



THOMAS W. HAYES
AUDITOR GENERAL

California Legislature

Office of the Auditor General

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925 L STREET
SUITE 750
SACRAMENTO 95814
(916) 445-0255

June 10, 1980

Letter Report I-0006

Honorable S. Floyd Mori
Chairman, and Members of the
Joint Legislative Audit Committee
Room 4168, State Capitol
Sacramento, California 95814

Dear Mr. Chairman and Members:

In response to a complaint we received concerning the state Department of Water Resources (DWR), we have investigated three allegations. The complainant alleged that

1. Department employees installed computer equipment that contractors should have installed as part of a contract awarded five years ago;
2. The Chief of the San Joaquin Field Division ordered his employees to repair private property;
3. Without observing competitive bidding procedures, DWR entered into a series of contracts with an electrical contractor, some of which duplicated the work requirements of other contracts.

In reviewing the first allegation, we found that the original contract for the computer equipment was awarded ten years ago, not five years ago as previously alleged. Because of the length of time that has elapsed and the limited records available, we discontinued investigating this allegation. We were able, however, to substantiate the second allegation, which has been satisfactorily resolved by DWR. The third allegation is false.

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Employees Ordered to
Repair Private Property

The director of the DWR supplied us with a report dated April 24, 1980 that was prepared by the department's internal audit office. This report reviewed the allegedly improper practices of the Chief of the San Joaquin Field Division. We verified that the report fully responded to the allegations filed with our office. It cited these findings:

1. A cooking trailer owned by the local Boy Scout Council was cleaned and repaired by DWR personnel on state time; however, these actions were not ordered by the chief.
2. The department's machine shop equipment was used for approximately two hours to machine parts for a racing car belonging to either the chief or his son.
3. DWR personnel performed private services for the chief, including painting his home, wiring his son's garage, and repairing his air conditioner. The chief paid these personnel for the services they performed on his behalf.

The report concludes that the chief exercised poor judgment in allowing the personal service work to be done. The department's Chief of the Division of Operations and Maintenance warned the Chief of the San Joaquin Field Division in writing not to repeat this type of activity and ordered him to pay \$100 in restitution for the cost of the employees' time involved.

Contracts Containing
Duplicative Work

The complainant stated that the DWR entered into a series of contracts with an electrical supply company without observing competitive bidding procedures. The complainant further alleged that the contracts contained duplicative work requirements which resulted in multiple reimbursement for the same job. The complainant could not supply us with evidence supporting this allegation. After investigating this charge, we could not substantiate it.

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To verify whether competitive bidding procedures were followed, we examined three contracts between the electrical supply company and the department. We found evidence indicating that competitive bids were used for each of the contracts. To determine that there were only three contracts, we reviewed remittance advices authorizing payments between the company and the department, all of which were traced to one of the three contracts.

In determining if the contracts contained duplicative work requirements, we compared the specifications included in the contract documents with the drawings and plans the DWR Division of Design Construction prepared for the electrical supply company. We found that the specifications and plans were not duplicative although in several cases the work locations were the same. Therefore, this allegation cannot be substantiated.

In consideration of these findings, we recommend that the audit be closed without further action by this office or by the Joint Legislative Audit Committee.

Respectfully submitted,



THOMAS W. HAYES
Auditor General

Staff: Karl W. Dolk, CPA
Richard B. Weisberg, Esq.