require subcontractors to file statements of economic interest.</p> | 1 | Will not implement | | |
| | | 1 | Early 2014 | | |
| | | 1 | Will not implement | | |
| | | 1 | Early 2014 | | |
| | | 1 | Will not implement | | |
| | | 1 | Early 2014 | | |
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| NATURAL RESOURCES | | | | | |
| Department of Fish and Wildlife†† | | | | | |
| Department of Fish and Game: Misuse of a State Vehicle, Improper Travel Reimbursements (2011-1, Case I2009-0601 (August 2011))† | 1. Fish and Game should follow the guidelines established in state regulations and initiate repayment from the manager for the costs associated with the misuse of the state vehicle. | 2 | Unknown | | |
| Oil Spill Prevention and Administration Fund: The Department of Fish and Game and the Office of Spill Prevention and Response Need to Improve Their Administration of the Spill Fund (2011-123 (August 2012)) | 4. To ensure that three-year projections of the spill fund's revenues, expenditures, and fund balances, all of which are used to determine fee rates, are based on accurate financial information, the spill office should consider the reduction in the spill fund's costs, as a result of the recovery of indirect administrative costs, when projecting its fund balance moving forward. | 1 | Unknown | | |
| Department of Fish and Game: Improper Use of Lease Proceeds (2012-1, Case I2009-1218 (December 2012))†† | 5. To prevent under- or over-recovery of federal funds, Fish and Game should regularly reassess whether using budgeted expenditures or actual expenditures will produce the most accurate results. | 1 | Unknown | | |
| | 19. Fish and Game should provide training to those involved with the lease to ensure that it properly accounts for and reconciles future work and payments related to the leased property, that it does not pay operational and equipment expenses with proceeds derived from the lease, and that all parties understand what work Fish and Game expects as the result of the agreement. | 1 | Unknown | | |
| Department of Water Resources | | | | | |
| General Obligation Bonds: The Departments of Water Resources and Finance Should Do More to Improve Their Oversight of Bond Expenditures (2010-117 (May 2011)) | 4. To provide the public with accurate and complete information on the bond-funded projects it administers, Water Resources should develop and consistently use a formalized, documented review process that will provide greater assurance that project information posted to the Bond Accountability Web site is regularly updated and contains accurate information. | 2 | Will not implement | | |
| State Lands Commission | | | | | |
| State Lands Commission: Because It Has Not Managed Public Lands Effectively, the State Has Lost Millions in Revenue for the General Fund (2010-125 (August 2011))† | 1. When the commission determines that it will pursue delinquent lessees itself, it should use a collection agency or a program such as the Franchise Tax Board's Interagency Intercept Collections Program. | 2 | Will not implement | | |
| | 2. To ensure that it receives rent from the lessee that reflects the approximate value for the State's property at those times when a lessee disputes a modification to the rental amount after the commission exercises its right to perform a rent review or because the lease expired, the commission should include in its lease agreements a provision that requires lessees to pay the commission's proposed increased rental amount, which would be deposited into an account within the Special Deposit Fund. The increased rental amounts deposited, plus the corresponding interest accrued in the account, should then be liquidated in accordance with the amount agreed to in the final lease agreement. | 2 | Will not implement | | |
| | 3. To ensure that it does not undervalue certain types of leases, the commission should amend its regulations for establishing pipeline rents on state land as staff recommended in the 2010 survey of methods used by agencies in other states to establish pipeline rents. | 2 | April 2014 | | |
| | 5. The commission should establish a monitoring program to ensure that the funds generated from granted lands are expended in accordance with the public trust. | 2 | Unknown | | |




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| ENVIRONMENTAL PROTECTION | | | | | |
| Department of Resources Recycling and Recovery | | | | | |
| Department of Resources Recycling and Recovery: Deficiencies in Forecasting and Ineffective Management Have Hindered the Beverage Container Recycling Program 2010-101 (June 2010) [†] | <ol style="list-style-type: none"> The department should weave benchmarks, coupled with metrics to measure the quality of its activities, into the strategic plan for the beverage program to allow it to better measure progress in meeting goals. The department should ensure that the strategic plan incorporates all relevant activities of the beverage program. | 3 | 2014 | | |
| BUSINESS, CONSUMER SERVICES, AND HOUSING | | | | | |
| Department of Housing and Community Development | | | | | |
| Department of Housing and Community Development: Housing Bond Funds Generally Have Been Awarded Promptly and in Compliance With Law, but Monitoring Continues to Need Improvement 2009-037 (November 2009) | <ol style="list-style-type: none"> To ensure that data maintained in CAPES are accurate and complete, HCD should complete its review of the accuracy of the data transferred to CAPES. HCD should ensure that its cleanup efforts are thoroughly documented and retained for future reference. | 3 | April 2014 | | |
| Physical Therapy Board | | | | | |
| Physical Therapy Board of California: Although It Can Make Improvements, It Generally Processes Complaints and Monitors Conflict-of-Interest Requirements Appropriately 2011-119 (June 2012) | <ol style="list-style-type: none"> The physical therapy board should explore the feasibility of establishing a state position to perform the duties of its current in-house consultant at a reduced cost. Consumer Affairs should establish procedures for ensuring that board members attend board member orientation and that those individuals and other designated employees receive all required ethics training. In addition, Consumer Affairs should adhere to the record retention period of five years specified by law for the certificates documenting that designated employees received ethics training. | 1 | July 2015 | | |
| LABOR AND WORKFORCE DEVELOPMENT | | | | | |
| California Workforce Investment Board | | | | | |
| Federal Workforce Investment Act: More Effective State Planning and Oversight Is Necessary to Better Help California's Job Seekers Find Employment 2011-111 (March 2012) | <ol style="list-style-type: none"> To assist the governor in the development, oversight, and continuous improvement of California's workforce investment system, the state board should collaborate with state and local workforce investment partners to promptly develop and implement a strategic workforce plan as state law requires. The strategic plan should include, at a minimum, the following elements: clear roles and responsibilities pertaining to the state board, EDD, and other state and local workforce partners; clear definitions for terminology used in the strategic plan, such as quality services; performance measures that are specific to California for evaluating the efficiency and effectiveness of WIA-funded programs and activities; and procedures for approving the addition of data elements to EDD's Web-based system and for the exchange of data between EDD and the state board to facilitate the development and implementation of performance measures that are specific to California. To assist the governor in the development, oversight, and continuous improvement of California's workforce investment system, the state board should continue to exercise its legal authority to review the local boards' plans to, among other things, assure the coordination and nonduplication of services to program participants. | 1 | August 2014 | | |



| REPORT TITLE, NUMBER, AND ISSUE DATE | RECOMMENDATION | NUMBER OF YEARS RECOMMENDATION APPEARED IN THIS REPORT | ESTIMATED DATE OF COMPLETION | STATE AUDITOR'S ASSESSMENT | |
|--|---|--|------------------------------|---|---|
| | | | | AUDITEE DID NOT SUBSTANTIATE ITS CLAIM OF FULL IMPLEMENTATION | AUDITEE DID NOT ADDRESS ALL ASPECTS OF THE RECOMMENDATION |
| Employment/Development Department Employment Development Department: Its Unemployment Program Has Struggled to Effectively Serve California's Unemployed in the Face of Significant Workload and Fiscal Challenges 2010-112 (March 2011) | 3. To further enhance its corrective action planning process as a means of improving the unemployment program, the department should establish several key performance targets or benchmarks that are tied to each specific corrective action, to effectively gauge the impact of the actions on its goal of achieving the acceptable levels related to the timeliness measures. 4. As part of an overall strategy to limit the number of calls it receives while still providing timely and effective customer service, the department should use existing data and additional data from the new phone system to gain a better understanding of why people request to speak to an agent. Using this information, the department should further develop strategies and measurable goals related to achieving a reduction in call volumes. For example, to ensure that virtually all calls are able to gain access to the voice response portion of its new phone system, the department should monitor the volume of blocked call attempts and work with its phone system vendor if necessary to increase the system's capacity. 5. To evaluate the effectiveness of its other efforts to provide services to claimants in ways that do not require them to speak to agents, such as Web-Cert and Tele-Cert, the department should periodically summarize and assess the more robust management information available under its new phone system. | 2 | End of 2014 | | |
| | 9. To better track and improve the timeliness of determinations for the training benefits program and to assist claimants in understanding self-arranged training requirements, the department should track and report the number of claimants it determines are both eligible and ineligible for the self-arranged training and the reasons for these determinations, to better focus some of its recommendations toward how it can assist claimants in understanding the program's criteria. 10. To better track and improve the timeliness of determinations for the training benefits program and to assist claimants in understanding self-arranged training requirements, the department should track the number of claimants that it finds to be both ineligible for self-arranged training and ultimately ineligible for unemployment benefits and develop strategies to expedite the determination process for these claimants. | 2 | End of 2014 | | |
| Federal Workforce Investment Act: More Effective State Planning and Oversight Is Necessary to Better Help California's Job Seekers Find Employment 2011-111 (March 2012) [†] | 4. To assist the state board and other workforce investment partners in the development and implementation of state-specific performance measures, EDD should ensure that it works with the state board to develop procedures for approving the addition of data elements to its Web-based system and for the exchange of data between EDD and the state board. | 1 | Spring 2014 | | |
| GOVERNMENT OPERATIONS Department of General Services | | | | | |
| Department of General Services: The Division of the State Architect Lacks Enforcement Authority and Has Weak Oversight Procedures, Increasing the Risk That School Construction Projects May Be Unsafe 2011-116.1 (December 2011) [†] | 1. To ensure public safety and provide public assurance that school districts construct projects in accordance with approved plans, the department, in conjunction with the division, should pursue legislative changes to the Field Act that would prohibit occupancy in cases in which the division has identified significant safety concerns. 12. To address areas in which its staff do not currently have expertise, the division should finalize its field pilot and take subsequent steps to ensure it has qualified staff to provide oversight of accessibility; fire and life safety; and the mechanical, electrical, and plumbing aspects of construction. | 1 | * | | ● |
| | | 1 | March 2014 | | |



| REPORT TITLE, NUMBER, AND ISSUE DATE | RECOMMENDATION | NUMBER OF YEARS RECOMMENDATION APPEARED IN THIS REPORT | ESTIMATED DATE OF COMPLETION | STATE AUDITOR'S ASSESSMENT | |
|--|--|--|------------------------------|---|---|
| | | | | AUDITEE DID NOT SUBSTANTIATE ITS CLAIM OF FULL IMPLEMENTATION | AUDITEE DID NOT ADDRESS ALL ASPECTS OF THE RECOMMENDATION |
|  <p>California Department of Transportation: Its Poor Management of State Route 710 Extension Project Properties Costs the State Millions of Dollars Annually, Yet State Law Limits the Potential Income From Selling the Properties 2011-120 (August 2012)</p> | <p>36. To ensure that the construction unit complies with the State's procurement laws and policies, General Services should clarify the waiver process in the administrative order governing the small business participation goal.</p> <p>37. To ensure that the construction unit complies with the State's procurement laws and policies, General Services should continue its efforts to implement regulations that govern the small business certification process related to defining and enforcing violations of commercially useful function requirements.</p> | 1 | March 2014 | | |
| <p>Victim Compensation and Government Claims Board, California</p> <p>Victim Compensation and Government Claims Board: It Has Begun Improving the Victim Compensation Program, but More Remains to Be Done 2008-113 (December 2008)</p> | <p>1. To ensure that it maximizes its use of CaRES, the board should address the structural and operational flaws that prevent identification of erroneous information and implement edit checks and other system controls sufficient to identify errors.</p> <p>2. To ensure that the board appropriately carries out its outreach efforts, it should define the specific procedures to accomplish its action strategies for outreach and establish quantitative measures to evaluate the effectiveness of its outreach efforts.</p> | 4 | Spring 2014 | | |
| <p>GENERAL GOVERNMENT</p> <p>Department of Veterans Affairs</p> <p>Veterans Home of California at Yountville: It Needs Stronger Planning and Oversight in Key Operational Areas, and Some Processes for Resolving Complaints Need Improvement 2007-121 (April 2008)</p> | <p>1. To meet the requirements of federal ADA regulations, the Veterans Home should develop and update as needed a plan that identifies areas of noncompliance and includes the appropriate steps and milestones for achieving full compliance. In addition, the Veterans Home should develop grievance procedures and identify a specific employee as its ADA coordinator.</p> | 5 | * | | ● |
| <p>Department of Finance</p> <p>General Obligation Bonds: The Departments of Water Resources and Finance Should Do More to Improve Their Oversight of Bond Expenditures 2010-117 (May 2011)</p> | <p>1. To enhance the value of the Bond Accountability Web site, Finance should require administering agencies to provide information about the actual amounts of bond funds spent on posted projects at least semiannually.</p> <p>2. To enhance the value of the Bond Accountability Web site, Finance should develop a tracking and review process to periodically assess the completeness of the project information posted to the Web site. Such a process should include a review of whether state agencies are describing, in terms the public can easily understand, the expected or realized benefits of bond-funded projects.</p> | 2 | Will not implement | | |
| <p>LEGISLATIVE, JUDICIAL, AND EXECUTIVE</p> <p>Administrative Office of the Courts</p> <p>Administrative Office of the Courts: The Statewide Case Management Project Faces Significant Challenges Due to Poor Project Management 2010-102 (February 2011)[†]</p> | <p>8. Although the Judicial Council has the legal authority to compel the courts to adopt CCMS, to better foster superior court receptiveness to deploying CCMS, the AOC should continue to work with the superior courts that have deployed the civil system to ensure it is addressing their concerns in a timely and appropriate manner.</p> <p>9. Although the Judicial Council has the legal authority to compel the courts to adopt CCMS, to better foster superior court receptiveness to deploying CCMS, the AOC should work with superior courts to address concerns about hosting data at the California Court Technology Center (Technology Center). Further, the AOC should take steps to ensure that superior courts do not lose productivity or efficiencies by hosting data at the Technology Center.</p> | 2 | March 2014 | | |

| REPORT TITLE, NUMBER, AND ISSUE DATE | RECOMMENDATION | NUMBER OF YEARS RECOMMENDATION APPEARED IN THIS REPORT | ESTIMATED DATE OF COMPLETION | STATE AUDITOR'S ASSESSMENT | |
|---|--|--|------------------------------|---|---|
| | | | | AUDITEE DID NOT SUBSTANTIATE ITS CLAIM OF FULL IMPLEMENTATION | AUDITEE DID NOT ADDRESS ALL ASPECTS OF THE RECOMMENDATION |
| Department of Justice Juvenile Justice Realignment: Limited Information Prevents a Meaningful Assessment of Realignment's Effectiveness 2011-129 (September 2012) | 7. To ensure the accuracy and completeness of the data the counties submit into the Juvenile Court and Probation Statistical System (JCPSS), Justice should follow its procedure to send annual summaries of the JCPSS data to the counties for review and to conduct occasional field audits of the counties' records. | 1 | January 2014 | | |
| | 9. To ensure that its criminal history system contains complete and accurate data related to juvenile offenders, Justice should implement a procedure similar to the one it employs for the JCPSS to verify the accuracy of information the counties submit. | 1 | January 2014 | | |
| Emergency Management Agency California's Mutual Aid System: The California Emergency Management Agency Should Administer the Reimbursement Process More Effectively 2011-103 (January 2012) [†] | 1. To make certain that emergency response agencies receive reimbursements on time, Cal EMA should establish procedures to ensure that paying entities do not delay reimbursements. | 1 | Unknown | | |
| | 4. To make certain that local agencies calculate correctly their average actual hourly rates, Cal EMA should audit a sample of invoices each year and include in the review an analysis of the accuracy of the local agencies' average actual hourly rates reported in the agencies' salary surveys. | 1 | * | ● | |
| | 5. To make certain that local agencies calculate correctly their average actual hourly rates, if Cal EMA determines that the local agencies' rates are incorrect, it should advise the agencies to recalculate the rates reported in their salary survey. Local agencies that fail to submit accurate average actual hourly rates should be subject to the base rates. | 1 | * | ● | |
| | 7. If FEMA determines that the calculations and claims identified in the Office of Inspector General's audit report were erroneous, Cal EMA should modify the time sheets to track the actual hours that the responding agency works as well as the dates and times that the agency committed to the incident and returned from the incident. | 1 | Unknown | | |
| | 8. If FEMA determines that the calculations and claims identified in the Office of Inspector General's audit report were erroneous, Cal EMA should ensure that the replacement for its current invoicing system can calculate the maximum number of reimbursable personnel hours under both FEMA's policy and the CFAA. | 1 | Unknown | | |
| Superior Court of California, County of Sacramento Sacramento and Marin Superior Courts: Both Courts Need to Ensure That Family Court Appointees Have Necessary Qualifications, Improve Administrative Policies and Procedures, and Comply With Laws and Rules 2009-109 (January 2011) | 6. To make certain that the FCS evaluators are qualified, the Sacramento family court should develop processes to ensure that it signs all FCS evaluator declarations of qualifications annually. | 2 | Will not implement | | |
| | 7. To make certain that the FCS evaluators are qualified, the Sacramento family court should ensure that its unlicensed FCS evaluators complete the licensing portion of the annual declarations of qualifications. | 2 | Will not implement | | |
| | 8. To make certain that the FCS evaluators are qualified, the Sacramento family court should identify the training each of the FCS evaluators need to satisfy the court rules' requirements and ensure that they attend the trainings. | 2 | Will not implement | | |



| REPORT TITLE, NUMBER, AND ISSUE DATE | RECOMMENDATION | NUMBER OF YEARS RECOMMENDATION APPEARED IN THIS REPORT | ESTIMATED DATE OF COMPLETION | STATE AUDITOR'S ASSESSMENT | |
|--------------------------------------|---|--|------------------------------|---|---|
| | | | | AUDITEE DID NOT SUBSTANTIATE ITS CLAIM OF FULL IMPLEMENTATION | AUDITEE DID NOT ADDRESS ALL ASPECTS OF THE RECOMMENDATION |
| 10. | To make certain that the FCS evaluators are qualified, the Sacramento family court should develop processes to ensure that evaluator declarations of qualifications include all relevant information, such as the evaluator's experience. | 2 | Will not implement | | |
| 12. | To make certain that the FCS evaluators are qualified, the Sacramento family court should take all reasonable steps to ensure its FCS evaluators meet the minimum qualifications and training requirements before assigning them to any future Family Code Section 3111 evaluations. If necessary, and as soon as reasonably possible, the court should require the FCS evaluators to take additional education or training courses to compensate for the minimum qualifications and training requirements that were not met. | 2 | Will not implement | | |
| 16. | To verify that its private mediator and evaluator panel members meet the minimum qualifications and training requirements before appointment, the Sacramento family court should obtain any missing applications and training records for private mediators and evaluators on its current panel list before appointing them to future cases. | 2 | Will not implement | | |
| 20. | To verify that its private mediator and evaluator panel members meet the minimum qualifications and training requirements before appointment, the Sacramento family court should reinstate its local rules for private mediators and evaluators to provide a minimum of three references, and for private evaluators to provide a statement that they have read the court's evaluator guidelines. | 2 | Will not implement | | |
| 23. | To make sure that the minor's counsel it appoints meet the additional standards required by the superior court's local rules, the Sacramento family court should obtain any missing applications for minor's counsel before appointing them to any future cases. | 2 | Will not implement | | |
| 42. | To strengthen its accounting process for California Family Code Section 3111 evaluations, the Sacramento Superior Court should update its accounting procedures related to billing FCS evaluation costs to include steps for verifying the mathematical accuracy of the FCS summary and the proper allocation of costs between the parties. | 2 | Will not implement | | |

* Contrary to the California State Auditor's (state auditor) determination, the auditee believes it has fully implemented the recommendation.

† Other recommendations pertaining to this audit, which have been fully implemented, can be found in Table 3.

‡ Before publishing a report of an investigation, the state auditor provides the head of each department or agency involved with a copy of the investigative report, including any recommendations. Therefore, in calculating how long a recommendation has been outstanding, the state auditor uses the date the investigative report was provided to the department or agency, not the date the report was published. The investigative reports for the cases published in I2012-1 were provided to the involved departments and agencies in October 2012.

S This audit concerns Every Woman Counts, a program that was transferred from the California Department of Public Health to the California Department of Health Care Services effective July 1, 2012.

II As of July 1, 2012, the California Department of Mental Health became the new California Department of State Hospitals.

Prison Health Care Services became Correctional Health Care Services effective July 5, 2011.

** As of July 1, 2012, the State Personnel Board was combined with the California Department of Personnel Administration to create the California Department of Human Resources.

†† As of January 1, 2013, the California Department of Fish and Game became the California Department of Fish and Wildlife.

Table 3
Recommendations More Than One Year Old That Were Fully Implemented Since Last Year's Report or the Entity's One-Year Response

| TITLE | RECOMMENDATION | STATUS | DATE OF COMPLETION | NUMBER OF YEARS RECOMMENDATION APPEARED IN THIS REPORT |
|---|--|-------------------|--------------------|--|
| HIGHER EDUCATION | | | | |
| University of California | | | | |
| University of California: Although the University Maintains Extensive Financial Records, it Should Provide Additional Information to Improve Public Understanding of Its Operations 2010-105 (July 2011)* | <p>6. To ensure that the campus financial information published by the Office of the President can be better evaluated by interested stakeholders, the university should disclose instances in which campuses subsidize auxiliary enterprises with revenues from other funding sources and should disclose the sources of that funding.</p> <p>7. To improve the transparency of its expenses, the university should identify more specific categories for expenses that are recorded under the Miscellaneous Services accounting code and should implement object codes that account for these expenses in more detail.</p> | Fully implemented | April 2013 | 2 |
| California State University | | | | |
| California State University: It Needs to Strengthen Its Oversight and Establish Stricter Policies for Compensating Current and Former Employees 2007-102.1 (November 2007)* | 4. The university should work through the regulatory process to develop stronger regulations governing paid leaves of absence for management personnel. The improved regulations should include specific eligibility criteria, time restrictions, and provisions designed to protect the university from financial loss if an employee fails to render service to the university following a leave. For example, the regulations should require all employees applying for a paid leave of absence to submit a bond that would indemnify the university if the employee fails to render service to the university following a leave of absence. The university should also maintain appropriate documentation supporting any leaves of absence it grants. Finally, the board should establish a policy on the extent to which it wants to be informed of such leaves of absence for management personnel. | Fully implemented | August 2013 | 5 |
| California State University: It Is Inconsistent in Considering Diversity When Hiring Professors, Management Personnel, Presidents, and System Executives 2007-102.2 (December 2007)* | <p>6. The university should continue to work with California Faculty Association representatives during the collective bargaining process to strengthen its dual-employment policy by imposing disclosure and approval requirements for faculty; it should also impose similar requirements for other employees, including management personnel. If the university believes it needs a statutory change to facilitate its efforts, it should seek it.</p> <p>1. To ensure that campuses employ consistent search processes and develop appropriate policies, the university should issue systemwide guidance on the hiring process for management personnel. In developing this guidance, the university should direct campuses to develop hiring policies for management personnel that address key steps to establish consistency among searches and to ensure that searches are conducted in a fair and equitable manner.</p> <p>2. To ensure that campuses employ consistent search processes and develop appropriate policies, the university should issue systemwide guidance on the hiring process for management personnel. In developing this guidance, the university should encourage campuses to identify alternatives to broaden the perspective of search committees and increase the reach of the search for management personnel positions. For instance, campuses could appoint women and minorities to search committees lacking diversity. Additionally, to ensure that it is meeting its responsibilities under federal regulations, the university should provide guidance to campuses on special efforts to ensure that women and minorities have equal opportunity to serve on search committees.</p> | Fully implemented | August 2013 | 5 |
| California State University, Chancellor's Office: Failure to Follow Reimbursement Policies Resulted in Improper and Wasteful Expenditures 12007-1158 (December 2009) | 1. The university should revise its travel policy to establish defined maximum limits for reimbursing the costs of lodging and to establish controls that allow for exceptions to such limits only under specific circumstances. | Fully implemented | April 2013 | 3 |

NUMBER OF YEARS
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RECOMMENDATION

TITLE

HEALTH AND HUMAN SERVICES

Department of Health Care Services

Medi-Cal Managed Care Program: The Departments of Managed Health Care and Health Care Services Could Improve Their Oversight of Local Initiatives Participating in the Medi-Cal Two-Plan Model 2011-104 (December 2011)*

4. To make its financial solvency reviews more efficient and reduce the risk of errors, Health Care Services should coordinate with Managed Health Care when analyzing local initiatives' consolidated financial reports.

Fully implemented

November 2013

1

Department of Public Health

Departments of Health Care Services and Public Health: Their Actions Reveal Flaws in the State's Oversight of the California Constitution's Implied Civil Service Mandate and in the Departments' Contracting for Information Technology Services 2009-103 (September 2009)*

3. To promote fairness and to obtain the best value for the State, Public Health should demonstrate its compliance with General Services' policies and procedures. Specifically, in its requests for offer, it should provide potential suppliers with the criteria and points that it will use to evaluate their offers.

Fully implemented

December 2013

4

Department of Social Services

Safely Surrendered Baby Law: Stronger Guidance From the State and Better Information for the Public Could Enhance Its Impact 2007-124 (April 2008)

1. To ensure that it is aware of and can appropriately react to changes in the number of abandoned babies, Social Services should work with the Department of Public Health and county agencies to gain access to the most accurate and complete statistics on abandoned babies.

Fully implemented

December 2013

5

Foster Family Home and Small Family Home Insurance Fund: Expanding Its Coverage Will Increase Costs and the Department of Social Services Needs to Improve Its Management of the Insurance Fund 2010-121 (September 2011)

1. To ensure that the insurance fund makes the most efficient use of the State's limited resources, Social Services should use these claims and expenditure data to determine the annual appropriation amount needed for the insurance fund to meet its anticipated liabilities.

Fully implemented

July 2013

2

2. To ensure that the insurance fund makes the most efficient use of the State's limited resources, Social Services should establish a written policy or procedures to guide staff on the appropriate methodology to use when calculating these anticipated liabilities.

Fully implemented

July 2013

2

3. To ensure that the insurance fund makes the most efficient use of the State's limited resources, Social Services should establish an adequate reserve amount for the insurance fund and reevaluate it annually.

Fully implemented

July 2013

2

Child Welfare Services: California Can and Must Provide Better Protection and Support for Abused and Neglected Children 2011-101.1 (October 2011)*

10. As part of its instructions related to its outcome review process, Social Services should direct county CWS agencies to include completed internal death reviews in the development of their self-assessments and improvement plans.

Fully implemented

September 2013

2

CORRECTIONS AND REHABILITATION

California Correctional Health Care Services†

California Department of Corrections and Rehabilitation: It Fails to Track and Use Data That Would Allow It to More Effectively Monitor and Manage Its Operations 2009-107.1 (September 2009)*

10. To minimize costs through the use of telemedicine, Health Care Services should review the effectiveness of telemedicine consultations to better understand how to use telemedicine.

Resolved

November 2013

4

2009-107.1 (September 2009)*

11. To minimize costs through the use of telemedicine, Health Care Services should perform a more comprehensive comparison between the cost of using telemedicine and the cost of traditional consultations, beyond the guarding and transportation costs, so that it can make informed decisions regarding the cost effectiveness of using telemedicine.

Resolved

November 2013

4

California Department of Corrections and Rehabilitation: Inmates Sentenced Under the Three Strikes Law and a Small Number of Inmates Receiving Specialty Health Care Represent Significant Costs 2009-107.2 (May 2010)*

8. To ensure that the total amount of overtime worked by custody staff does not unduly reduce their effectiveness and result in unsafe operations, Prison Health Care Services should monitor overtime closely. If its efforts to reduce the number of referrals of inmates to outside specialty services do not reduce the amount of overtime worked by custody staff for the purpose of medical guarding and transportation, Prison Health Care Services should explore other methods of reducing the total amount of overtime worked by custody staff.

Fully implemented

November 2013

3

NUMBER OF YEARS
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DATE OF
COMPLETION

STATUS

RECOMMENDATION

TITLE

California Department of Corrections and Rehabilitation



B California Department of Corrections and Rehabilitation: It Fails to Track and Use Data That Would Allow It to More Effectively Monitor and Manage Its Operations
2009-107.1 (September 2009)*

| | | | |
|--|-------------------|----------------|---|
| 3. To ensure that the State is maximizing the use of funds spent on incarcerating inmates, Corrections should communicate to the Department of Personnel Administration ⁵ —which is responsible for negotiating labor agreements with employee bargaining units—the cost of allowing any type of leave to be counted as time worked for the purpose of computing overtime compensation. | Fully implemented | September 2013 | 4 |
| 4. To ensure that the State is maximizing the use of funds spent on incarcerating inmates, Corrections should encourage the Department of Personnel Administration ⁵ to not agree to provisions in bargaining unit agreements that permit any type of leave to be counted as time worked for the purpose of computing overtime compensation. | Resolved | September 2013 | 4 |
| 4. To improve the reliability of employment data contained in CalParole, Corrections should ensure that parole agents correctly follow procedures related to populating the data fields of and maintaining CalParole. | Fully implemented | October 2013 | 2 |
| 5. Supervisors of parole agents should conduct periodic reviews of parolee files to verify whether employment fields are completed appropriately and whether employment is documented adequately. | Fully implemented | October 2013 | 2 |
| 4. Corrections should establish a system for monitoring whether psychology staff at the correctional facility, including the chief psychologist, are working during specified hours of duty. | Fully implemented | December 2013 | 2 |



F California Prison Industry Authority: It Can More Effectively Meet Its Goals of Maximizing Inmate Employment, Reducing Recidivism, and Remaining Self-Sufficient
2010-118 (May 2011)*

Department of Corrections and Rehabilitation: Misuse of State Resources
12011-1, Case 12009-1203 (August 2011)

Prison Industry Authority



F California Prison Industry Authority: It Can More Effectively Meet Its Goals of Maximizing Inmate Employment, Reducing Recidivism, and Remaining Self-Sufficient
2010-118 (May 2011)

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|---|-------------------|---------------|---|
| 1. To ensure that it has a uniform set of inmate assignment standards, CALPIA should continue its efforts to issue regulations and complete the amendment of Corrections' operations manual. It should then work with Corrections to implement the changes to the inmate assignment criteria and the assignment process when the regulations take effect. | Fully implemented | April 2013 | 2 |
| 2. CALPIA should maintain the source documentation used in calculating the savings it brings to the State as well as ensure that an adequate secondary review of its calculation occurs. | Fully implemented | October 2013 | 2 |
| 3. It should also qualify its savings by stating that employment at CALPIA enterprises may be just one of several factors that contribute to the lower recidivism of its inmates. | Fully implemented | February 2013 | 2 |

TRANSPORTATION

California Department of Transportation



B California Department of Transportation: Its Capital Outlay Support Program Should Strengthen Budgeting Practices, Refine Its Performance Measures, and Improve Internal Controls
2010-122 (April 2011)

| | | | |
|--|-------------------|----------------|---|
| 1. To improve accountability internally and with the public, Caltrans should create and incorporate an analysis of support cost budget variances in its quarterly report to the agency and in its annual report to the Legislature and the governor. The analysis should report on the number of completed projects with budget variances and on the number of open projects for which the estimates at completion predict budget variances. Further, the analysis should report on the overrun and under-run ratios for those projects, and the portions of the variances due to rates and hours. Also, Caltrans should include in its strategic plan a measurable goal for reducing variances. | Fully implemented | November 2013 | 2 |
| 4. To improve performance metrics related to the support program, Caltrans should continue to explore the use of additional metrics, such as a measure based on a productivity index as described in a March 2011 draft study by the University of California, Davis. | Fully implemented | September 2013 | 2 |
| 5. To ensure that it monitors the status of projects, Caltrans should implement earned value management throughout its districts in a manner similar to the implementation in the Los Angeles district. To allow for performance evaluation of project work, Caltrans should ensure that these performance metrics are available at the task level for both active and completed projects. Caltrans should instruct districts to aggregate this information for all projects by task level, to better assess the effectiveness and efficiency of support costs by task level. Caltrans should also make available to project managers graphical displays of project cost and schedule performance. | Fully implemented | August 2013 | 2 |

| TITLE | RECOMMENDATION | STATUS | DATE OF COMPLETION | NUMBER OF YEARS RECOMMENDATION APPEARED IN THIS REPORT |
|---|--|-------------------|--------------------|--|
| NATURAL RESOURCES | | | | |
| Department of Fish and Wildlife | | | | |
| Department of Fish and Game: Misuse of a State Vehicle, Improper Travel Reimbursements I2011-1, Case I2009-0601 (August 2011)* | <p>6. To better address costs associated with the support program, Caltrans should ensure that the PRSM system contains strong controls that ensure employees only charge time to projects and phases for which they are assigned.</p> <p>7. To better address costs associated with the support program, Caltrans should commission an independent study of the costs and benefits of using consultants to address temporary increases in workload and, if the study reveals cost savings, use consultants. To the extent possible, Caltrans should also use temporary staff appointments for temporary increases in workload when consultants are unavailable.</p> | Fully implemented | August 2013 | 2 |
| Department of Fish and Game: Improper Use of Lease Proceeds I2012-1, Case I2009-1218 (December 2012)*† | <p>2. Fish and Game should seek recovery of the \$595 in lodging and meal reimbursements that were paid to the employee.</p> <p>3. Fish and Game should provide training to the manager and the employee about state rules for the payment of employee travel expenses.</p> <p>18. Fish and Game should amend the terms of its leases either to require that the lessee make lease payments to the State or to include specific improvements and repairs of comparable value that the lessee must perform in lieu of making lease payments. In either instance, Fish and Game should include a provision in the lease for payment if the lessee owes money to the State at the end of the lease period. If it decides that future leases should require a lessee to make specific improvements and repairs, Fish and Game should do the following:</p> <ul style="list-style-type: none"> • Develop a system to track all pertinent information related to a lessee's cost for improvements and repairs to be credited against the lease. • Require the supervisor to reconcile payment records at least annually with each lessee to ensure that the State's records are accurate and that the State receives full benefit from leasing the state property. | Fully implemented | August 2013 | 2 |
| Department of Forestry and Fire Protection | | | | |
| California's Mutual Aid System: The California Emergency Management Agency Should Administer the Reimbursement Process More Effectively 2011-103 (January 2012) | <p>10. If FEMA determines that the calculations and claims identified in the Office of Inspector General's audit report were erroneous, CAL FIRE should collaborate with Cal EMA to establish a system that calculates the maximum number of reimbursable personnel hours in accordance with both FEMA's policy and the CFAA.</p> | Fully implemented | March 2013 | 1 |
| State Lands Commission | | | | |
| State Lands Commission: Because It Has Not Managed Public Lands Effectively, the State Has Lost Millions in Revenue for the General Fund 2010-125 (August 2011)* | <p>4. To ensure that it does not undervalue certain types of leases, the commission should implement and follow its plan to regularly update its benchmarks for determining rental amounts.</p> <p>6. To ensure that all of its oil and gas leases have current surety bonds and liability insurance, as required by law and certain lease agreements, the commission should require lessees to provide documentation of their surety bonds and liability insurance. If the commission believes that assessing a monetary penalty will be effective in encouraging lessees to obtain surety bonds or liability insurance, it should seek legislation to provide this authority. Finally, if it obtains this authority, the commission should enforce it.</p> | Fully implemented | October 2013 | 2 |

NUMBER OF YEARS
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DATE OF
COMPLETION

STATUS

RECOMMENDATION

TITLE

ENVIRONMENTAL PROTECTION

Department of Resources Recycling and Recovery

Department of Resources Recycling and Recovery: Deficiencies in Forecasting and Ineffective Management Have Hindered the Beverage Container Recycling Program 2010-101 (June 2010)*

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| 2. To improve management of its fraud investigations, the department should formalize the approach used to analyze recycling data for potential fraud and develop criteria for staff to use when deciding whether to refer anomalies for investigation. Because DORIS will be a central data source for recycling activities once it is implemented, the department should continue with its plan to automate the review of recycling data within DORIS to identify potential fraud. | Fully implemented | December 2013 | 3 |
| 3. To improve oversight of grants and ensure that the intended value is received from the grant funds it awards, the department should, for recipients of market development grants that are unable to meet the goals of their grants, maintain contact with grantees after the project is completed to determine if the goals may ultimately be achieved. | Fully implemented | February 2013 | 3 |

LABOR AND WORKFORCE DEVELOPMENT

Employment Development Department

Federal Workforce Investment Act: More Effective State Planning and Oversight Is Necessary to Better Help California's Job Seekers Find Employment 2011-111 (March 2012)*

| | | | |
|--|-------------------|-------------|---|
| 5. To comply with WIA requirements and eliminate the State's risk of losing funds, EDD should ensure that it awards rapid-response funding for additional assistance only to local boards or community-based organizations that demonstrate that their local areas experience natural disasters, mass layoffs, plant closings, or other dislocation events when such events substantially increase the number of unemployed individuals. | Fully implemented | August 2013 | 1 |
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GOVERNMENT OPERATIONS

Department of General Services

Department of General Services: It No Longer Strategically Sources Contracts and Has Not Assessed Their Impact on Small Businesses and Disabled/Veteran Business Enterprises 2009-114 (July 2010)

| | | | |
|---|-------------------|--------------|---|
| 1. To ensure that it determines savings to the State going forward for strategically sourced contracts, General Services should examine the State's recent purchasing patterns when determining whether to rebid or extend previously strategically sourced contracts and when estimating expected savings. It should subsequently compare the savings it achieves to the expected savings for those contracts. | Fully implemented | August 2013 | 3 |
| 2. To better use the enforcement tools at its disposal, the division should continue and expand its use of both orders to comply and stop work orders, as defined in its regulations. The division should also develop performance measures to assess the success of any efforts it makes to address safety concerns and reduce the number of uncertified projects. | Fully implemented | January 2013 | 1 |

Department of General Services: The Division of the State Architect Lacks Enforcement Authority and Has Weak Oversight Procedures, Increasing the Risk That School Construction Projects May Be Unsafe 2011-116.1 (December 2011)*

| | | | |
|--|-------------------|---------------|---|
| 3. To ensure that it clearly justifies the reasons a project's noted issues merit a particular classification, the division should either modify its current policies regarding classifying types of uncertified projects or develop new policies, including requiring documentation of the rationale behind project-specific classifications. It should use its classifications to prioritize its efforts to follow up on uncertified projects based on risk and to better inform the public regarding the reasons it has not certified projects. | Fully implemented | October 2013 | 1 |
| 4. To reduce the number of uncertified projects, the division should implement initiatives to follow up with school districts on uncertified projects. Those initiatives should include, at a minimum, regularly sending each district a list of its uncertified projects and assessing the success of the division's follow-up efforts. | Fully implemented | October 2013 | 1 |
| 5. To ensure it is providing adequate oversight of school district construction projects, the division should develop robust procedures for monitoring inspectors' submission of semi-monthly reports. The division should also maintain all semi-monthly reports in its project files. | Fully implemented | February 2013 | 1 |



| TITLE | RECOMMENDATION | STATUS | DATE OF COMPLETION | NUMBER OF YEARS RECOMMENDATION APPEARED IN THIS REPORT | |
|--|--|--|--------------------|--|---|
| <p>Department of General Services: Strengthening the Division of the State Architect's Workload Management and Performance Measurements Could Help It Avoid Delays in Processing Future Increases in Workload 2011-116.2 (May 2012)</p> | <p>6. To ensure it is providing adequate oversight of school district construction projects, the division should develop and document an overall strategy that establishes specific expectations for conducting site visits and monitoring construction. The division should then record and compare its actual visits and monitoring efforts to its planned actions. The division should document explanations for any deviations from its plans.</p> | Fully implemented | February 2013 | 1 | |
| | <p>8. To mitigate risks arising from the relationship between inspectors, school districts, and project managers, the division should develop formal procedures and explicit directions for field engineers to ensure that they establish a presence on project sites and provide adequate oversight of inspectors during construction.</p> | Fully implemented | February 2013 | 1 | |
| | <p>9. To ensure that it approves inspectors prior to the start of project construction, the division should streamline its approval process by reviewing inspectors' workloads and past experience using the data it already maintains.</p> | Fully implemented | February 2013 | 1 | |
| | <p>11. To ensure that it formally monitors inspectors' performance, the division should reestablish a process for evaluating inspectors that provides consistent documentation of performance. The division should make this information accessible to appropriate staff.</p> | Fully implemented | June 2013 | 1 | |
| | <p>13. To better manage its construction oversight and close-out functions, the division should develop measures to assess those functions and it should periodically report the results to the public on its Web site.</p> | Fully implemented | October 2013 | 1 | |
| | <p>14. To address possible staffing problems, the division should use documented workload metrics to perform an assessment of its current staffing levels and determine its staffing needs. It should revisit the field pilot and make necessary changes to reflect its understanding of its current staffing situation.</p> | Fully implemented | December 2013 | 1 | |
| | <p>2. In order to avoid delays in plan review, the division should develop a policy that defines when it will expedite plan review using its statutory authority to contract for additional plan review resources.</p> | Fully implemented | November 2013 | 1 | |
| | <p>6. To appropriately oversee changes to approved plans, the division should develop policies and procedures to ensure that it receives all relevant plan changes.</p> | Fully implemented | October 2013 | 1 | |
| | <p>7. To appropriately oversee changes to approved plans, the division should develop policies and procedures to ensure that it reviews and approves all relevant plan changes before the start of related construction.</p> | Fully implemented | June 2013 | 1 | |
| | <p>GENERAL GOVERNMENT California Department of Veterans Affairs</p> | <p>1. To ensure that it has the information necessary to track progress in increasing veterans' participation in C&P benefits, and to identify where and how best to focus its outreach and coordination efforts, Veterans Services should require the CVSOs to submit information on the number of claims filed for C&P benefits and information on their outreach activities.</p> | Fully implemented | April 2013 | 4 |
| | | <p>2. As Veterans Services expands its efforts to increase veterans' participation in C&P benefits, it should use veterans' demographic information, such as that available through the U.S. Census Bureau, and the information it plans to obtain from the CVSOs using its SAIM system, to focus its outreach and coordination efforts on those counties with the highest potential for increasing the State's rate of participation in C&P benefits.</p> | Fully implemented | October 2013 | 4 |

| TITLE | RECOMMENDATION | STATUS | DATE OF COMPLETION | NUMBER OF YEARS RECOMMENDATION APPEARED IN THIS REPORT |
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| | <p>3. Veterans Services should continue its efforts to pursue the SAIM system to enable it to monitor the quantity and quality of claims processed by the CVSOs, and ensure it meets legal requirements regarding auditing CVSO workload reports and verifying the appropriateness of college fee waivers. To the extent that Veterans Services is unsuccessful in implementing the SAIM system, the department will need to develop other avenues by which to meet its legal requirements.</p> <p>4. In order to attract more veterans to the CalVet program, the department should continue working with the Federal Housing Administration and the Ginnie Mae to lower its interest rates on loans.</p> | Fully implemented | March 2013 | 4 |
| Commission on State Mandates | | | | |
| State Mandates: Operational and Structural Changes Have Yielded Limited Improvements in Expediting Processes and in Controlling Costs and Liabilities 2009-501 (October 2009) | <p>1. To ensure that it resolves sufficiently its backlog of test claims, incorrect reduction claims, and the boilerplate amendment request, the Commission should work with Finance to seek additional resources to reduce its backlog, including test claims and incorrect reduction claims. In doing so, Commission staff should prioritize its workload and seek efficiencies to the extent possible.</p> | Fully implemented | July 2013 | 4 |
| LEGISLATIVE, JUDICIAL, AND EXECUTIVE | | | | |
| Administrative Office of the Courts | | | | |
| Administrative Office of the Courts: The Statewide Case Management Project Faces Significant Challenges Due to Poor Project Management 2010-102 (February 2011)* | <p>6. To better manage costs of future IT projects, the AOC should disclose full and accurate cost estimates to the Judicial Council, the Legislature, and stakeholders from the beginning of projects.</p> <p>7. To better manage costs of future IT projects, the AOC should ensure that it has a long-term funding strategy in place before investing significant resources in a project.</p> | Fully implemented Fully implemented | October 2013 October 2013 | 2 2 |
| Emergency Management Agency | | | | |
| California's Mutual Aid System: The California Emergency Management Agency Should Administer the Reimbursement Process More Effectively 2011-103 (January 2012)* | <p>6. To make certain that local agencies calculate correctly their average actual hourly rates, if Cal EMA does not believe that it has the statutory authority and resources to audit the average actual hourly rates reported in the local agencies' salary surveys, it should either undertake the necessary steps to obtain both the authority and the necessary resources or obtain statutory authority to request that the State Controller's Office perform the audits.</p> | Resolved | August 2013 | 1 |
| State Bar of California, Board of Trustees | | | | |
| State Bar of California: Its Lawyer Assistance Program Lacks Adequate Controls for Reporting on Participating Attorneys 2011-030 (May 2011) | <p>1. The assistance program should take steps to better gauge its effectiveness. For example, it could measure how long its participants remain in the program and assess the program's impact on any further actions that disciplinary bodies impose on these attorneys. Further, if the assistance program believes that the effectiveness of the program is better measured through other means, it should develop these alternative measures and assess the program's effectiveness in meeting its stated goals.</p> | Fully implemented | December 2013 | 2 |

* Other recommendations pertaining to this audit, which have not been fully implemented, can be found in Table 2.

† Before publishing a report of an investigation, the state auditor provides the head of each department or agency involved with a copy of the investigative report, including any recommendations. Therefore, in calculating how long a recommendation has been outstanding, the California State Auditor uses the date the investigative report was provided to the department or agency, not the date the report was published. The investigative reports for the cases published in I2012-1 were provided to the involved departments and agencies in October 2012.

‡ Prison Health Care Services became Correctional Health Care Services effective July 5, 2011.

§ As of July 1, 2012, the State Personnel Board was combined with the California Department of Personnel Administration to create the California Department of Human Resources.

|| As of January 1, 2013, the California Department of Fish and Game became the California Department of Fish and Wildlife.

Table 4
Recommendations More Than One Year Old Made to Nonstate Entities

| REPORT TITLE, NUMBER, AND ISSUE DATE | RECOMMENDATION | NUMBER OF YEARS RECOMMENDATION APPEARED IN THIS ANNUAL REPORT | ACTUAL/ESTIMATED DATE OF COMPLETION | STATUS | STATE AUDITOR'S ASSESSMENT | |
|---|---|---|-------------------------------------|-----------------------|---|---|
| | | | | | AUDITEE DID NOT SUBSTANTIATE ITS CLAIM OF FULL IMPLEMENTATION | AUDITEE DID NOT ADDRESS ALL ASPECTS OF THE RECOMMENDATION |
| HIGHER EDUCATION Laney College* California's Postsecondary Educational Institutions: Some Institutions Have Not Fully Complied With Federal Crime Reporting Requirements 2012-032 (October 2012) | <p>3. To ensure that they comply with the Clery Act by correctly reporting all applicable crimes and disclosing all required campus security policies, institutions should review and adhere to applicable guidance related to the Clery Act, including Education's Office of Postsecondary Education's (OPE) Handbook for Campus Safety and Security Reporting and the Federal Bureau of Investigation's Uniform Crime Reporting Handbook.</p> <p>9. To ensure that they comply with the Clery Act by correctly reporting all applicable crimes and disclosing all required campus security policies, institutions should thoroughly review the Clery Act crime statistics and security policy disclosures in their annual security reports for accuracy before publication.</p> <p>13. To ensure that they comply with the Clery Act by correctly reporting all applicable crimes and disclosing all required campus security policies, institutions should ensure that they have a complete, accessible daily crime log, as required by the Clery Act.</p> <p>17. Institutions should ensure that they properly notify both current and prospective students and employees of the availability of their annual security reports in the manner prescribed by the Clery Act.</p> | 1 | Unknown | Not fully implemented | | |
| University of the Pacific* California's Postsecondary Educational Institutions: Some Institutions Have Not Fully Complied With Federal Crime Reporting Requirements 2012-032 (October 2012) | <p>6. To ensure that they comply with the Clery Act by correctly reporting all applicable crimes and disclosing all required campus security policies, institutions should review and adhere to applicable guidance related to the Clery Act, including Education's Office of Postsecondary Education's (OPE) Handbook for Campus Safety and Security Reporting and the Federal Bureau of Investigation's Uniform Crime Reporting Handbook.</p> <p>12. To ensure that they comply with the Clery Act by correctly reporting all applicable crimes and disclosing all required campus security policies, institutions should thoroughly review the Clery Act crime statistics and security policy disclosures in their annual security reports for accuracy before publication.</p> <p>20. Institutions should ensure that they properly notify both current and prospective students and employees of the availability of their annual security reports in the manner prescribed by the Clery Act.</p> | 1 | † | Not fully implemented | | ● |

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| REPORT TITLE, NUMBER, AND ISSUE DATE | RECOMMENDATION | NUMBER OF YEARS RECOMMENDATION APPEARED IN THIS ANNUAL REPORT | ACTUAL/ESTIMATED DATE OF COMPLETION | STATE AUDITOR'S ASSESSMENT | | |
|--|---|---|-------------------------------------|---|---|---|
| | | | | AUDITEE DID NOT SUBSTANTIATE ITS CLAIM OF FULL IMPLEMENTATION | AUDITEE DID NOT ADDRESS ALL ASPECTS OF THE RECOMMENDATION | AUDITEE DID NOT ADDRESS ALL ASPECTS OF THE RECOMMENDATION |
| LOCAL GOVERNMENT | | | | | | |
| Amador County* | | | | | | |
| Indian Gaming Special Distribution Fund: Local Governments Continue to Have Difficulty Justifying Distribution Fund Grants 2010-036 (February 2011) | <p>1. To help ensure that they meet the grant requirements established in the Government Code, counties should require that the county auditor review each grant application to ensure a rigorous analysis of a casino's impact and of the proportion of funding for the project provided by the grant. Benefit committees should consider a grant application only when the county auditor certifies that the applicant has quantified the impact of the casino and verifies that the grant funds requested will be proportional to the casino's impact.</p> <p>2.3. To help ensure that they meet the grant requirements established in the Government Code, counties should require benefit committee filing officers to avail themselves of the free training provided by the FPCC so that the filing officers are aware of and meet their responsibilities under the political reform act. Counties should also adhere to FPCC guidelines for notifying filers of the need to submit statements of economic interests.</p> | 1 | Unknown | Not fully implemented | | |
| California Statewide Communities Development Authority | | | | | | |
| Conduit Bond Issues: Issuers Complied With Key Bond Requirements, but Two Joint Powers Authorities' Compensation Models Raise Conflict-of-Interest Concerns 2011-118/2011-613 (August 2012) | <p>2. To be better informed about the compensation of their consultants, including any potential conflicts of interest, California Communities and Municipal Finance should require the consulting firms that staff their organizations to disclose the amount and structure of compensation provided to individual consultants, including disclosing whether any of this compensation is tied to the volume of bond sales.</p> <p>4. In implementing its January 2012 contracting policy, California Communities should either periodically subject existing contracts to competitive bidding or perform some other price comparison analysis to ensure that the public funds it oversees are used effectively.</p> <p>8. Once the Securities and Exchange Commission finalizes its definition of municipal advisor, California Communities should have its legal counsel review whether HB Capital should register with the Municipal Securities Rulemaking Board.</p> | 1 | Will not implement | Will not implement | | |
| City of Vernon* | | | | | | |
| City of Vernon: Although Reform is Ongoing, Past Poor Decision Making Threatens Its Financial Stability 2011-131 (June 2012) | <p>4. To increase accountability and transparency in its governance, the city should develop a formal policy that describes the circumstances under which revenues can be transferred from its power department, and the limits and permissible uses of transferred revenue.</p> <p>6. To ensure that it develops complete and appropriate personnel policies and procedures, the new human resources director should ensure that the city's policies and procedures include, at a minimum, requirements for performing and documenting the analyses and justifications for appointments, including promotions, to management positions.</p> <p>7. To ensure that it develops complete and appropriate personnel policies and procedures, the new human resources director should ensure that the city's policies and procedures include, at a minimum, requirements for minimum qualifications, desirable qualifications, and job duties for all city executive positions.</p> | 1 | † | Not fully implemented | ● | ● |
| | | 1 | † | Not fully implemented | ● | ● |
| | | 1 | † | Not fully implemented | ● | ● |



| STATE AUDITOR'S ASSESSMENT | | NUMBER OF YEARS RECOMMENDATION APPEARED IN THIS ANNUAL REPORT | | | ACTUAL/ESTIMATED DATE OF COMPLETION | | STATUS | | AUDITEE DID NOT SUBSTANTIATE ITS CLAIM OF FULL IMPLEMENTATION | | AUDITEE DID NOT ADDRESS ALL ASPECTS OF THE RECOMMENDATION | |
|--------------------------------------|--|---|--|-------------|-------------------------------------|-----------------------|--------|--|---|--|---|---|
| REPORT TITLE, NUMBER, AND ISSUE DATE | RECOMMENDATION | | | | | | | | | | | |
| 8. | To ensure that it develops complete and appropriate personnel policies and procedures, the new human resources director should ensure that the city's policies and procedures include, at a minimum, a periodic appraisal process for executives. | 1 | | † | | Not fully implemented | ● | | | | | |
| 9. | To ensure that it develops complete and appropriate personnel policies and procedures, the new human resources director should ensure that the city's policies and procedures include, at a minimum, an improved methodology for and analysis of future salary surveys, ensuring that they are performed by staff or a consultant with experience and expertise in the area of salary surveys. | 1 | | † | | Not fully implemented | ● | | | | | |
| 10. | The city should determine whether employees have a vested right to longevity payments and whether it can legally reduce or discontinue the original longevity program as a means to reduce its costs. | 1 | | March 2014 | | Not fully implemented | | | | | | |
| 11. | To ensure accurate reporting and payment of retirement benefits, the city should work with California Public Employees' Retirement System (CalPERS) to resolve the reported findings and observation noted in CalPERS April 2012 audit report within a reasonable period of time. | 1 | | † | | Not fully implemented | ● | | | | | |
| 16. | To better control contract expenditures and ensure that it receives the best value for the services it purchases, the city should require that all contracts contain a well-defined scope of work and deliverables that a sufficiently detailed invoice can be measured against. | 1 | | † | | Not fully implemented | | | | | | ● |
| 18. | To better control contract expenditures and ensure that it receives the best value for the services it purchases, the city should also require the finance department to review invoices to identify those that lack sufficient detail and return such invoices to the appropriate contract manager to obtain a revised invoice that is sufficiently detailed. | 1 | | † | | Not fully implemented | ● | | | | | |
| 20. | To the extent that the city implements policies that affect contracts, the city should also ensure that it reviews all current contracts and amends them, if necessary, to comply with newly established policies. | 1 | | † | | Not fully implemented | ● | | | | | ● |
| 21. | To improve its internal controls, better control costs, and prevent abuse from occurring, the city should require the finance department to review credit card expenditures for appropriateness. | 1 | | † | | Not fully implemented | | | | | | ● |
| 22. | To improve its internal controls, better control costs, and prevent abuse from occurring, the city should revise its travel and expense reimbursement policy to be clear about the expenditure limits for meals, and add a limit for lodging accommodations. | 1 | | August 2013 | | Not fully implemented | | | | | | |
| 27. | To address the structural deficit in its general fund, the city should seek long-term solutions to balance the general fund's expenditures and revenues and lessen its reliance on transfers from other city funds. These solutions could include revenue increases, such as the proposed increased and new parcel tax, as well as looking for ways to reduce expenditures. | 1 | | † | | Not fully implemented | | | | | | ● |

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| REPORT TITLE, NUMBER, AND ISSUE DATE | RECOMMENDATION | NUMBER OF YEARS RECOMMENDATION APPEARED IN THIS ANNUAL REPORT | ACTUAL/ESTIMATED DATE OF COMPLETION | STATE AUDITOR'S ASSESSMENT | | |
|--------------------------------------|--|---|-------------------------------------|----------------------------|---|---|
| | | | | STATUS | AUDITEE DID NOT SUBSTANTIATE ITS CLAIM OF FULL IMPLEMENTATION | AUDITEE DID NOT ADDRESS ALL ASPECTS OF THE RECOMMENDATION |
| 28. | The city should clearly present the general fund structural deficit to the city council and the public in a budget that includes narrative and summary information to help users understand the city's budget process and its priorities and challenges, and that incorporates the elements for improved budgeting practices recommended by the Government Finance Officers Association (GFOA). | 1 | † | Not fully implemented | ● | ● |
| 29. | To better guide its budget preparation and improve transparency, the city should develop budget policies, particularly for long-term planning, that incorporate the elements that the GFOA recommends and make these policies available to the public on its Web site. | 1 | † | Not fully implemented | | ● |
| 31. | The city should improve the monitoring of expenditures against the approved budget by establishing a centralized process to regularly monitor and report to the city administrator and the city council on the status of the budget. | 1 | † | Not fully implemented | ● | |
| 32. | To ensure that it issues debt when doing so is in the best interests of the city and is consistent with its long-term financial goals, the city should establish a comprehensive debt policy that includes the elements that the GFOA recommends and make the debt policy it establishes available on its Web site. | 1 | September 2013 | Not fully implemented | | |
| 33. | To ensure that the city council and public are well informed regarding proposed debt decisions, the city should provide summary information that clearly explains the costs, risks, and benefits related to the proposed decisions in its agenda packets, and should provide these in advance on its Web site. | 1 | † | Not fully implemented | ● | |
| 34. | To ensure that it can demonstrate sufficient analysis and provide justification for its decisions on significant energy-related transactions, the city should develop an integrated energy strategy that examines all elements of its energy needs, sources, and objectives. | 1 | Early 2014 | Not fully implemented | | |
| 35. | To ensure that it can demonstrate sufficient analysis and provide justification for its decisions on significant energy-related transactions, the city should create a formal process and guidelines that include: identifying the benefits and risks of proposed transactions, quantifying the benefits and risks of proposed transactions, evaluating and comparing proposed transactions against alternative proposals, quantifying the impact of proposed transactions on short-term and long-term rates paid by the city's energy customers, seeking an independent validation of the fair market value of proposed transactions, and documenting and communicating the findings of the evaluation process to the city council. | 1 | Early 2014 | Not fully implemented | | |
| 36. | If the city plans to continue to rely on the advice of its consultants when entering significant energy-related transactions, it should develop a process for the consultants to provide written documentation that would enable the city to satisfy the process and guidelines outlined in the previous two recommendations. | 1 | † | Not fully implemented | ● | |
| 37. | To minimize the continuing financial losses on the two currently outstanding interest rate swaps, the city should develop a clear process for deciding how it will terminate these swaps based on the cost and future risk to the city. | 1 | † | Not fully implemented | ● | ● |


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| | | | | STATUS | AUDITEE DID NOT SUBSTANTIATE ITS CLAIM OF FULL IMPLEMENTATION | AUDITEE DID NOT ADDRESS ALL ASPECTS OF THE RECOMMENDATION |
| | <p>38. To ensure that any future decisions to enter into interest rate swaps are carefully considered, the city should develop and follow a process that thoroughly analyzes the risks and benefits of the potential swap transaction.</p> <p>39. To ensure that any future decisions to enter into interest rate swaps are carefully considered, the city should specifically disallow the use of derivatives for speculative purposes and should require the retention of the documents and analyses that support the decision to enter into the swap.</p> | 1 1 | September 2013 † | Not fully implemented Not fully implemented | ● | |
| Humboldt County | | | | | | |
| Indian Gaming Special Distribution Fund: Local Governments Continue to Have Difficulty Justifying Distribution Fund Grants 2010-036 (February 2011) | <p>2. To help ensure that they meet the grant requirements established in the Government Code, counties should require that the county auditor review each grant application to ensure a rigorous analysis of a casino's impact and of the proportion of funding for the project provided by the grant. Benefit committees should consider a grant application only when the county auditor certifies that the applicant has quantified the impact of the casino and verifies that the grant funds requested will be proportional to the casino's impact.</p> <p>10. To help ensure that they meet the grant requirements established in the Government Code, counties should more rigorously review applications that are to be administered and spent by an entity other than the local government that applies for the funds. Specifically, benefit committees should require that each grant application clearly show how the grant will mitigate the impact of the casino on the applicant agency.</p> <p>24. To help ensure that they meet the grant requirements established in the Government Code, counties should require benefit committee filing officers to avail themselves of the free training provided by the FPPC so that the filing officers are aware of and meet their responsibilities under the political reform act. Counties should also adhere to FPPC guidelines for notifying filers of the need to submit statements of economic interests.</p> | 1 1 1 | Will not implement † February 2013 | Will not implement Not fully implemented Fully implemented | ● | |
| Los Angeles County Department of Children and Family Services | | | | | | |
| Los Angeles County Department of Children and Family Services: Management Instability Hampered Efforts to Better Protect Children 2011-101.2 (March 2012) | <p>2. To ensure that child abuse and neglect allegations receive timely resolution, the department should assess whether it needs to permanently allocate more resources to investigate allegations of child abuse and neglect.</p> <p>4. To ensure that it is placing children only in safe homes, the department should measure its performance and adjust its practices to adhere to state law, which requires that all homes be assessed prior to the placement of the child.</p> <p>5. To improve its process for placing children with a relative, the department should analyze the best practices used by other county child welfare services agencies for such placements. The department should then implement changes in its practices so that relatives and their homes are approved prior to placement, as required by state law.</p> <p>7. To fully benefit from its death review process, the department should implement the resulting recommendations.</p> | 1 1 1 | January 2014 Will not implement † December 2013 | Not fully implemented Will not implement Will not implement | ● ● | |

| REPORT TITLE, NUMBER, AND ISSUE DATE | RECOMMENDATION | NUMBER OF YEARS RECOMMENDATION APPEARED IN THIS ANNUAL REPORT | ACTUAL/ESTIMATED DATE OF COMPLETION | STATE AUDITOR'S ASSESSMENT | | |
|---|--|---|-------------------------------------|----------------------------|---|---|
| | | | | STATUS | AUDITEE DID NOT SUBSTANTIATE ITS CLAIM OF FULL IMPLEMENTATION | AUDITEE DID NOT ADDRESS ALL ASPECTS OF THE RECOMMENDATION |
| Riverside County* Indian Gaming Special Distribution Fund: Local Governments Continue to Have Difficulty Justifying Distribution Fund Grants 2010-036 (February 2011) | 3. To help ensure that they meet the grant requirements established in the Government Code, counties should require that the county auditor review each grant application to ensure a rigorous analysis of a casino's impact and of the proportion of funding for the project provided by the grant. Benefit committees should consider a grant application only when the county auditor certifies that the applicant has quantified the impact of the casino and verifies that the grant funds requested will be proportional to the casino's impact. | 1 | Unknown | Not fully implemented | | |
| Salinas Valley Memorial Healthcare System Salinas Valley Memorial Healthcare System: Increased Transparency and Stronger Controls Are Necessary as It Focuses on Improving Its Financial Situation 2011-113 (March 2012) | 5. To help reduce its operating costs and improve its overall financial situation, the Health Care System should continue to try to modify its employee benefits, such as paid time off, so they are aligned with industry practice. | 1 | October 2014 | Not fully implemented | | |
| San Diego County Indian Gaming Special Distribution Fund: Local Governments Continue to Have Difficulty Justifying Distribution Fund Grants 2010-036 (February 2011) | 4. To help ensure that they meet the grant requirements established in the Government Code, counties should require that the county auditor review each grant application to ensure a rigorous analysis of a casino's impact and of the proportion of funding for the project provided by the grant. Benefit committees should consider a grant application only when the county auditor certifies that the applicant has quantified the impact of the casino and verifies that the grant funds requested will be proportional to the casino's impact. | 1 | Will Not Implement | Will not implement | | |
| Probationers' Domestic Violence Payments: Improved Processes for Managing and Distributing These Payments Could Increase Support for Local Shelters 2011-121 (September 2012) | 16. Los Angeles County, San Diego County, San Diego Court, and Santa Clara County should improve protocols for reviewing statutes that affect collection and distribution practices so that future changes can be acted upon. | 1 | August 2014 | Not fully implemented | | |
| Santa Barbara County Indian Gaming Special Distribution Fund: Local Governments Continue to Have Difficulty Justifying Distribution Fund Grants 2010-036 (February 2011) | 5. To help ensure that they meet the grant requirements established in the Government Code, counties should require that the county auditor review each grant application to ensure a rigorous analysis of a casino's impact and of the proportion of funding for the project provided by the grant. Benefit committees should consider a grant application only when the county auditor certifies that the applicant has quantified the impact of the casino and verifies that the grant funds requested will be proportional to the casino's impact. | 1 | Will not implement | Will not implement | | |
| | 13. To help ensure that they meet the grant requirements established in the Government Code, counties should more rigorously review applications that are to be administered and spent by an entity other than the local government that applies for the funds. Specifically, benefit committees should require that each grant application clearly show how the grant will mitigate the impact of the casino on the applicant agency. | 1 | April 2013 | Fully implemented | | |

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| REPORT TITLE, NUMBER, AND ISSUE DATE | RECOMMENDATION | NUMBER OF YEARS RECOMMENDATION APPEARED IN THIS ANNUAL REPORT | ACTUAL/ESTIMATED DATE OF COMPLETION | STATUS | AUDITEE DID NOT SUBSTANTIATE ITS CLAIM OF FULL IMPLEMENTATION | AUDITEE DID NOT ADDRESS ALL ASPECTS OF THE RECOMMENDATION |
| | 17. To help ensure that they meet the grant requirements established in the Government Code, counties should ensure that eligible cities and counties receive the proportional share of funding they are set aside according to the nexus test by making the governments aware of available distribution fund grants and of the minimum grant amounts that are set aside for them under the nexus test. | 1 | April 2013 | Fully implemented | | |
| | 21. To help ensure that they meet the grant requirements established in the Government Code, counties should encourage eligible local governments to submit multiple applications so that the benefit committees can choose appropriate projects while ensuring that local governments are awarded the amount defined in law. | 1 | February 2013 | Fully implemented | | |
| | 26. To help ensure that they meet the grant requirements established in the Government Code, counties should require benefit committee filing officers to avail themselves of the free training provided by the FPCC so that the filing officers are aware of and meet their responsibilities under the political reform act. Counties should also adhere to FPCC guidelines for notifying filers of the need to submit statements of economic interests. | 1 | † | Not fully implemented | | ● |
| | 29. To help ensure that they meet the grant requirements established in the Government Code, counties should ensure that benefit committees' conflict-of-interest codes comply with the political reform act by reviewing the act and their codes, and changing the codes as necessary to meet the act's requirements. | 1 | December 2013 | Not fully implemented | | |
| Shasta County Indian Gaming Special Distribution Fund: Local Governments Continue to Have Difficulty Justifying Distribution Fund Grants 2010-036 (February 2011) | 6. To help ensure that they meet the grant requirements established in the Government Code, counties should require that the county auditor review each grant application to ensure a rigorous analysis of a casino's impact and of the proportion of funding for the project provided by the grant. Benefit committees should consider a grant application only when the county auditor certifies that the applicant has quantified the impact of the casino and verifies that the grant funds requested will be proportional to the casino's impact. | 1 | June 2014 | Not fully implemented | | |
| | 14. To help ensure that they meet the grant requirements established in the Government Code, counties should more rigorously review applications that are to be administered and spent by an entity other than the local government that applies for the funds. Specifically, benefit committees should require that each grant application clearly show how the grant will mitigate the impact of the casino on the applicant agency. | 1 | † | Not fully implemented | | ● |
| | 22. To help ensure that they meet the grant requirements established in the Government Code, counties should encourage eligible local governments to submit multiple applications so that the benefit committees can choose appropriate projects while ensuring that local governments are awarded the amount defined in law. | 1 | January 2013 | Fully implemented | | |

continued on next page ...



| REPORT TITLE, NUMBER, AND ISSUE DATE | RECOMMENDATION | NUMBER OF YEARS RECOMMENDATION APPEARED IN THIS ANNUAL REPORT | ACTUAL/ESTIMATED DATE OF COMPLETION | STATUS | STATE AUDITOR'S ASSESSMENT | |
|---|---|---|-------------------------------------|-----------------------|---|---|
| | | | | | AUDITEE DID NOT SUBSTANTIATE ITS CLAIM OF FULL IMPLEMENTATION | AUDITEE DID NOT ADDRESS ALL ASPECTS OF THE RECOMMENDATION |
|  <p>Yolo County Indian Gaming Special Distribution Fund: Local Governments Continue to Have Difficulty Justifying Distribution Fund Grants 2010-036 (February 2011)</p> | <p>27. To help ensure that they meet the grant requirements established in the Government Code, counties should require benefit committee filing officers to avail themselves of the free training provided by the FPPC so that the filing officers are aware of and meet their responsibilities under the political reform act. Counties should also adhere to FPPC guidelines for notifying filers of the need to submit statements of economic interests.</p> | 1 | May 2011 | Fully implemented | | |
| | <p>30. To help ensure that they meet the grant requirements established in the Government Code, counties should ensure that benefit committees' conflict-of-interest codes comply with the political reform act by reviewing the act and their codes, and changing the codes as necessary to meet the act's requirements.</p> | 1 | June 2014 | Not fully implemented | | |
| | <p>7. To help ensure that they meet the grant requirements established in the Government Code, counties should require that the county auditor review each grant application to ensure a rigorous analysis of a casino's impact and of the proportion of funding for the project provided by the grant. Benefit committees should consider a grant application only when the county auditor certifies that the applicant has quantified the impact of the casino and verifies that the grant funds requested will be proportional to the casino's impact.</p> | 1 | April 2013 | Fully implemented | | |
| | <p>8. To help ensure that they meet the grant requirements established in the Government Code, counties should review the law for changes that may affect applicants' eligibility for distribution fund grants before awarding the grants so that ineligible entities do not receive grants.</p> | 1 | November 2013 | Fully implemented | | |

* The auditee failed to provide the California State Auditor (state auditor) with an annual follow-up response. Therefore, the table reflects the status of the most recent response available.

† Contrary to the state auditor's determination, the auditee believes it has fully implemented the recommendation.

IMPLEMENTATION OF CHAPTER 452, STATUTES OF 2006 (SB 1452)

The Accountability Act requires state agencies audited or investigated by the state auditor to provide updates on their implementation of audit recommendations. The state auditor's long standing practice, which is consistent with generally accepted government auditing standards, is to request audited entities to provide written updates on their implementing audit recommendations 60 days, six months, and one year after the audit report's public release date. For investigative reports, state law requires state agencies that are the subject of an investigation to provide updates on their implementation of recommendations within 60 days of receiving the report and monthly thereafter until the agency has taken final action. As the state auditor implemented the Accountability Act, it retained these prescribed time frames as the intervals at which entities must report back on their implementation of audit recommendations.

As a courtesy, in May 2007, the state auditor notified all state agencies of their responsibilities under the Accountability Act and the state auditor's plans for implementing these requirements. In September 2007 the state auditor provided written notice to relevant state agencies regarding recommendations issued since January 1, 2005, that were more than a year old and not fully implemented. The state auditor made this determination using the agencies' one year responses. The state auditor requested that each of the affected agencies notify the state auditor as to whether the agency had fully implemented the recommendation, planned to begin or continue implementation within 90 days and the estimated date of completion, or did not intend to implement the recommendation and the reasons for making that decision. Following this process, on January 16, 2008, the state auditor published its first report on the status of recommendations that are more than a year old and not yet fully implemented.

SEVENTH ANNUAL REPORT

In fall 2013 the state auditor provided written notice to audited and investigated entities regarding recommendations that were more than a year old and not fully implemented related to reports issued from November 2006 through October 2012. Table 1 on page 3 shows a recommendation that was not fully implemented as of the agency's latest responses. The recommendation shown in Table 1 will not be reassessed by the state auditor in subsequent reports because of the length of time this recommendation has been outstanding. Table 2, which appears on pages 4 through 23, summarizes and provides information on recommendations that the state auditor determined have not been fully implemented. Table 3, beginning on page 24, summarizes information on recommendations that have been fully implemented since last year's report or since the agencies' one-year responses. Finally, Table 4, beginning on page 31, summarizes all recommendations made to nonstate entities from January 2011 to October 2012 and their current implementation status.

Additional information on each recommendation is available at the state auditor's Web site. The Web site includes each agency's response to the current status of outstanding recommendations. The Web site also includes the audit or investigative report and summary, the text of the recommendation, and the state auditor's assessment of whether the agency has fully implemented the recommendation, based on the agency's response, supporting documentation, and inquiries.

cc: Members of the Legislature
Office of the Lieutenant Governor
Little Hoover Commission
Department of Finance
Attorney General
State Controller
State Treasurer
Legislative Analyst
Senate Office of Research
California Research Bureau
Capitol Press