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Investigation of Improper Activities by State Agencies and Employees

Failure to Recoup Excess Salary Advances, Incompatible Activities, Improper Hiring Decisions, Improper Leave Reporting, Dishonesty, and Misuse of State Resources

Background

The California Whistleblower Protection Act (Whistleblower Act) empowers the California State Auditor (State Auditor) to investigate allegations of improper governmental activities by state agencies and employees. The Whistleblower Act defines an *improper governmental activity* as an action by a state agency or employee during the performance of official duties that violates a law; is economically wasteful; or involves gross misconduct, incompetence, or inefficiency. Since 1993, when the State Auditor activated the Whistleblower hotline, we have identified improper governmental activities that have cost the State hundreds of millions of dollars.

Key Findings

From January 2020 through December 2020, the State Auditor’s Office conducted investigative work on more than 1,000 allegations of improper governmental activities. This report details the results of nine substantiated allegations involving several state agencies, and identifies more than \$1.6 million of inappropriate expenditures and millions more that the State will wastefully spend if it fails to take appropriate corrective action. Below are some of the wrongful activities included in this report.

- Caltrans forfeited the opportunity to pursue collection efforts on as much as \$1.5 million because it did not appropriately notify employees of its intent to collect the excess salary advances it paid to them. Caltrans could have lost another \$1.5 million if our investigation had not prompted it to take action.
- A Department of Tax and Fee Administration (CDFTA) administrator engaged in activities that were incompatible with his state duties—he advertised his current and past state experience for his private tax preparation business and prepared tax returns for clients with CDFTA seller’s permits.
- Two California State University employees worked thousands of hours at second jobs during their university-compensated time, and several employees at various agencies misused state resources by leaving work early, not performing their duties while on state time, or misrepresenting actual time worked or leave taken.
- An employee at one department was dishonest about her qualifications for a position, and the hiring manager’s actions during the hiring process gave her an unfair advantage.

Caltrans’ Outstanding Salary Advances From 2014 Through 2020

