



Investigations of Improper Activities by State Employees:

February 2007 Through June 2007

September 2007 Report I2007-2



CALIFORNIA
STATE AUDITOR

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Elaine M. Howle
State Auditor
Doug Cordiner
Chief Deputy

CALIFORNIA STATE AUDITOR

Bureau of State Audits

555 Capitol Mall, Suite 300

Sacramento, CA 95814

916.445.0255

916.327.0019 fax

www.bsa.ca.gov

September 20, 2007

Investigative Report I2007-2

The Governor of California
President pro Tempore of the Senate
Speaker of the Assembly
State Capitol
Sacramento, California 95814

Dear Governor and Legislative Leaders:

Pursuant to the California Whistleblower Protection Act, the Bureau of State Audits presents its investigative report summarizing investigations of improper governmental activity completed from February 2007 through June 2007.

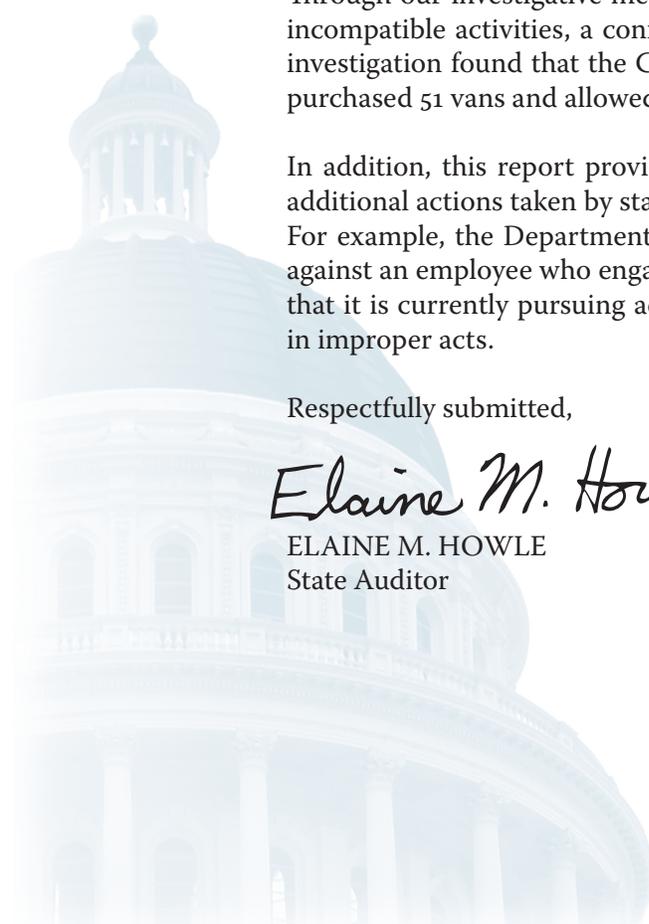
This report details nine substantiated allegations in several state departments and universities. Through our investigative methods, we found waste and misuse of state funds and resources, incompatible activities, a conflict of interest, and other improper activities. For example, our investigation found that the California Highway Patrol wasted \$881,565 in state funds when it purchased 51 vans and allowed nearly all of them to sit idle for more than two years.

In addition, this report provides an update on previously reported issues and describes any additional actions taken by state departments to correct the problems we previously identified. For example, the Department of Conservation reported that when it pursued adverse action against an employee who engaged in improper acts, the employee resigned. It further reported that it is currently pursuing adverse action against the employee's manager who also engaged in improper acts.

Respectfully submitted,



ELAINE M. HOWLE
State Auditor



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Summary

Results in Brief

The Bureau of State Audits (bureau), in accordance with the California Whistleblower Protection Act (Whistleblower Act) contained in the California Government Code, beginning with Section 8547, receives and investigates complaints of improper governmental activities. The Whistleblower Act defines an “improper governmental activity” as any action by a state agency or employee during the performance of official duties that violates any state or federal law or regulation; that is economically wasteful; or that involves gross misconduct, incompetence, or inefficiency. The Whistleblower Act authorizes the state auditor to investigate allegations of improper governmental activities and to publicly report on substantiated allegations. To enable state employees and the public to report these activities, the bureau maintains the toll-free Whistleblower Hotline (hotline): (800) 952-5665 or (866) 293-8729 (TTY).

If the bureau finds reasonable evidence of improper governmental activity, it confidentially reports the details to the head of the employing agency or to the appropriate appointing authority. The Whistleblower Act requires the employer or appointing authority to notify the bureau of any corrective action taken, including disciplinary action, no later than 30 days after transmittal of the confidential investigative report and monthly thereafter until the corrective action concludes.

This report details the results of the nine investigations completed by the bureau or jointly with other state agencies between February 1, 2007, and June 30, 2007, that substantiated complaints. This report also summarizes actions that state entities took as a result of investigations presented here or reported previously by the bureau. The following provides examples of the substantiated improper activities and actions the agencies have taken to date.

California Highway Patrol

The California Highway Patrol (CHP) purchased 51 vans more than two years ago and has yet to use the vans for their intended purposes. Consequently, the CHP wasted \$881,565 in state funds that it paid for the vans, which further resulted in lost interest earnings to the State of \$90,385.

Investigative Highlights . . .

State employees and departments engaged in improper activities, including the following:

- » *Wasting state funds by purchasing vehicles and allowing them to sit idle for at least two years.*
- » *Misusing state funds designated to purchase two law enforcement vehicles by using the vehicles for non-law enforcement purposes.*
- » *Viewing pornographic material on university computers.*
- » *Using a state computer for personal purposes, including uploading modeling photos of a spouse.*
- » *Providing an unfair advantage to a registration service by allowing a friend to circumvent the registration and payment processes.*
- » *Using state resources to conduct a private catering business.*
- » *Failing to charge their collective leave balances for 54 hours they did not work.*
- » *Failing to meet teacher credentialing requirements.*

continued on the next page . . .

Some state departments have taken the following actions in response to previously reported investigations, including:

- » *The Department of Conservation pursued adverse action against an employee whose activities were incompatible with his state employment and the employee resigned.*
- » *The Department of Corrections and Rehabilitation (Corrections) started requiring employees to charge leave in full-day increments for the days they are not at work.*
- » *Corrections terminated an employee who submitted false claims.*
- » *The Department of Personnel Administration established contracts or agreements with seven appraisal firms to obtain fair market appraisals for state-owned housing.*

Department of Mental Health, Coalinga State Hospital

Coalinga State Hospital (hospital) purchased two Ford Crown Victoria Police Interceptors (Police Interceptors) that it designated for use in police services but instead used them first for its general motor pool and later for three hospital officials, in violation of state law. The Department of General Services indicated that it would not have approved the purchases of the Police Interceptors had it known how they would be used. Also in violation of a state regulation, the three hospital officials did not maintain mileage logs for the Police Interceptors they drove. Further, the hospital did not accurately list the officials' addresses on home-storage permits, thus failing to disclose that two of the officials used the Police Interceptors to commute between 390 and 980 miles per week.

California State Polytechnic University, Pomona

An official at California State Polytechnic University, Pomona (Pomona), used two university computers to view Internet sites containing pornographic material, in violation of state law. Specifically, Pomona found that the official viewed approximately 1,400 pornographic images on two university computers during several weeks in 2006 and also from February to May 2007. When interviewed, the official admitted to viewing pornographic Web sites regularly using university computers.

Department of Health Services

An employee improperly used his state computer to access inappropriate Internet sites, in violation of state law and department policies. The employee visited modeling Web sites and Internet-based e-mail sites during his regular weekday work schedule and on six days that fell on either a weekend or a holiday. Furthermore, on nine days, eight of which were workdays, the employee spent more than three hours per day accessing the Internet, including viewing some modeling Web sites where his spouse had profiles posted. Finally, on one weekend day, the employee uploaded modeling photos of his spouse onto a Web site using his state-issued computer.

Department of Motor Vehicles

An employee allowed a friend who worked for a private registration service to hand deliver vehicle registration and payment documents at locations other than a Department of Motor Vehicles field office,

such as the employee's home. By doing so, the employee provided an advantage to the registration service that was not available to the general public.

Employment Development Department

An employee used state time and resources to conduct her private catering business, in violation of state law, and used her state computer and e-mail account to promote her personal business. Also, the employee did not have a valid health permit and violated state law relating to food preparation. Further, the employee conducted her personal business with the knowledge and assistance of her supervisor and directed a coworker to assist her.

Sonoma State University

Sonoma State University management granted informal time off for eight employees on July 3, 2006, and did not require them to charge their leave balances for all or part of that day, in violation of a state regulation. As a result, the employees failed to charge their collective leave balances for a total of 54 hours they did not work.

California Department of Education, California School for the Deaf, Riverside

Two teachers did not possess valid credentials or waivers for academic year 2005–06, in violation of state law. One teacher resigned when she was told to renew her teaching credential. The second teacher was dismissed from his position after failing to meet the requirements for continued employment.

California Public Employees' Retirement System

The California Public Employees' Retirement System (CalPERS) hired an employee even though she was working at the CalPERS building as an employee for a private vendor that provided services to CalPERS. This violated a state law that prohibits state employees from engaging in any employment or activity from which the employee receives compensation through a state contract. The employee subsequently terminated her employment with the private vendor.

Update on Previously Reported Issues

In March 2006 we reported that between January 2002 and May 2005, the Department of Corrections and Rehabilitation (Corrections) failed to exercise its management controls by allowing nine exempt employees at the Sierra Conservation Center (center) to claim holiday credits for holidays that fell on the employees' scheduled days off, resulting in the accrual of 516 hours they were not entitled to receive. In addition, the center allowed them to work alternate work schedules consisting of 10-hour days, but the collective bargaining agreement required them to charge leave only in eight-hour increments (or their fractional equivalent depending on their time basis) for each full day of work missed. Overall, these two issues represented a gift of public funds of \$66,258. Since we reported on this issue, we performed further analysis of attendance records and found that several employees continued to receive unearned holiday credits. As a result of Corrections' and the center's failure to exercise management controls, these employees received an additional gift of public funds of \$30,070.

Effective January 2007 the center began charging leave in 10-hour increments for the employees we examined, in accordance with the current collective bargaining agreement. In August 2007, approximately 19 months after we originally reported this issue, Corrections provided us with a copy of a settlement agreement between the collective bargaining unit and the State, which provides that these employees are entitled to receive holiday credits when holidays fall on the employees' scheduled days off.

We also reported that all state departments that own employee housing may be underreporting or failing to report housing fringe benefits. Also, because departments charged employees rent at rates far below market value, the State may have failed to capture as much as \$8.3 million in potential rental revenue. The Department of Personnel Administration (DPA) is the agency responsible for administering state housing regulations, and state law provides that the director of DPA shall determine the fair and reasonable value of state housing. DPA reported that it became aware that some departments that attempted to contract for appraisal services received bids that were too costly and not in the best interest of the State. As a result, DPA reported in July 2007 that it had established contracts or agreements with seven appraisal firms and that once a Master Service Agreement User's Manual (user's manual) was completed, it would provide the user's manual to department directors, who would then be able to enter into agreements with any of the seven contractors to obtain fair market appraisals of any state-owned housing.

In September 2006 we reported that on two occasions an employee with Corrections improperly submitted two sets of time sheets for the same time period to different supervisors for approval. As a result of her action, the employee submitted false claims for payment and received \$1,373 for 78 hours she did not work. In August 2007 Corrections reported that it had terminated the employee, effective August 31, 2006.

In March 2007 we reported that an employee with the Department of Conservation (Conservation) engaged in various activities that were incompatible with his state employment and improperly used state resources to perform work for the benefit of his spouse's employer. In addition, the employee violated financial disclosure requirements of the Political Reform Act of 1974 by failing to disclose his ownership of stock issued by companies his office regulates. We also reported that the employee's manager did not adequately monitor the employee's activities, failed to properly disclose his own financial interests, and engaged in incompatible activities. Since we reported on this issue, Conservation pursued adverse action against the employee and he resigned. Conservation also reported that it has adverse action pending against the manager.

Table 1 on the following page displays the issues and the financial impact of the cases in this report, the dates we initially reported on them, and the current status of any corrective actions taken.

Table 1
Issues, Financial Impact, and Corrective Action Status of Cases in This Report

	CHAPTER	DEPARTMENT	DATE INITIALLY REPORTED	ISSUE	DOLLAR AMOUNT AS OF JUNE 30, 2007	STATUS OF CORRECTIVE ACTION
NEW CASES	1	California Highway Patrol	September 2007	Waste of State Funds Purchase price of unused vehicles Lost interest earnings to the State	\$881,565 90,385	Pending
	2	Department of Mental Health	September 2007	Improper Use of State Vehicles, Waste of State Funds, and Failure to Maintain Vehicle Mileage Logs	18,682 to 19,640	Partial
	3	California State Polytechnic University, Pomona	September 2007	Viewing Inappropriate Internet Sites and Misuse of State Equipment	NA	None
	4	Department of Health Services	September 2007	Misuse of State Equipment and Resources	NA	Partial
	5	Department of Motor Vehicles	September 2007	Incompatible Activities	NA	Complete
	6	Employment Development Department	September 2007	Misuse of Time and State Resources	NA	Complete
	7	Sonoma State University	September 2007	Improper Closure of Offices and Failure to Charge Employee Leave Balances	NA	Partial
	8	California Department of Education	September 2007	Failure to Meet Teacher Credentialing Requirements	NA	Complete
	9	California Public Employees' Retirement System	September 2007	Conflict of Interest	NA	Complete
PREVIOUSLY REPORTED ISSUES	10	Department of Corrections and Rehabilitation	March 2005	Improper Pay	238,184	Partial
	10	Department of Corrections and Rehabilitation	September 2005	Failure to Account for Employee Use of Union Leave	558,015	Partial
	10	Department of Health Services	September 2005	Improper Contracting Practices	98,486	Pending
	10	Victim Compensation and Government Claims Board and the Department of Corrections and Rehabilitation	March 2006	Overpayments on an Employee's Claim and Mismanagement	25,950	Complete
	10	Multiple State Departments*	March 2006	Gift of State Resources and Mismanagement	8,313,600	Partial
	10	Department of Corrections and Rehabilitation	March 2006	Gift of Public Funds	96,328	Complete
	10	Department of Forestry and Fire Protection	March 2006	Improper Overtime Payments	77,961	Pending
	10	Department of Forestry and Fire Protection	September 2006	False Claims for Wages	17,904	Pending
	10	Department of Corrections and Rehabilitation	September 2006	False Claims for Wages	1,373	Complete
	10	Department of Consumer Affairs	March 2007	Time and Attendance Abuse	NA	Complete
10	Department of Conservation	March 2007	Misuse of State Resources, Incompatible Activities, and Behavior Causing Discredit to the State	NA	Partial	

Source: Bureau of State Audits.

NA = Not applicable because there was no dollar amount involved.

* This case focused on the Department of Fish and Game but also involved the California Highway Patrol, the California Conservation Corps, the Department of Corrections and Rehabilitation, the Department of Developmental Services, the Department of Food and Agriculture, the Department of Forestry and Fire Protection, the Department of Mental Health, the Department of Parks and Recreation, the Department of Personnel Administration, the Department of Transportation, the Department of Veterans Affairs, and the Santa Monica Mountains Conservancy.

Chapter 1

CALIFORNIA HIGHWAY PATROL: WASTE OF STATE FUNDS

Allegation I2007-0715

The California Highway Patrol (CHP) wasted state funds when it purchased numerous vans that it has left virtually unused for at least two years.

Results and Method of Investigation

We investigated and substantiated the allegation. Using three purchase orders, the CHP bought 51 vans for its Motor Carrier program, surveillance, and mail delivery. However, as of June 30, 2007, at the end of our reporting period, 30 vans purchased in October 2004 and 21 vans purchased in August 2005—at a combined cost of \$881,565—had not been used for the special purposes for which they had been purchased. In addition, the CHP has left all but five of the 51 vehicles virtually unused since it purchased them. Further, because the CHP did not postpone its purchases of the vans until it needed them, the State lost interest earnings of approximately \$90,385.¹

To investigate the allegation, we reviewed invoices and documents related to the vehicle purchases. We also asked the CHP to clarify the purposes of the purchases and to explain why the majority of the vans were not used for their intended purpose and why some of the vans had not been used since it received them. Finally, we reviewed state law regarding inefficient management of state resources.²

Background

The CHP has jurisdiction over the regulation and safety of the operations of motor carriers, including persons who transport goods for compensation regardless of vehicle size, and any private carrier operating a vehicle with a gross vehicle weight rating of more than 10,000 pounds. As part of its efforts to prevent collisions and injuries or catastrophic incidents involving the transportation of materials, employees in the CHP's Motor Carrier program use vans to conduct inspections of motor carriers throughout the State

¹ This amount is based on the interest rates available to the State through its Pooled Money Investment Account Earning Yield Rate.

² For a more detailed discussion of the law referenced in this chapter, see Appendix B.

More than two years after the CHP purchased 51 vans for \$881,565, the vans have not been used for their intended purposes.

on a regular basis. These inspections include reviewing carrier maintenance schedules and ensuring that all required maintenance and driver records are prepared and retained as required by law. To make Motor Carrier program vans available to conduct field inspections, the CHP must first make modifications to its vans to maximize their use. Similarly, the CHP must modify its surveillance vans and mail carrier vans before they can be used in the field.

The CHP Wasted State Funds When It Purchased Vans and Let Nearly All of Them Sit Idle for More Than Two Years

Our investigation found that although the CHP purchased 51 vans more than two years ago, it has yet to use the vans for their intended purposes. Consequently, the CHP wasted \$881,565 in state funds that it paid for these vans, which further resulted in lost interest earnings to the State of \$90,385. State law provides that waste and inefficiency in state government undermine Californians' confidence in government and reduce the State's ability to adequately address vital public needs.

The CHP ordered 30 vans in February 2004 and received them in October of the same year. It later ordered another 21 vans, which it received in August 2005.³ The CHP intended to use 48 vans for field inspections in its Motor Carrier program, two vans for surveillance purposes, and one van for mail delivery. As we mentioned earlier, vehicles must be specially modified before they can be put to use for field inspections, surveillance, or mail delivery. However, the CHP does not expect to have any of the 48 vehicles that it purchased for field inspections modified and available for that use until October 2007—more than two years after they were purchased. The CHP completed the necessary modifications to the mail van in June 2007, and as of August 2007 it reported that the modifications to the two surveillance vans were only 50 percent complete because of the State's failure to approve a budget in a timely manner.

The CHP Used Most of the Vans Only Minimally and Not for the Intended Purpose

Our review of vehicle mileage information shows that the CHP left 46 of the 51 vans almost entirely idle, parked on CHP property in an outdoor location. Specifically, we determined that as of April 2007 the CHP had driven the 46 vans a total of only 401 miles—an average of nine miles for each van—since it had purchased them in

³ The CHP also ordered another van that it received in August 2005; however, it appears the CHP placed that van into service.

2004 and 2005. We found that 14 vans had not been driven at all, another 27 vans had been driven from one to 20 miles, and five vans had been driven from 21 to 34 miles. Most of the mileage related to trips to facilities where various items such as roof vents, antennas, and flooring needed to modify these vehicles for their intended purpose were installed. The CHP used the remaining five of the 51 vans for temporary assignments or to transport equipment. As of April 2007 the CHP had driven each of the five vans between 167 and 3,420 miles, or an average of 1,901 miles.

As of April 2007 the CHP had driven 46 of the vans a total of 401 miles— an average of nine miles for each van.

The CHP Cited Various Reasons for Its Failure to Use the Vans as Intended

The CHP gave several reasons for not using the 51 vans for their intended purposes between the time it purchased them in 2004 and 2005 and the completion of our investigation in June 2007. When we first asked the CHP about its use of the vans, it reported that it had planned to assign the vans to the field in fiscal year 2006–07. Further, it reported that modification of the vans had been delayed because of competing priorities, staff shortages, and the development of an equipment strategy that could meet all its users' needs. CHP officials we interviewed told us that the vans were originally intended for modification and use within the CHP's normal replacement cycle time of approximately 18 months from purchase. However, the CHP stated that because of its workload, the labor-intensive installation of equipment in the two vehicles it purchased for surveillance was delayed beyond the normal cycle. In addition, CHP officials stated that, although the CHP completed modifications to the mail van, the CHP did not plan to use it until the mail van it was intended to replace either reached the replacement mileage target of 150,000 miles or was no longer cost-effective to operate.⁴ Further, the CHP stated that modification of the 30 vans it received in October 2004—originally scheduled for April 2006—was canceled because of an unforeseen increase in demand for marked patrol cruisers. However, based on our review of a timeline of events and other information provided by the CHP, it appears the CHP had not yet developed an equipment strategy for the Motor Carrier program vans at the time it was modifying the marked patrol cruisers.

We recognize that the CHP may not have foreseen all the delays it encountered. Nonetheless, it could have waited to purchase at least some of the vans until nearer the time it expected to actually use them. Moreover, as we describe in the next section, the CHP's

⁴ In August 2007 the CHP reported that the mileage for the mail van scheduled to be replaced was approximately 113,000.

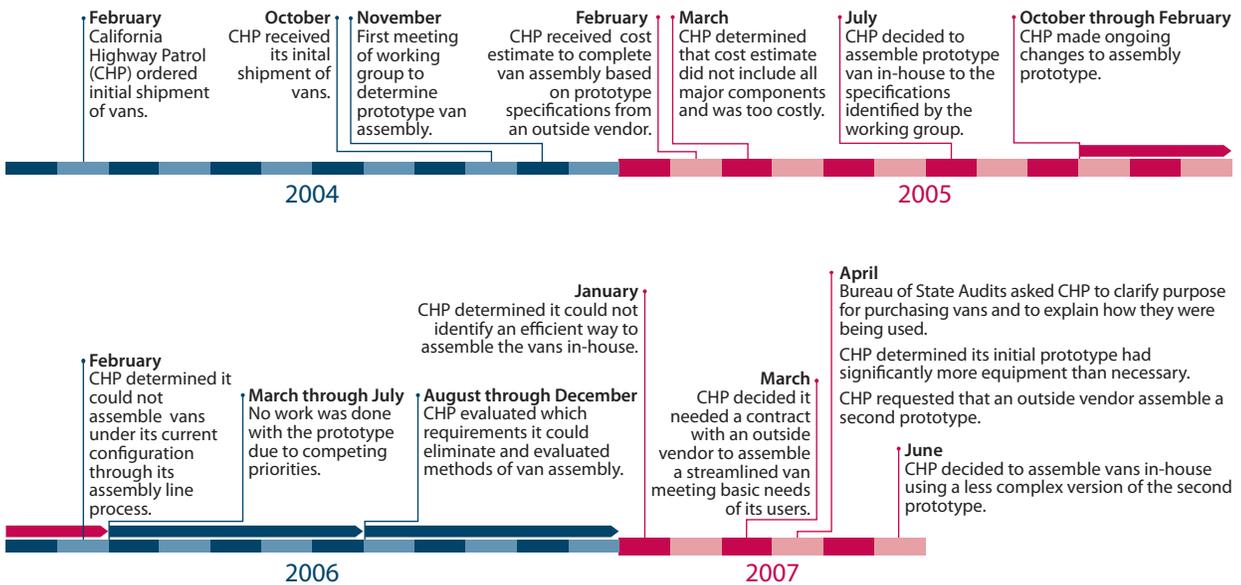
efforts to develop a prototype van for the Motor Carrier program significantly delayed its use of most of the vans it purchased in 2004 and 2005.

The CHP Had Not Developed a Workable Strategy to Use the Vans Prior to Its Purchase for the Motor Carrier Program

Although the CHP purchased 48 vans for the Motor Carrier program in 2004 and 2005, it did not develop a workable strategy to make them available for field use prior to making the purchase. Based on our review of a timeline of events and other information provided to us by the CHP, we believe the primary cause for delays in making the 48 vans available for field use was the CHP’s attempt to develop a prototype vehicle design that could meet the needs of all its employees who perform field inspections.

The CHP acknowledged that the number and complexity of adjustments and modifications it made to the prototype for the Motor Carrier program vans significantly lengthened the usual time required to ready the vans for field use. Figure 1 summarizes a timeline of events provided to us by the CHP describing its efforts to develop the prototype.

Figure 1
Timeline of California Highway Patrol’s Progress on the Motor Carrier Program Van Prototype



Source: California Highway Patrol.

According to the CHP, its initial prototype underwent numerous design changes and was not completed until December 2006. Further, the CHP's efforts apparently were in vain because in April 2007 it determined that the prototype had significantly more equipment installed than was necessary, and it began assembling a new prototype. The second prototype included much less equipment than the original prototype, and the CHP expects to complete an even less complex version of the second prototype van in September 2007.

We question the CHP's management of the van procurement process because it purchased such a large number of vans without first developing a strategy and a prototype that it could later use to modify other vans that it purchased after the prototype had been developed. In addition, we are concerned that the CHP took more than two years from the time it received its first shipment of vans to finalize its initial prototype, only to determine that its initial prototype was flawed. We believe the CHP should have waited to purchase most of the vans until it had developed a workable prototype or should have completed its development of the prototype much sooner.

The CHP Wasted State Funds by Purchasing the Vans More Than Two Years Before It Could Use Them for Their Intended Purpose

The CHP wasted \$881,565 in state funds because it purchased 51 vans in 2004 and 2005 that it has yet to use for their intended purposes—its Motor Carrier program, surveillance, and mail delivery. In addition, had the CHP postponed its purchases of these vans until it needed them, it could have left the funds in the State Treasury where the funds would have earned \$90,385 in interest from when the CHP paid for the vans until June 30, 2007.⁵ In calculating lost interest, we determined the amount of interest the \$881,565 would have earned between the time the vehicles were paid for and the end of our investigative reporting period, when the vehicles still had not been put into use as originally intended. We acknowledge that the CHP might also have opted to use this money for other purposes during this period, assuming that the funds could lawfully be used for other purposes. We also acknowledge that during this two-year period the CHP's authority to spend those funds would have expired if it had not encumbered the funds within the period required by law.

The CHP took more than two years from the time it received its first shipment of vans to finalize its initial prototype, only to determine that its initial prototype was flawed.

⁵ Although the CHP indicated to us that it uses an 18-month replacement cycle when making its purchases, as noted earlier, we did not take that time frame into account in our calculations because the CHP has yet to use any of the 51 vans as intended. Thus, we calculated the lost interest earnings through June 30, 2007, the end of the most recent quarter.

Agency Response

The CHP acknowledged that the vehicles remained parked and unused for an extended period of time and that it did not develop an acceptable prototype van and subsequently equip the remaining vans within a reasonable time frame. The CHP revised its fleet operations manual to address the manner in which its vehicles are equipped, painted, and marked. It also now requires the CHP commissioner's approval for any vehicle modifications or redesign.

The CHP reported that the delay caused by redesigning the Motor Carrier program vans did not negatively impact the work performed by Motor Carrier program staff, who continued to perform their duties through the use of existing Motor Carrier program vans. It also stated that the safety of the public was in no way jeopardized or affected by the delay in deployment of the new vans.

The CHP disagreed with our contention that it lacked a workable strategy to use vans prior to its purchase of the vans for the Motor Carrier program. The CHP stated that it had been equipping vans for the Motor Carrier program long before the vans were purchased beginning in 2004, and that the delays were not due to the lack of a workable strategy but were instead the result of the CHP's decision to cease its normal process of equipping the vehicles under its existing configuration while awaiting the completion of the prototype. The CHP added that the prototype van has been approved for production and that the Motor Carrier program vans will be completed and assigned to the field no later than October 31, 2007. Further, the CHP expects to equip its surveillance vans no later than September 15, 2007.

Finally, the CHP agreed that the delay in designing a new vehicle configuration was excessive but stated that it believes the purchases were warranted based on its needs. It further asserted that, had it delayed the purchases until the equipment design was resolved, it would have spent \$235,233 more for 51 vans than it did for the vans mentioned in this report. Thus, the CHP believes that because it incurred no additional cost to store the vehicles on its property, its decision to purchase these vans more than two years before they were needed or used represents a savings of \$235,233. We disagree with this assertion because it ignores the \$90,385 in interest the State would have earned if the funds had remained in the State Treasury. Further, the CHP's analysis does not recognize the difference in product quality and resale value of 2007 and 2008 model year vehicles when compared to the 2004 and 2005 model year vehicles it purchased.

Chapter 2

DEPARTMENT OF MENTAL HEALTH, COALINGA STATE HOSPITAL: IMPROPER USE OF STATE VEHICLES, WASTE OF STATE FUNDS, AND FAILURE TO MAINTAIN VEHICLE MILEAGE LOGS

Allegation I2006-1099

Officials at the Coalinga State Hospital (hospital), part of the Department of Mental Health (Mental Health), received state approval to purchase law enforcement vehicles for law enforcement purposes but instead regularly drove the vehicles for non-law enforcement purposes.

Results and Method of Investigation

We investigated and substantiated the allegation. We found that Mental Health violated provisions of state law that require a state agency to justify its need to purchase motor vehicles and to receive prior approval for the purchase from the Department of General Services (General Services).⁶ In seeking approval from General Services, Mental Health indicated that it intended to use two 2005 Ford Crown Victoria Police Interceptors (Police Interceptors) for law enforcement purposes. However, after it received approval and purchased the vehicles, the hospital used them for non-law enforcement purposes, including commuting by hospital officials.

To investigate this allegation, we researched applicable laws, regulations, and policies related to the use of state vehicles, including law enforcement vehicles. In addition, we asked Mental Health to justify its use of the Police Interceptors and then asked General Services if the hospital's use of the vehicles was appropriate. In addition, we interviewed the hospital officials who used the vehicles and other hospital staff. Finally, we reviewed documents related to Mental Health's request and purchase of the Police Interceptors, as well as the relevant vehicle home-storage permits and available vehicle mileage logs.

⁶ For a more detailed discussion of the laws, regulations, and policies referenced in this chapter, see Appendix B.

Background

As part of its responsibilities, Mental Health operates five hospitals statewide that provide care and treatment for severely mentally ill patients. These hospitals use police services to ensure the safety of patients, staff, and the general public. Accordingly, law enforcement officers at these hospitals are equipped with specialized high-performance vehicles to aid them in their duties. The most widely used law enforcement vehicle is the Police Interceptor. Special features of the vehicle include a high-performance engine and tires and a heavy-duty suspension and electronics.

Mental Health Misused State Funds by Purchasing Law Enforcement Vehicles and Using Them for Non-Law Enforcement Purposes

We found that Mental Health violated state law that requires state agencies to justify the need for and to receive prior approval of the purchase of motor vehicles from General Services. Although Mental Health submitted its justification for the need to purchase motor vehicles for law enforcement purposes to General Services, after receiving approval for the purchase, the hospital used the Police Interceptors for non-law enforcement purposes. By using the vehicles for purposes other than those approved, Mental Health misused public funds.

The hospital initially assigned the Police Interceptors to its general motor pool, despite indicating to General Services that it intended to purchase the vehicles for law enforcement purposes.

Initially, the hospital assigned the Police Interceptors to its general motor pool, despite indicating to General Services that it intended to purchase the vehicles for law enforcement purposes. After the hospital determined that the Police Interceptors were not often used in the general motor pool, it assigned them to Official A and Official B before reassigning one of the vehicles back to the motor pool and reassigning the other to Official C. While assigned to the motor pool and the officials, the Police Interceptors were used exclusively for non-law enforcement purposes, including the personal home-to-work commute for the three officials.

The Hospital Inappropriately Assigned Motor Vehicles Approved for Law Enforcement to Its Non-Law Enforcement Motor Pool

In March 2005 Mental Health submitted a vehicle acquisition request to General Services specifically requesting approval to purchase high-speed pursuit vehicles to be used by its police force at the hospital. The request indicated that the vehicles would be used for routine hospital patrol and possibly for search, rescue, investigation, and high-speed pursuit in the event of an attempted escape by a patient. Mental Health further indicated in

the request that it had an urgent need for these vehicles because they would protect the public, patients, and staff from potential criminal activity.

In December 2005 Mental Health purchased several Police Interceptors but the hospital failed to use two of them for the approved purpose. Contrary to Mental Health's justification in its vehicle acquisition request to General Services, Mental Health told us that it purchased the two Police Interceptors for general use by its staff through the hospital motor pool. It also indicated that the two vehicles had police cruiser specifications but did not have police markings, police radios, passenger containment cages, or light bars because it did not purchase them as primary police vehicles. Mental Health explained that the hospital's use of the two Police Interceptors was justifiable because the purchase allowed for dual use of the vehicles based on future hospital needs. It further explained that dual use meant that, although the Police Interceptors were assigned to the hospital motor pool, they could be outfitted as police cruisers in the future if the hospital needed them.

We consulted with the assistant chief of the Office of Fleet and Asset Management (assistant chief) for General Services, which had approved the purchase of the Police Interceptors for law enforcement purposes, and he indicated that use of the Police Interceptors for non-law enforcement and nonemergency response purposes, such as in a general vehicle pool, was inappropriate. The assistant chief further stated that General Services would not have approved the purchase of the Police Interceptors to be used for general staff access in the motor pool. He informed us that the Police Interceptors are specialized, high-performance vehicles engineered by the manufacturer and procured by the State specifically to withstand the rigors of law enforcement. He also stated that Police Interceptors are not authorized for use as pool vehicles, even if they might be used for law enforcement purposes at some future point. Further, these vehicles are more expensive than non-law enforcement vehicles, as we discuss later in the chapter.

Subsequently the Hospital Inappropriately Assigned the Police Interceptors to High-Level Officials for Non-Law Enforcement Purposes

In June 2006 the hospital removed the two Police Interceptors from its motor pool and inappropriately assigned them to two high-level hospital officials, Official A and Official B. According to the hospital motor pool manager, after the two Police Interceptors were purchased and placed in the motor pool, it became apparent that the vehicles were not being driven enough. State policy outlines the minimum use required for state agencies to justify

An assistant chief for General Services indicated that use of the Police Interceptors for non-law enforcement and nonemergency response purposes was inappropriate

After our initial inquiry in February 2007, the hospital reassigned Official B's vehicle back to the motor pool and Official A's vehicle to another high-level official, Official C.

the need for vehicles.⁷ Hospital management then directed that the two Police Interceptors be assigned to Official A and Official B to ensure that the vehicles were driven enough miles to meet the vehicle usage guidelines. Both officials indicated that they used the Police Interceptors as passenger vehicles only and that they did not use them for law enforcement purposes. However, according to state law, all passenger-type motor vehicles purchased for state officers and employees must be vehicles of the light class. Light-class vehicles include the Kia Spectra and Dodge Stratus sedans, among others. The Police Interceptors do not meet the definition of light-class vehicles included in the vehicle standards in a state regulation.

After our initial inquiry about the use of the Police Interceptors in February 2007, the hospital reassigned Official B's vehicle back to the motor pool and Official A's vehicle to another high-level official, Official C. Official C stated that the vehicle was assigned to him to ensure that it received enough miles to meet vehicle usage guidelines. He also informed us that he uses the Police Interceptor as a passenger vehicle only and that he did not use it as a law enforcement vehicle. After reassigning the two Police Interceptors, the hospital assigned to Official A and Official B two Kia Spectra sedans they had driven prior to the Police Interceptors.

The Hospital's Use of Law Enforcement Vehicles for Non-Law Enforcement Purposes Was Also a Wasteful Purchase

In addition to misusing state funds, Mental Health made a wasteful purchase because the hospital ultimately used the motor vehicles for general departmental purposes that could have been adequately served by light-class vehicles. The State incurred additional vehicle expenditures—and likely increased fuel and maintenance costs—because Mental Health purchased Police Interceptors when light-class sedans would have been more appropriate, which is inconsistent with the intent of state law that denounces waste and inefficiency. Invoices show that Mental Health purchased the two Police Interceptors for \$21,168 each. The assistant chief at General Services provided two examples of light-class sedans in the 2005 state contract—the Kia Spectra and the Dodge Stratus—and informed us that they would have cost just \$11,827 and \$11,348, respectively, that same year. As Table 2 shows, the cost difference between the light-class sedans and a Police Interceptor ranged from \$9,341 to \$9,820. Therefore, Mental Health incurred between \$18,682 and \$19,640 more in vehicle costs for

⁷ General Services' vehicle usage guidelines indicate that vehicles should be driven 6,000 miles or at least 80 percent of the available workdays within a six-month period.

the two Police Interceptors than it would have for two light-class sedans. Additionally, the assistant chief at General Services told us that the Police Interceptors are more expensive to operate and maintain than light-class sedans.

Table 2
Cost Differences Between the Purchased Vehicles and Other Light-Class Sedan Options

	2005 POLICE INTERCEPTOR VERSUS 2005 KIA SPECTRA	2005 POLICE INTERCEPTOR VERSUS 2005 DODGE STRATUS
Vehicle Type		
Police Interceptor	\$21,168	\$21,168
Light-class sedan	11,827	11,348
Cost difference per vehicle	9,341	9,820
Number of vehicles	2	2
Total cost difference	\$18,682	\$19,640

Source: Department of General Services and invoices from Coalinga State Hospital.

The Hospital Did Not Keep Accurate Home-Storage Permits and Failed to Indicate That Officials Commuted Hundreds of Miles in the Police Interceptors

The hospital did not accurately complete and maintain home-storage permits for Official B and Official C and failed to indicate that the two officials had regular lengthy commutes. The hospital reported that because the officials were on call 24 hours a day, it allowed them to store the vehicles overnight at their personal residences. Under a state regulation, General Services is responsible for prescribing the form and procedures relating to home-storage permits. General Services' form for these permits requires that state agencies list the home address of the vehicle operator. However, we observed that on Official B's home-storage permit, the hospital did not list a precise home address. Instead, the permit indicated only that he resided in Coalinga, 12 miles from the hospital. Although Official B told us he has a residence in Coalinga, his primary residence is located more than 80 miles from the hospital. Official B stated that in addition to using the Police Interceptor to drive to and from his residence in Coalinga, he used the vehicle to drive to and from his primary residence approximately twice a week. The hospital likewise listed a misleading address on Official C's home-storage permit, indicating only that he resided

We observed that on Official B's home-storage permit, the hospital did not list a precise home address, and the hospital likewise listed a misleading address on Official C's home-storage permit.

in Coalinga, 10 miles from the hospital. However, we found that Official C did not have a residence in Coalinga. Instead, he drove the Police Interceptor several times a week to and from his secondary residence approximately 40 miles from the hospital, and he drove the vehicle twice a week on average to and from his primary residence roughly 190 miles from the hospital.

Based on the statements provided by Official B, Official C, and other hospital staff, it appears that the hospital assigned the Police Interceptors to Official B and Official C because the vehicles were underutilized and these officials commuted on average between 390 and 980 miles per week. In light of these facts, the hospital may need to reassess its vehicle needs and consider consulting with General Services regarding the reutilization or transfer of the vehicles.

Hospital Officials Failed to Maintain Required Mileage Logs

In addition to the inaccurate and misleading home-storage permits, we found that the hospital failed to adequately maintain required mileage logs for the two Police Interceptors. In violation of a state regulation and hospital and state policies that require the proper maintenance of automobile travel logs for each automobile approved by General Services, all three officials informed us that they did not keep mileage logs for the Police Interceptors while they drove them. According to a state regulation, these logs should include a record of daily mileage traveled, date and time of travel, itinerary, information regarding overnight storage of the vehicle, and the identity of the driver. Without the ability to review mileage logs for the Police Interceptors, we were unable to determine the extent, if any, to which the officials used the vehicles outside the scope of their job responsibilities. Moreover, the failure of the officials to keep mileage logs—combined with the hospital's inability to meet vehicle usage guidelines before assigning the Police Interceptors to the three officials—suggests that the hospital may not need the two vehicles.

Agency Response

Contrary to what Mental Health informed us in February 2007, it reported to us in August 2007 that the hospital assigned the two Police Interceptors to the motor pool for use as back-up vehicles for police services when it became apparent that the hospital would not reach full capacity. However, Mental Health agreed that hospital management erred when it assigned the vehicles to the motor pool and subsequently to officials A, B, and C, who were not entitled to use law enforcement vehicles. In addition,

Mental Health agreed that hospital management erred when it assigned the vehicles to the motor pool and subsequently to officials A, B, and C.

Mental Health reported that hospital officials are now assigned light-class vehicles for business use only. It further reported that the hospital intends to transfer the two Police Interceptors to other state hospitals until the hospital needs them.

Regarding the home-storage permits and the vehicle mileage logs, Mental Health also agreed with our findings and stated that the long commutes to the officials' "home" residences were inappropriate. It reported that all home-storage permits are now accurate. In addition, it reported that as of June 2007, all hospital employees who are assigned vehicles are maintaining vehicle mileage logs and that hospital motor pool staff are maintaining mileage logs for pool vehicles.

Finally, Mental Health reported that Official A and Official C have retired and that Official B will be disciplined.

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Chapter 3

CALIFORNIA STATE POLYTECHNIC UNIVERSITY, POMONA: VIEWING INAPPROPRIATE INTERNET SITES AND MISUSE OF STATE EQUIPMENT

Allegation I2007-0671

An official at California State Polytechnic University, Pomona (Pomona), inappropriately used university computers to view pornographic Web sites.

Results and Method of Investigation

We asked Pomona to assist us in the investigation, and we substantiated the allegation. To conduct the investigation, Pomona reviewed the official's computer hard drives and interviewed the official.

Pomona found that the official repeatedly used university computers to view Web sites containing pornographic material. State laws prohibit employees from using public resources, such as time and equipment, for personal purposes. In addition, these laws require employees to devote their full time and attention to their duties, and prohibit individuals employed by the State from using a state-issued computer to access, view, download, or otherwise obtain obscene matter.⁸ Specifically, Pomona found that the official viewed approximately 1,400 pornographic images on two university computers during several weeks in 2006 and also from February to May 2007. Pomona was unable to review the official's complete Internet usage because the settings on the official's main computer only allowed for a two-month retention period of Internet activity. When interviewed, the official admitted to viewing pornographic Web sites regularly using university computers.

When interviewed, the official admitted to viewing pornographic Web sites regularly using university computers.

Agency Response

Pomona indicated that as of the issue date of this report, the official is no longer working on campus. Pomona negotiated a resignation with the official and permitted the official to exhaust all earned leave credits and other paid leave and to resign. Pomona indicated

⁸ For a more detailed discussion of the laws referenced in this chapter, see Appendix B.

that it has an Appropriate Use Policy for Information Technology and that it is committed to taking appropriate action when notified of employees who access pornographic materials on the Internet. However, Pomona did not indicate that it implemented any new controls or software filters that would prevent any future access to pornographic Web sites by employees.

Chapter 4

DEPARTMENT OF HEALTH SERVICES: MISUSE OF STATE EQUIPMENT AND RESOURCES

Allegation I2006-1012

A Department of Health Services (Health Services) employee misused state equipment when he used his state computer to access, upload, and post modeling photos of his spouse.⁹ In addition, the employee entered a Health Services building during nonbusiness hours without permission.

Results and Method of Investigation

We asked Health Services to assist us with the investigation. We substantiated the allegation as well as other improper acts. To conduct this investigation, Health Services examined the employee's state e-mail records, telephone records, personnel records, Internet-monitoring reports, time sheets, and card key access reports.

The Employee Inappropriately Used His State Computer for Personal Benefit and Entered a State Building for Nonwork-Related Reasons

On several occasions, the employee improperly used his state computer to access Internet sites, in violation of state law and Health Services' policies.¹⁰ Specifically, Health Services found that the employee accessed Internet sites from July 2006 through October 2006 that were inappropriate.¹¹ It examined Internet-monitoring reports that showed the employee visited modeling Web sites and Internet-based e-mail sites during the employee's regular weekday work schedule and on six nonbusiness days, such as weekends and holidays. In addition, Health Services found that the employee had no permission to enter the building on any of the six nonbusiness days. Moreover, on one weekend day, the employee's spouse accompanied him into the building. Health Services also determined that on nine days—eight of which were workdays—the employee spent more than three hours each day accessing the Internet, including viewing some modeling Web sites

⁹ The employee worked in a division of Health Services during the period of investigation. Health Services reorganized effective July 1, 2007. The employee's division is now within the Department of Public Health.

¹⁰ For a more detailed discussion of the laws and policies referenced in this chapter, see Appendix B.

¹¹ Before July 2006 the employee's Internet history was not available for review by Health Services.

where his spouse had profiles and photos posted. Finally, Health Services found that, on one weekend day, the employee uploaded modeling photos of his spouse.

By uploading his spouse's modeling photos and accessing nonwork-related Internet sites, the employee violated state law and Health Services' policies that prohibit state employees from using state resources and facilities for personal purposes and accessing Web sites and resources that are inconsistent with the performance of their duties. In addition, Health Services did not properly monitor building access when it allowed the employee and his spouse to enter the Health Services building without permission on weekends and holidays.

Health Services Found Other Misuses of State Resources

In addition to substantiating the allegations against the employee, Health Services found that the employee inappropriately used his state e-mail account to send or receive 370 e-mails that were not work related. Specifically, it determined that the employee sent and received 113 e-mails that related to his pursuit of modeling assignments for his spouse, with many of the e-mails containing images of his spouse that were not appropriate in the workplace. By sending and receiving these nonwork-related e-mails using his state employee account, the employee failed to observe a Health Services policy that explicitly requires employees' use of e-mail resources to be consistent with the performance of their duties. The remaining 257 e-mails related to the employee's attempt to sell telecommunications services for an outside company and other personal activities. By using state time and resources to conduct these activities, the employee violated state law and a Health Services policy that prohibit state employees from engaging in activities that are clearly inconsistent with their duties and prevent them from devoting their full attention to their state duties.

The employee sent and received 113 e-mails related to his pursuit of modeling assignments for his spouse, with many of the e-mails containing images of his spouse that were inappropriate in the workplace.

Agency Response

Health Services reported that it intends to pursue adverse action against the employee based on his inappropriate use of state time, equipment, facilities, and resources for private gain or advantage. In addition, it modified the employee's building access to normal business days and hours only and suspended his Internet and e-mail access. Finally, Health Services initiated content filtering of Internet sites, making certain sites—such as modeling Web sites and Internet-based e-mail—inaccessible to its employees.

Chapter 5

DEPARTMENT OF MOTOR VEHICLES: INCOMPATIBLE ACTIVITIES

Allegation I2006-0993

An employee with the Department of Motor Vehicles (Motor Vehicles) gave special treatment to a private company in the processing of its vehicle registration and other documents.

Results and Method of Investigation

We asked Motor Vehicles to assist us in the investigation, and we substantiated the allegation. The employee, a licensing registration examiner, allowed a friend who worked for a private registration service to hand deliver vehicle registration and payment documents to the employee at locations other than the Motor Vehicles field office. The employee's action provided an advantage to the registration service that was not available to the general public.

To investigate the allegation, Motor Vehicles reviewed occupational licenses issued to private vehicle registration services and interviewed the employee, the employee's field office manager, Motor Vehicles staff, and individuals employed by the private registration service.

The Employee Used the Prestige of Her Position for the Advantage of Another

Motor Vehicles reported that its employee accepted paperwork from a registration service employee at locations other than the field office including at the Motor Vehicles employee's home. On at least two occasions, the Motor Vehicles employee accepted registration documents from the registration service employee in the parking lot of the field office where the Motor Vehicles employee worked. The Motor Vehicles employee stated that she asked for and received permission from the field office manager to bring the work into the field office from her vehicle and process it. On one of these occasions, the work in question consisted of 300 transactions, requiring significant time and resources to process. By prioritizing this work ahead of other activities, the Motor Vehicles employee used her position as a state employee to provide a special advantage to the registration service employee.

State law prohibits a state employee from engaging in any employment, activity, or enterprise that is clearly inconsistent, incompatible, in conflict with, or inimical to his or her duties as a state officer or employee.¹² This law specifically identifies certain incompatible activities, including using state time, facilities, equipment, or supplies for the private gain or advantage of the employee or another.

Agency Response

Motor Vehicles reported that it distributed the results of the investigation to the appropriate staff. It also stated that it reinforced policy and procedures with its field office staff in weekly training sessions.

¹² For a more detailed discussion of the law referenced in this chapter, see Appendix B.

Chapter 6

EMPLOYMENT DEVELOPMENT DEPARTMENT: MISUSE OF STATE TIME AND RESOURCES

Allegation I2005-0831

An employee with the Employment Development Department (Employment Development) misused state time and resources to operate a private catering business with the knowledge of her supervisor and assistance from another employee.

Results and Method of Investigation

We asked Employment Development to assist us in the investigation, and we substantiated the allegation and other improper acts. Employment Development found that Employee A used state time and resources to conduct her private catering business, in violation of state law.¹³ It also reported that Employee A conducted the business with the knowledge and assistance of her supervisor, Supervisor 1, and that Employee A directed Employee B, a coworker in the unit that Employee A is assigned to lead, to assist her as well.

To conduct the investigation, Employment Development reviewed the personnel files and e-mail records of Employee A, Employee B, and Supervisor 1. It also reviewed county health permit records and interviewed office management and staff, including Employee A, Employee B, and Supervisor 1.

Background

We initially received the allegation in 2005 and notified Employment Development. It conducted its own investigation and told us that its preliminary investigation appeared to substantiate the allegation. However, Employment Development stated that Supervisor 2, the then-supervisor of both Employee A and Supervisor 1, determined that the use of state time and resources was incidental. Supervisor 2 had a verbal discussion with both Employee A and Supervisor 1 and instructed them to be careful of their activities to avoid the appearance of impropriety, but he did not advise them to cease the activity. In 2006 we received another allegation that the activity had continued.

¹³ For a more detailed discussion of the laws referenced in this chapter, see Appendix B.

Employee A Used State Time and Resources to Conduct a Catering Business With Her Supervisor's Knowledge and Assistance and Directed a Coworker to Assist Her

Employment Development reported that Employee A used state time, resources, and equipment to conduct her private catering business. State law prohibits state employees from using state resources for private gain, for personal advantage, or for an outside endeavor not related to state business. Employee A's catering business involved taking orders and providing lunches for her coworkers. She prepared these lunches at her home and then distributed them in the workplace. Employment Development reviewed Employee A's e-mail records from May through July 2006 and found that she sent numerous e-mails from her state e-mail account to solicit orders, send menus, and advise coworkers that food was ready for pickup. Employment Development determined that she did not limit such communications to her lunch or break periods. Further, Employment Development reported that Employee A used state time to prepare a slide presentation on her state computer for a company that promotes health-conscious eating. The file statistics for the presentation indicated that Employee A spent more than six hours preparing and editing the presentation.

In addition, Employment Development reported that Supervisor 1 was aware of Employee A's catering business and that she assisted Employee A. Employment Development reviewed Supervisor 1's e-mail records from April through July 2006 and found that she assisted Employee A by sending e-mails related to the catering business. Although Supervisor 1's e-mails were not as numerous as Employee A's e-mails, she sent them throughout the workday and did not limit them to her lunch or break periods.

Further, Employment Development found that Employee A directed Employee B, a coworker who reports to her, to assist her in the catering business. Employment Development reviewed Employee B's e-mail records from May through July 2006 and found that she also used her state e-mail account to send menus and prices for Employee A's business. It reported that these e-mails were not as numerous as Employee A's e-mails but that Employee B sent them throughout the workday and did not limit them to her lunch or break periods. In an interview, Employee B stated that Employee A requested that she send the e-mails and take food orders. She also stated that if she had known of the previous allegation described in the Background section, she would not have assisted Employee A.

In an interview, Employee B stated that Employee A requested that she send the e-mails and take food orders.

Employee A Violated State Food Preparation Laws

Finally, Employment Development found that Employee A did not have a valid health permit issued by the county to operate a catering business and that she violated state law relating to food prepared in a private home for retail sale. Employee A stated that she made all the meals at home before work and acknowledged that she did not have a valid health permit. She also stated that she was not aware of the state law relating to the preparation of food in a private home.

Agency Response

Employment Development reported that it has issued corrective action memos to both Employee A and Supervisor 1 entitled “Corrective Action Memorandum—Use of State Property.” Employment Development did not take any action against Employee B.

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Chapter 7

SONOMA STATE UNIVERSITY: IMPROPER CLOSURE OF OFFICES AND FAILURE TO CHARGE EMPLOYEE LEAVE BALANCES

Allegation I2006-0913

Offices at Sonoma State University (Sonoma State) were closed without appropriate authorization. As a result, employees at Sonoma State were allowed to take leave without charging any leave balances.

Results and Method of Investigation

We asked Sonoma State to assist us in conducting the investigation, and we substantiated the allegation. To investigate the allegation, Sonoma State verified whether selected offices were closed for business on July 3, 2006, and determined that four offices within two divisions at Sonoma State were closed that day without proper approval. In addition, Sonoma State reviewed the absence reports and the time and attendance reports of affected employees. It determined that a number of employees did not charge leave for all or part of their workday on the date of the unauthorized closures.

Officials in Two Divisions at Sonoma State Closed Offices Without Authorization by the President

Sonoma State determined that officials in two divisions—the Division of Student Affairs and Enrollment Management (Student Affairs) and the Division of Academic Affairs (Academic Affairs)—closed a total of four offices although they did not have authority to make the decision. A state regulation specifies that the president of each California State University campus is responsible for the administration of paid holidays for all employees under the president's supervision.¹⁴ A list of approved holidays is contained in the regulation. The date of the closure is not on the list, and the president of Sonoma State informed us that he did not authorize any offices to be closed on July 3, 2006.

¹⁴ For a more detailed discussion of the laws, regulations, and policies referenced in this chapter, see Appendix B.

Several Employees Did Not Charge Time Off, Even Though They Took Leave for All or Part of the Workday

In addition to the unauthorized closure of the offices, several employees did not charge time off despite their taking leave for all or part of the workday. Specifically, Sonoma State determined that a total of eight employees in Student Affairs and Academic Affairs were allowed to avoid charging their leave balances for all or part of the July 3, 2006, workday. In one instance, employees were improperly informed that they did not have to charge vacation time. State law requires Sonoma State to keep a record of vacation accumulated and taken. As Table 3 illustrates, the eight employees took a total of 54 hours off from their workday without charging their leave balances.

Table 3
Hours and Number of Employees by Division Who Did Not Charge Time on July 3, 2006

DIVISION AND UNIT	NUMBER OF EMPLOYEES WHO DID NOT CHARGE LEAVE	NUMBER OF HOURS NOT CHARGED PER EMPLOYEE	TOTAL HOURS NOT CHARGED
Division of Academic Affairs			
School of Business and Economics	3	8	24
School of Social Sciences	2	3	6
Division of Student Affairs and Enrollment Management			
Academic Advising, Career, and Educational Opportunity Program Services	1	8	8
Student Health Center	2	8	16
Totals	8		54

Source: Sonoma State University's review of absence reports and time and attendance reports.

Agency Response

The provost of academic affairs at Sonoma State scheduled a review of the time and attendance procedures and leave-granting authority with the Academic Affairs Council of Deans. In addition, Academic Affairs stated it planned to notify the five employees that leave must be charged against their accrued balances. In the case of the Academic Advising, Career, and Educational Opportunity Program Services, Sonoma State is requiring the employee to account for the leave taken. Sonoma State did not address corrective action for the two employees in the Student Health Center.

Chapter 8

CALIFORNIA DEPARTMENT OF EDUCATION, CALIFORNIA SCHOOL FOR THE DEAF, RIVERSIDE: FAILURE TO MEET TEACHER CREDENTIALING REQUIREMENTS

Allegation I2006-0875

Two teachers at the California School for the Deaf, Riverside (school), part of the California Department of Education (Education), did not have valid teaching credentials, in violation of state law.

Results and Method of Investigation

We asked Education to provide us with information. Based on our review of the information provided, we substantiated the allegation. For academic year 2005–06, we found that two teachers at the school lacked the proper credentials, a requirement to maintain employment at the school.

To investigate this allegation, we reviewed the relevant state law and information from Education about the status of teaching credentials for teachers at the school during academic year 2005–06.¹⁵ As a requirement of continued employment at the school, each teacher must possess either a valid teaching credential (see the text box), evidence of a credential waiver, or evidence of credentialing renewal efforts if the existing waiver or credential has expired.

Education determined that two teachers did not possess valid credentials or waivers for academic year 2005–06. Specifically, Education found that Teacher A was not willing to maintain an active teaching credential even after she was instructed to renew her credential. In addition, Education found that Teacher B did not meet the requirements for continuing employment when he failed to fulfill renewal requirements for a waiver of the relevant credential. By failing to complete the necessary waiver and credentialing renewal requirements, Teacher A and Teacher B violated a state law specifying that appropriate qualified staff should be employed consistent with credentialing requirements to fulfill the educational responsibilities with respect to programs offered at the school.

Teaching Credentials

The Commission on Teacher Credentialing issues credentials. A teaching credential includes a certificate, document, or permit that authorizes an individual to perform services that require certification. Credentials that authorize teachers to instruct deaf and hearing-impaired individuals include a Specialist Instruction Credential in Special Education and an Education Specialist Instruction Credential.

Source: [Commission on Teacher Credentialing Web site.](#)

¹⁵ For a more detailed discussion of the law referenced in this chapter, see Appendix B.

Agency Response

Education reported that Teacher A resigned from her teaching position when she was told to renew her credential. It also reported that Teacher B was dismissed from his position effective January 2007 for failing to meet the requirements for continued employment. In addition, the school reported that it maintains a record of the credential status of all its teachers and monitors those who need to complete credential requirements.

Chapter 9

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM: CONFLICT OF INTEREST

Allegation I2006-0852

An employee of the California Public Employees' Retirement System (CalPERS) violated a conflict-of-interest law by also working at the CalPERS building as an employee for a private vendor.

Results and Method of Investigation

We asked CalPERS to assist us in the investigation, and we substantiated the allegation. To conduct the investigation, CalPERS confirmed that the employee also worked at the CalPERS building for a private vendor. It also reviewed badge access reports to ensure that the employee did not access any areas she would not have been granted access to during her normal work hours in her state capacity.

In violation of state law prohibiting conflicts of interest, CalPERS hired the employee even though she was working at the CalPERS building as an employee for a private vendor that provided services to CalPERS.¹⁶ California public contract law regarding conflicts of interest prohibits state employees from engaging in any employment or activity from which the employee receives compensation that is sponsored or funded by any state agency or department through a state contract, unless the employment or activity is required as a condition of employment.

CalPERS found that the employee used her private vendor access badge 14 times over a one-month period to enter the private vendor's offices located in the CalPERS building during her normal state working hours. However, CalPERS stated that it was not concerned because the vendor's offices are continuously staffed by other personnel, and the employee accessed them only during rest and meal breaks.

¹⁶ For a more detailed discussion of the law referenced in this chapter, see Appendix B.

Agency Response

CalPERS informed the employee that her employment with both the private vendor and CalPERS violated state law. CalPERS also confirmed that the employee terminated her employment with the private vendor, and it deactivated the employee's private vendor access badge.

Chapter 10

UPDATE OF PREVIOUSLY REPORTED ISSUES

Chapter Summary

The California Whistleblower Protection Act requires an employing agency or appropriate appointing authority to report to the Bureau of State Audits (bureau) any corrective action, including disciplinary action, that it takes in response to an investigative report no later than 30 days after the bureau issues the report. If it has not completed its corrective action within 30 days, the agency or authority must report to the bureau monthly until it completes that action. This chapter summarizes corrective actions taken on 11 reported cases.

Department of Corrections and Rehabilitation Case I2003-0834

We reported the results of this investigation on March 22, 2005.

The Department of Corrections and Rehabilitation (Corrections) improperly granted registered nurses (nurses) an increase in pay associated with inmate supervision that they were not entitled to receive. Specifically, 25 nurses at four institutions received increased pay associated with inmate supervision even though they did not supervise inmates for the minimum number of hours required or they lacked sufficient documentation to support their eligibility to receive the increased pay. Between July 1, 2001, and June 30, 2003, Corrections paid these nurses \$238,184 more than they were entitled to receive.

In March 2007 Corrections reported that it completed its analysis and ultimately determined that 14 of the 25 nurses identified in our report were not entitled to the pay increase. Corrections indicated that it collected or initiated collection of overpayments from these nurses. Corrections also reported that the remaining 11 nurses we identified were entitled to receive the pay increase. However, it was unable to provide documentation to support the premium pay for nine of the 11 nurses, stating that the institution required the nurses to maintain copies of inmate supervision records for only one year. Further, although Corrections provided us with documentation for the two remaining nurses, it showed that each nurse did not meet the threshold for premium pay for nine months during the two-year period. Finally, Corrections reported that none of the 25 nurses identified in our report is currently receiving the pay increase.

Corrections still has not provided us with documentation to fully justify the pay increase for 11 nurses.

Updated Information

Corrections reported that it has collected \$39,177 of the \$238,184 that we identified in our report. The remaining uncollected overpayments constitute payments made to the 11 nurses who Corrections believes were entitled to the increase, overpayments still under collection, and overpayments that cannot be collected because Corrections was not aware of these in time to recover the funds within three years of the overpayments, as required by law. Corrections has not provided us with documentation that fully justifies the pay increase for the 11 nurses since its analysis in March 2007.

Department of Corrections and Rehabilitation Cases I2004-0649, I2004-0681, and I2004-0789

We reported the results of this investigation on September 21, 2005.

Corrections did not track the total number of hours available in a rank-and-file release time bank (time bank) composed of leave hours donated by members of the California Correctional Peace Officers Association (union). As a result, Corrections released employees without knowing whether the time bank had sufficient balances to cover the releases. In addition, the management reports that Corrections used to track time bank charges and donations did not capture a significant number of leave hours used by union members. Corrections charged nearly 56,000 hours against the time bank for hours union members spent conducting union-related activities between May 2003 and April 2005. However, we identified 10,980 additional hours members used that Corrections failed to charge against the time bank for representatives A, B, and C. Although Corrections asserted that it had reconciled its time bank balances, records from the State Controller's Office (SCO) did not indicate that the 10,980 hours were charged to the time bank through the State's leave-accounting system. Thus, it appears that those hours were paid through regular payroll at a cost to the State of \$395,256.

When we updated this issue in March 2007, Corrections stated that it could not independently substantiate the 10,980 hours we identified in our report as hours that representatives A, B, and C did not charge to the union time bank between May 2003 and April 2005. Corrections believes that the SCO and the Corrections time-accounting system could not provide an accurate method for distinguishing the type of union leave used.¹⁷ However, to resolve

¹⁷ When we first reported this issue in September 2005, we explained that Corrections uses several different types of leave categories to account for employees who work on union activities.

this issue, it is not important to be able to make such distinctions. Our review determined that none of the hours was charged to any union leave category.

Corrections also reported that it modified and implemented several changes to its tracking system that allowed it to track, report, and seek payment for union leave time. For representatives B and C, records from the SCO indicated that Corrections had charged union leave for the hours they spent working on union activities from July through December 2006. Further, SCO records show that Corrections retroactively charged union leave for the hours that Representative B spent working on union activities from January through June 2006. However, these records also show that Corrections was still not charging any type of union leave category for the hours Representative A spent working on union activities.

Updated Information

Since we reported our last update in March 2007, SCO records indicate that Corrections retroactively charged union leave for 776 of the 984 hours Representative A spent working on union activities from July through December 2006. Additionally, although it appears Corrections is now accounting for a majority of Representative A's hours, it still failed to charge any type of union leave category for 264 of the 1,000 hours he spent working on union activities from January to June 2007. For Representative B, SCO records show that Corrections retroactively made adjustments to the different union leave categories resulting in a net decrease of 40 hours being charged against union leave for time he spent working on union activities from July through December 2006.¹⁸ Additionally, Corrections failed to charge union leave for 160 of the 1,000 hours Representative B spent working on union activities from January to June 2007. For Representative C, Corrections retroactively made adjustments to the different union leave categories resulting in a net reduction of 32 hours being charged against union leave for time he spent working on union activities from July through December 2006.¹⁹ SCO records also show that Corrections accounted for all of Representative C's work on union activities from January through June 2007. Table 4 on the following page shows the retroactive adjustments made for representatives A, B, and C and the hours Corrections has still failed to charge against

Corrections still failed to charge any union leave category for 264 hours that Representative A spent working on union activities from January to June 2007.

¹⁸ In March 2007 we reported that Corrections charged 96 more hours to union leave for Representative B than were necessary. As a result of Corrections' adjustments, it appears Corrections is still charging 56 more hours to union leave than are necessary for July through December 2006.

¹⁹ In March 2007 we reported that Corrections charged eight more hours to union leave for Representative C than were necessary. As a result of Corrections' adjustments, it appears Corrections has now failed to account for 24 hours that Representative C spent working on union activities from July through December 2006.

the union time bank for representatives A and B. Overall, from May 2003 through June 2007 Corrections has failed to account for 15,060 hours of union leave at a cost to the State of \$558,015.

Table 4
Total Hours of Union Leave Time That the Department of Corrections and Rehabilitation Failed to Charge for Representatives A, B, and C From May 2003 Through June 2007

	REPRESENTATIVE A	REPRESENTATIVE B	REPRESENTATIVE C	TOTAL HOURS
Hours previously identified from May 2003 through December 2006	6,492	4,848	4,000	15,340
Corrections' retroactive adjustments of hours from July through December 2006	(776)	40	32	(704)
Union leave hours not charged from January through June 2007	264	160	0	424
Totals	5,980	5,048	4,032	15,060

Source: State Controller's Office records.

Department of Health Services Case I2004-0930

We reported the results of this investigation on September 21, 2005.

We found that contracts and related invoices of the Genetic Disease Branch (branch) of the Department of Health Services (Health Services) lacked specifics, leading to questionable and improper payments for holiday pay and equipment. For example, the branch improperly authorized payment for 13 holidays to a contractor's workers from December 2003 through November 2004, costing the State \$57,788 for services it did not receive. Also, the branch circumvented procurement procedures by purchasing computers, fax machines, and printers totaling \$40,698 under contracts that were for services, not equipment.

Updated Information

Since we reported on these issues, Health Services stated that branch staff and management involved in contract and procurement activities completed contracts ethics training. In addition, the Department of Public Health, which took over management of the branch in July 2007, reported that it is still in the process of taking disciplinary action against five individuals.

**Victim Compensation and Government Claims Board and the
Department of Corrections and Rehabilitation
Cases I2004-0983 and I2005-1013**

We reported the results of this investigation on March 22, 2006.

Between October 2000 and May 2002, a physician filed several claims with the Victim Compensation and Government Claims Board (Victim Compensation) and Corrections, claiming he was entitled to the monthly recruitment and retention bonus of \$2,700 that Corrections gives employees in the chief psychiatrist classification. Although we believe Victim Compensation had no legal authority to hear the physician's claim, he received payments from both Victim Compensation and Corrections, resulting in duplicate payments of \$25,950. Additionally, before the physician received his final payment, both entities were aware that he was about to receive state funds to which he was not entitled, yet they neither adjusted the physician's final claim nor recovered the overpayment.

In March 2007 Victim Compensation reported that it changed its procedures to avoid making overpayments in the future. Specifically, Victim Compensation reported that it will not assume authority over claims in those instances in which it is aware that another agency is addressing the claim. Additionally, Victim Compensation reported that it changed its payment process for approved claims to ensure affected state agencies are aware of its actions. Payments are currently made one of two ways—by making the payment from an appropriation in the affected state agency's budget or, if no appropriation exists, through a legislative claims bill. When claims are paid via a legislative claims bill, the affected agency is notified that the claim is designated for payment and should alert Victim Compensation before final payment is made if the agency is aware that the claimant has pursued any other remedy.

Further, Corrections reported it initiated action to attempt to recover the \$25,950 overpayment from the physician. Corrections reported that it recovered \$2,000 from the physician as of April 2006. However, Corrections was unable to confirm any additional amount the physician reimbursed to the State.

Updated Information

Corrections reported that the physician reimbursed the State for the entire overpayment and retired from state service in May 2007.

Corrections reported that the physician reimbursed the State for the entire overpayment and retired from state service in May 2007.

**Department of Fish and Game
Case I2004-1057**

We reported the results of this investigation on March 22, 2006.

The Department of Fish and Game (Fish and Game) allowed several state employees and volunteers to reside in state-owned homes without charging them rent. Consequently, Fish and Game violated the state law prohibiting state officials from providing gifts of public funds. Additionally, Fish and Game deprived taxing authorities of as much as \$1.3 million in revenue because it did not report to the SCO the taxable fringe benefits its employees receive when they live in state-owned housing at rates below fair market value.

Finally, although Fish and Game was the focus of this investigation, we discovered that all state departments that own employee housing may be underreporting or failing to report housing fringe benefits totaling as much as \$7.7 million annually. Additionally, because these departments charged employees rent at rates far below market value, the State may have failed to capture as much as \$8.3 million in potential annual rental revenue.

When we updated this issue in March 2007, departments reported the following:

Fish and Game reported that in August 2006 it began the process of adjusting rental rates to fair market values in accordance with Department of Personnel Administration (DPA) regulations and applicable collective bargaining agreements and began raising rental rates in October 2006. Fish and Game also reported that it last obtained appraisals approximately 14 years ago and in order for it to report accurate taxable fringe benefit information, it must first obtain current fair market appraisals for its properties. Fish and Game added that it identified funding to obtain fair market appraisals and will do so after DPA establishes the master agreement for appraisers.

DPA reported that it developed a request for proposal (RFP) in October 2006 to establish a list of licensed appraisers; however, none of the bids it received for the RFP complied with the requirements. DPA issued a second RFP in February 2007 and expected to award the contract in April 2007. Once established, departments would be able to enter into agreements with contractors of their choice from the list of appraisers. DPA also reported that in order to ensure departments regularly conduct appraisals and apply rental rate increases as outlined in collective bargaining agreements, it would require departments to submit a copy of each market analysis or desk review annually along with a survey of their properties showing annual rental increases.

Departments that request discounted rental rate adjustments or propose no annual rent increases will be required to submit their requests to DPA for review and approval. Finally, DPA reported that it planned to amend state regulations to ensure that rental rates are increased to fair market value for those residents who do not work under collective bargaining agreements, when it is determined a home's fair market value is above those listed in state regulation.

Corrections, including the Division of Juvenile Justice, reported that DPA anticipated awarding a contract for state-owned housing appraisal services that could be used by all state agencies. Corrections stated that it intended to obtain fair market appraisals for its properties through the contract, which was expected to be awarded by April 2007.

The California Department of Transportation (Caltrans) reported that it performed additional analysis to determine what amount of taxable fringe benefits it should have reported for 2003. It determined that the net total of additional income that should have been reported was \$1,232 for six of its employees residing in state homes. Caltrans added that as of April 2006, this amount was reported to the tax authorities.

The Department of Mental Health (Mental Health) reported that it updated its special order addressing employee housing in December 2006. This special order required its hospitals to assess fair market rental rates for their properties by March 2007 and to reassess those rates annually. In addition, the special order required its hospitals to report accurate taxable fringe benefit information in a timely manner.

The Department of Developmental Services (Developmental Services) reported that it would obtain fair market appraisals once DPA established a master agreement of licensed appraisers and authorized departments to begin contracting for appraisals. Developmental Services also reported that it evaluated its systems and processes for reporting fringe benefits to ensure it will be in compliance with reporting guidelines once it is able to establish and update its rental rates.

Updated Information

DPA reported that it has established contracts or agreements with seven appraisal firms and that its Master Service Agreement User's Manual (user's manual) is in the final edit and review stages. Once completed, DPA will provide the user's manual to

DPA will provide a user's manual—once completed—to enable department directors to contract with any one of the seven appraisal firms approved under a Master Service Agreement for fair market appraisals of state-owned housing.

department directors, who can then enter into agreements with any of the seven contractors to obtain fair market appraisals of their state-owned homes.

Fish and Game reported that its Labor Relations Office has visited all six Fish and Game regions throughout the State where employees reside in state-owned homes to educate personnel of Fish and Game's obligation to report taxable fringe benefits for those employees. Fish and Game also reported that it will begin the property appraisal process once DPA completes and distributes the user's manual. Finally, Fish and Game reported it has notified its employees who reside in state homes that their rental rates will be increased by 25 percent as of November 1, 2007.

The Department of Parks and Recreation (Parks and Recreation) reported that it believes its original response to our report—in which it asserted that state regulations do not allow it to raise rental rates—comprehensively addressed its role in this issue and provided no additional information. However, we are concerned that Parks and Recreation has not raised the rental rates of its state-owned housing where permitted when other state agencies have raised rates or are planning to do so.

Corrections reported that it plans to meet with DPA in September 2007 to discuss contract utilization and requirements for obtaining appraisal services and conducting annual rental surveys.

Developmental Services reported that once DPA authorizes departments to utilize the Master Agreement, it will immediately begin contracting to obtain fair market appraisals and update the rental rates of its state-owned housing.

The Department of Forestry and Fire Protection (Forestry) reported that from May 2006 to June 2007 it raised its rental revenue from state-owned housing from \$197,730 to \$237,730 and that it is following collective bargaining provisions that allow it to raise rent by 25 percent annually when its properties are being rented at less than fair market values. In addition, Forestry has changed its policy to require a new appraisal each time a new renter establishes residency.

Mental Health reported that it has no additional information to report at this time.

Caltrans reported that it has adjusted rental rates for its state-owned homes to fair market values or is incrementally increasing rates to market values following collective bargaining agreement requirements.

The California Highway Patrol reported that it has issued a general order outlining its policy on the conditions of employment for employees assigned to resident posts, has developed a resident post lease agreement to be signed by each affected employee, and has adjusted its monthly rental rates in accordance with current state regulations.

The California Conservation Corps reported that it hired an outside entity to appraise its properties. These appraisals showed that in some instances the rental rates it charged were consistent with the appraised values of the residences, but that in other instances the rates it charged were slightly lower than the appraised values.

Department of Corrections and Rehabilitation Case I2005-0781

We reported the results of this investigation on March 22, 2006.

Between January 2002 and May 2005, Corrections failed to exercise its management controls by allowing nine exempt employees at the Sierra Conservation Center (center) to claim holiday credits for holidays that fell on the employees' scheduled days off, resulting in the accrual of 516 hours they were not entitled to receive. This improper accrual of hours equated to a gift of public funds totaling \$17,164. In addition, the center allowed them to work alternate work schedules consisting of 10-hour days, but the collective bargaining agreement required them to charge leave only in eight-hour increments (or their fractional equivalent depending on their time bases) for each full day of work missed. The resulting gift of public funds for the discrepancies between leave hours posted and the employee's scheduled work hours totaled \$49,094.

Since we first reported this issue, two of the nine employees are no longer working at the center. Further, one exempt employee joined the center in June 2006, and we included this employee in our analysis. We conducted additional analyses on the remaining employees at the center for the time period from June 2005 to December 2006,²⁰ and reported that Corrections' and the center's failure to exercise management controls resulted in an additional gift of public funds of \$30,070. As a result, the total gift of public funds through December 2006 totaled \$96,328.

²⁰ The center did not provide time sheets for one employee in a timely manner. Therefore, this employee is excluded from our analysis.

In January 2007 the center began charging leave in 10-hour increments for the employees we examined.

On January 25, 2007, the State and the union representing the employees in our report adopted a new collective bargaining agreement. This agreement specifies that exempt employees shall not be charged leave in less than whole-day increments.

Updated Information

Effective January 2007 the center began charging leave in 10-hour increments for the employees we examined, in accordance with the current collective bargaining agreement. In August 2007, approximately 19 months after we originally reported this issue, Corrections provided us with a copy of a settlement agreement between the collective bargaining unit and the State, which provides that these employees are entitled to receive holiday credits when holidays fall on the employees' scheduled days off.

Department of Forestry and Fire Protection Cases I2005-0810, I2005-0874, and I2005-0929

We reported the results of this investigation on March 22, 2006.

From January 2003 through July 2005, five air operations officers working as pilots for Forestry received more than \$58,000 for 1,063 overtime hours charged in violation of Forestry policy or their union agreement. The State's collective bargaining agreement with the firefighters' union provides for around-the-clock compensation when certain employees are assigned to a fire but does not include air operations officers among those eligible for this type of compensation. Rather, air operations officers should be compensated only for actual hours worked instead of all hours assigned to a fire. Further, Forestry policy limits the number of hours per day its pilots are able to work to 14 hours. Because the air operations officers' reported overtime hours involved pilot coverage, these employees were subject to Forestry's 14-hour workday for pilots.

Similar to the air operations officers working as pilots, maintenance officers are also not entitled to claim around-the-clock pay. We questioned 80 hours of overtime for which two air operations officers working in maintenance received nearly \$3,907. Specifically, we found that one air operations officer working in maintenance claimed five consecutive 24-hour workdays and the other maintenance officer claimed three consecutive 24-hour workdays, resulting in 80 total hours of overtime. We questioned these hours because it does not seem reasonable to expect an individual to work three or five consecutive 24-hour workdays without a break for

sleep. The supervisor of the air operations officers indicated that he mistakenly believed they were all entitled to around-the-clock pay when assigned to a fire.

In addition, between January 2004 and December 2005, Forestry paid a heavy fire equipment operator approximately \$87,900 for 3,919 overtime hours, of which we identified \$3,445 that is improper and \$12,588 that is questionable. As opposed to the air operations officers we discussed previously, heavy fire equipment operators are entitled to around-the-clock compensation when they are assigned to a fire. The State's collective bargaining agreement with the firefighters' union stipulates that heavy fire equipment operators working the employee's schedule work a 12-hour day on the last day of their duty week. This employee improperly claimed 120 hours of overtime by reporting 24-hour shifts on the last day of his duty weeks, despite being counseled by his supervisor and being specifically told that he should report only 12 hours on those days. As a result, this employee improperly received \$2,769. In addition, the employee improperly claimed 27 hours related to training, receiving \$676 for hours to which he was not entitled.

The \$12,588 we identified as questionable is composed largely of 541 hours where the employee either reported hours for covering the shift of another employee who was also scheduled to work those hours or reported hours for working the shift of another employee who was not scheduled to work. The employee's direct supervisor acknowledged that he was not as diligent as he could have been when approving time sheets and that he did not check the accuracy of the employee's time sheets when they were approved by other battalion chiefs.

Updated Information

Forestry previously reported that it agreed with our findings about the air operations officers acting as pilots and that it had actively started to process the overpayments as receivables in February 2007. However, as of August 2007, Forestry reported that it is taking steps to verify the numbers of hours we provided in our report to process accurate receivables.

As for the heavy fire equipment operator, Forestry agreed with some of the overpayments we identified. However, as of August 2007, Forestry reported that it is taking steps to verify the payments we identified as improper. Pending the outcome of its verification, Forestry will determine the disciplinary action to take against this employee.

Forestry is still taking steps to verify the number of hours we reported to process accurate receivables.

**Department of Forestry and Fire Protection
Case I2006-0663**

We reported the results of this investigation on September 21, 2006.

A Forestry employee fraudulently claimed hours he did not work. Between January 2004 and December 2005, the employee, a heavy fire equipment operator, improperly claimed and received \$17,904 in wages for 672 hours he did not work. He submitted nine false claims over the two-year period under various circumstances. Also, by claiming wages for hours he did not work, the employee took advantage of his supervisor's lack of effective oversight and a lack of communication among the various staff with the authority to sign time sheets. The employee's supervisor acknowledged that he had not been sufficiently diligent in verifying the authorization and hours worked for some of his employees and that he did not always compare time sheets for heavy fire equipment operators when approving them for payment, even when one employee claimed he was providing vacation coverage for another. We also found that it was Forestry's practice to allow individuals other than an employee's direct supervisor to sign time sheets. In the case of the employee under investigation, up to nine people had the authority to approve his time sheet, enabling four individuals other than his direct supervisor to sign a total of eight of the employee's time sheets during the two-year period we reviewed. Thus, the employee was able to claim wages for hours not worked without being detected because he took advantage of a lack of oversight and communication among those with the authority to sign his time sheets. Additionally, it appears the employee may have exploited this relaxed management practice by having individuals other than his direct supervisor sign his time sheets more often when he claimed hours he did not work.

Forestry previously reported in March 2007 that it agreed that the employee collected wages to which he was not entitled and had conducted its own investigation. Forestry also previously reported that it was assessing the adequacy of the documentation of its investigation and planned to recover overpayments and determine disciplinary action once the assessment was complete.

Updated Information

As of August 2007 Forestry had not reported any updated corrective action for this case.

Forestry failed to report any updated corrective action for this case.

**Department of Corrections and Rehabilitation
Case I2005-0884**

We reported the results of this investigation on September 21, 2006.

An employee with Corrections improperly submitted for approval two sets of time sheets for the same period to two supervisors, Supervisor A and Supervisor B. The employee forwarded for payment the time sheet approved by Supervisor B, even though Supervisor B was not her direct supervisor and apparently was not aware of her actual attendance. The employee submitted two inaccurate time sheets in this manner for January 2005 and March 2005. As a result of her actions, the employee submitted false claims and received \$1,373 for 78 hours she did not work.

Updated Information

In August 2007 Corrections reported to us that it terminated the employee, effective August 31, 2006.

***Corrections reported in August 2007
that it terminated the employee in
August 2006.***

**Department of Consumer Affairs
Cases I2005-0764 and I2005-1026**

We reported the results of this investigation on March 22, 2007.

A manager with the Bureau of Automotive Repair (Automotive Repair) failed to adequately monitor the attendance of employees under her supervision, some of whom engaged in time and attendance abuse. The Department of Consumer Affairs (Consumer Affairs) reported that the manager was unable to monitor the attendance of her employees adequately because she was frequently out of the office for lengthy periods of time on official business. Consumer Affairs also noted that the manager's office was in an area removed from the employees she supervised. Consumer Affairs found that some employees who reported directly to the manager did not always account for their absences, possibly due in part to her lack of supervision.

Consumer Affairs previously reported that the manager was counseled and Automotive Repair planned to request assistance from Consumer Affairs to determine the appropriate course of disciplinary action. Consumer Affairs also reported that Automotive Repair took steps to minimize the frequency of time the manager is out of the office on official business and relocated the manager's office to enable her to better directly monitor her employees.

Updated Information

Consumer Affairs reported that based on an opinion it received from DPA, it would not take any disciplinary action against the manager because no action was warranted.

**Department of Conservation
Case I2006-0908**

We reported the results of this investigation on March 22, 2007.

An employee with the Department of Conservation (Conservation) violated financial disclosure requirements of the Political Reform Act of 1974 by failing to disclose his ownership of stocks issued by companies his office regulates (regulated companies). In addition, the employee made regulatory decisions that had the potential to affect the companies in which he held stock, thereby creating the appearance of a conflict of interest. The employee also improperly used state resources to assist his spouse in securing contributions on behalf of her employer, a charitable organization. Furthermore, the employee misused the prestige of his position and potentially caused a discredit to the State when on two separate occasions he requested a company with whom he has regular business dealings to waive a \$35 fee associated with his personal cell phone purchases.

We also found that the employee's manager owned stock in seven oil industry companies, including one regulated company, and failed to disclose these interests on his state disclosure forms as required by law. Finally, we found that the manager accepted gifts from industry and regulated companies, in violation of state law governing incompatible activities.

Updated Information

Conservation reported that it pursued adverse action against the employee and he resigned from state service. It also reported that it is pursuing adverse action against the manager who is on administrative leave.

After Conservation pursued adverse action against the employee, the employee resigned.

In addition, Conservation implemented measures to reinforce the ethical standards governing state employee conduct and to reduce the potential for future misconduct. Specifically, Conservation established a pilot internal ethics panel charged with developing an internal ethics training curricula that all employees will be required to take, revising Conservation's conflict-of-interest code, and considering ethics-related questions from employees and providing responses.

Further, Conservation reviewed its compliance with requirements of the Attorney General's online ethics training course, began an internal investigation of the division in which the employee and his manager worked, and met with the Fair Political Practices Commission to ensure its compliance with the Fair Political Practices Act.

Finally, Conservation also reported that it is consulting with an advisory panel created to assist with its ongoing investigation, review Conservation's regulatory processes and internal controls, conduct internal ethics training, and assist as necessary to ensure that similar misconduct is not repeated.

We conducted this review under the authority vested in the California State Auditor by Section 8547 et seq. of the California Government Code and applicable investigative and auditing standards. We limited our review to those areas specified in the results and method of investigation sections of this report.

Respectfully submitted,



ELAINE M. HOWLE
State Auditor

Date: September 20, 2007

Investigative Staff: Russ Hayden, Manager, CGFM
Siu-Henh Canimo
Gene Castillo
Lane Hendricks
Justin McDaid
Kerri Spano, CPA
Michael A. Urso, CFE

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Appendix A

ACTIVITY REPORT

The Bureau of State Audits (bureau), headed by the state auditor, has identified improper governmental activities totaling \$25.1 million since July 1993, when it reactivated the Whistleblower Hotline (hotline). These improper activities include theft of state property, false claims, conflicts of interest, and personal use of state resources. The state auditor’s investigations also have substantiated improper activities that cannot be quantified in dollars but have had negative social impacts. Examples include violations of fiduciary trust, failure to perform mandated duties, and abuse of authority.

Although the bureau investigates improper governmental activities, it does not have enforcement powers. When it substantiates allegations, the bureau reports the details to the head of the state entity or to the appointing authority responsible for taking corrective action. The California Whistleblower Protection Act (Whistleblower Act) also empowers the state auditor to report these activities to other authorities, such as law enforcement agencies or other entities with jurisdiction over the activities, when the state auditor deems it appropriate.

The chapters of this report describe the corrective actions that departments have taken. Table A summarizes all the corrective actions that departments took between the time the bureau reactivated the hotline in 1993 until June 2002. Table A also summarizes departments’ corrective actions since July 2002, when the law changed to require all state departments to annually notify their employees about the bureau’s hotline. In addition, dozens of departments have modified or reiterated their policies and procedures to prevent future improper activities.

Table A
Corrective Actions Taken From July 1993 Through June 2007

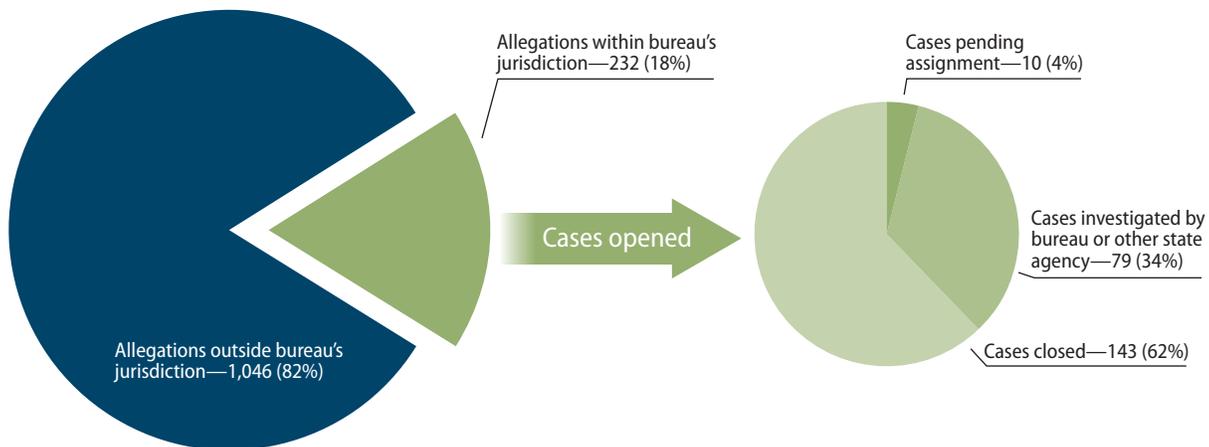
TYPE OF CORRECTIVE ACTION	NUMBER OF INCIDENTS FROM JULY 1993 THROUGH JUNE 2002	NUMBER OF INCIDENTS FROM JULY 2002 THROUGH JUNE 2007	TOTALS
Referrals for criminal prosecution	73	5	78
Convictions	7	2	9
Job terminations	46	30	76
Demotions	8	6	14
Pay reductions	10	41	51
Suspensions without pay	12	10	22
Reprimands	135	129	264

Source: Bureau of State Audits.

New Cases Opened February Through June 2007

The bureau receives allegations of improper governmental activities in several ways. From February 1, 2007, through June 30, 2007, the bureau received a total of 2,076 calls or inquiries. Of these, 798 were inquiries not related to the hotline or were wrong numbers. The remaining 1,278 were allegations. Of these allegations, 995 were from the hotline, 161 were from the mail, 110 were from its Web site, and 12 were from individuals who visited the office. The bureau opened 232 cases from these 1,278 allegations, as shown in Figure A.1. After careful review, the bureau determined that the remaining 1,046 allegations were outside the bureau's jurisdiction, and when possible, bureau staff referred those complainants to the appropriate federal, state, or local agencies as explained in Appendix C.

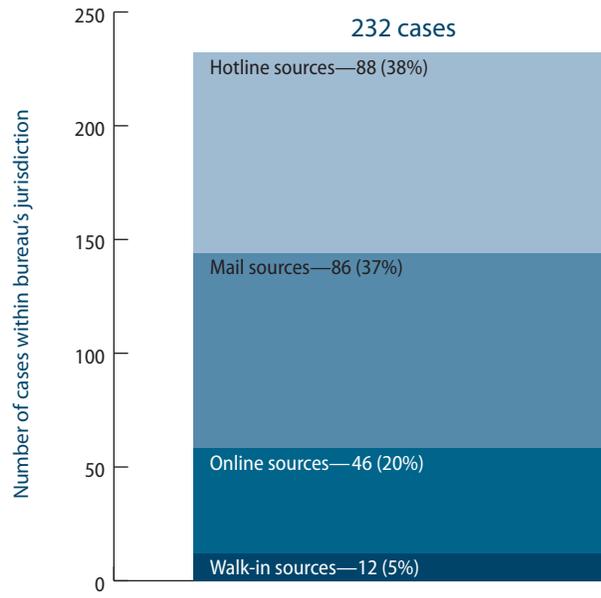
Figure A.1
Disposition of 1,278 Allegations Received From February Through June 2007



Source: Bureau of State Audits.

Callers to the hotline at (800) 952-5665 reported 88 of the new cases in this period. The bureau also opened new cases based on 86 complaints it received in the mail, 46 complaints received through its Web site, and 12 complaints from individuals who visited the office. Figure A.2 shows the sources of all the cases opened from February through June 2007.

Figure A.2
Sources of the 232 New Cases Opened From February Through June 2007



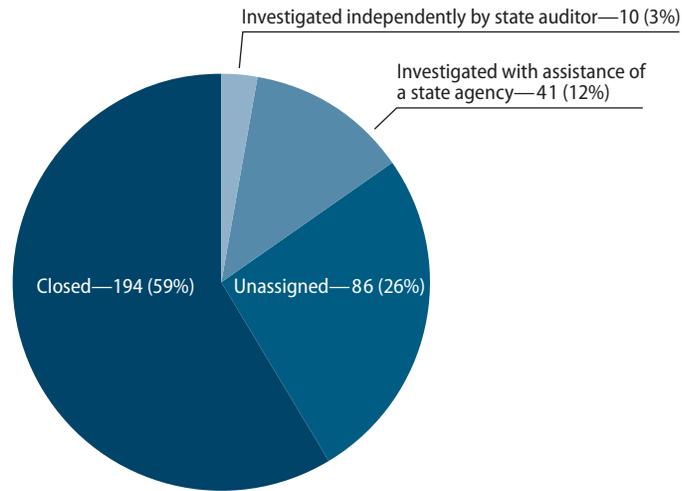
Source: Bureau of State Audits.

***Work on Investigative Cases
February Through June 2007***

In addition to the 232 new cases opened during the five-month period, 75 previous cases awaited review or assignment as of January 31, 2007; another 24 were still under investigation by the bureau or by other state agencies or were awaiting completion of corrective action. Consequently, 331 cases required some review during the period.

After performing a preliminary review of these cases, which includes analyzing evidence and other corroborating information and calling witnesses, the bureau determined that 194 cases lacked sufficient information to conduct an investigation. Figure A.3 on the following page shows the disposition of the 331 cases the bureau worked on from February through June 2007.

Figure A.3
Disposition of 331 Cases Worked on From February Through June 2007



Source: Bureau of State Audits.

The Whistleblower Act specifies that the state auditor can request the assistance of any state entity or employee in conducting an investigation. From February 1, 2007, through June 30, 2007, the bureau independently investigated 10 cases and substantiated allegations on two of them. In addition, the bureau conducted investigative analysis on 41 cases, and state agencies investigated these under the bureau's direction and substantiated allegations in seven of the 22 cases completed during the period. After a state agency completes its investigation and reports its results to the bureau, the bureau analyzes the agency's investigative report and supporting evidence and determines if it agrees with the agency's conclusions, or if additional work must be performed. The bureau confirmed the results of the seven investigations state agencies conducted. The results of those investigations are included in this summary report.

Appendix B

STATE LAWS, REGULATIONS, AND POLICIES

This appendix provides more detailed descriptions of the state laws, regulations, and policies that govern employee conduct and prohibit the types of improper governmental activities described in this report.

Causes for Disciplining State Employees

The California Government Code, Section 19572, lists the various causes for disciplining state civil service employees. These causes include incompetence, inefficiency, inexcusable absence without leave, neglect of duty, insubordination, dishonesty, misuse of state property, and other failure of good behavior, either during or outside of duty hours, that is of such a nature that it causes discredit to the appointing authority or the person's employment.

Criteria Covering Purchase and Use of State Vehicles *Chapter 2 Reports on the Purchase and Use of State Vehicles*

The California Government Code, Section 13332.09, prohibits state agencies from acquiring or replacing motor vehicles until the Department of General Services (General Services) has investigated and established the necessity of the vehicle acquisition or replacement. In addition, all contracts for the acquisition of motor vehicles for a state agency must be made by or under the supervision of General Services. In addition, Section 13332.09 requires that all passenger-type motor vehicles purchased for state officers and employees, except constitutional officers, must be American-made vehicles of a light class unless General Services provides an exception on the basis of unusual requirements that would justify the need for a motor vehicle of a heavier class.

The California Code of Regulations, Title 2, Section 599.807, requires each state agency to maintain records for state-owned automobiles under its control. Specifically, a travel log is required for each automobile. The travel log must include, among other information, a record of daily mileage traveled, date and time of travel, itinerary, information regarding overnight storage, and the identity of the driver. The travel log must be completed on a daily basis.

The California Code of Regulations, Title 2, Section 599.808(d), requires a home-storage permit when a state-owned vehicle is to be stored frequently at or in the vicinity of an employee's home,

regardless of the reason. General Services prescribes the form and procedures for these permits. Frequently is defined as storage of a state-owned vehicle at or in the vicinity of an employee's home for more than 72 nights over a 12-month period or more than 36 nights over a three-month period. The permit must be signed by the department head, a deputy, or the chief administrative officer.

The California Code of Regulations, Title 2, Section 599.809, defines a passenger type motor vehicle as being of the light class when it has less than 3.1 cubic meters (110 cubic feet) of passenger and luggage volume.

The California State Administrative Manual, Section 4107, requires state agencies and departments to maintain a monthly travel log for all state-owned passenger mobile equipment except motorcycles, trucks over three-quarter of a ton, and heavy equipment.

The Coalinga State Hospital, Administrative Directive 718, requires vehicle operators to fill out a travel log form for any state vehicles they operate.

Incompatible Activities

Chapters 3, 4, 5, 6, and 9 Report on Incompatible Activities

The California Government Code, Section 19990, prohibits a state employee from engaging in any employment, activity, or enterprise that is clearly inconsistent, incompatible, in conflict with, or inimical to his or her duties as a state officer or employee. This law specifically identifies certain incompatible activities, including using state time, facilities, equipment, or supplies for private gain or advantage. In addition, Section 19990 requires state employees to devote their full time, attention, and efforts to their state offices or employment during their hours of duty as state employees.

Criteria Covering Food Preparation

Chapter 6 Reports on Preparation of Food for Retail Sale

The California Public Health and Safety Code, Section 114015, requires that a private home must not be used for giving away, selling, or handling food at retail, with the exception of nonperishable, prepackaged food.

Prohibitions Against Conflicts of Interest
Chapter 9 Reports on a Conflict of Interest

The California Public Contract Code, Section 10410, prohibits state employees from engaging in any employment, activity, or enterprise from which they receive compensation or in which they have a financial interest that is sponsored or funded by any state agency or department through or by a state contract unless the employment, activity, or enterprise is required as a condition of the employee's regular state employment. In addition, no state employee must contract on his or her own behalf as an independent contractor with any state agency to provide services or goods.

Waste and Inefficiency
Chapters 1 and 2 Report on Waste and Inefficiency in State Government

The California Government Code, Section 11813, declares that waste and inefficiency in state government undermine Californians' confidence in government and reduce the state government's ability to address vital public needs adequately.

Prohibitions Against Using State Resources for an Outside Endeavor Not Related to State Business
Chapters 3, 4, and 6 Report on Personal Use of State Resources

The California Government Code, Section 8314, prohibits state officers and employees from using state resources such as land, equipment, travel, or time for personal enjoyment, private gain, or personal advantage or for an outside endeavor not related to state business. If the use of state resources is substantial enough to result in a gain or advantage to an officer or employee for which a monetary value may be estimated, or a loss to the State for which a monetary value may be estimated, the officer or employee may be liable for a civil penalty not to exceed \$1,000 for each day on which a violation occurs plus three times the value of the unlawful use of state resources.

The California Government Code, Section 8314.5, prohibits state officers and employees from using a state-owned or state-leased computer to access, view, download, or otherwise obtain obscene matter, except when the use is for law enforcement purposes, administrative disciplinary investigations, or other legitimate state purposes.

The Department of Health Services (Health Services), Health Administrative Manual, Section 6-1030, states that Health Services' employees are granted access to Internet and e-mail resources to provide education, research, marketing, procurement, and service opportunities in the performance of their duties. Employees who access Internet or e-mail are to follow Health Services' guidelines. Section 6-1030.3 states that intentional use of state time and resources for personal advantage, gain, or profit is inconsistent, incompatible, and in conflict with the duties of employees. Section 8-1130 prohibits an employee from engaging in any outside employment that involves such a time demand that it results in less efficient or impaired performance of the employee's regular state duties.

Criteria Covering Accurate Time Reporting
Chapter 7 Reports on Accurate Time Reporting

The California Code of Regulations, Title 5, Section 42911, requires the president of each California State University to be responsible for keeping for each employee a record of vacation credit accumulated and taken. In addition, Section 42920 specifies that the president of each California State University is responsible for the administration of paid holidays for employees under the president's supervision, and it lists the approved holidays.

Criteria Governing Teacher Credentialing Requirements
Chapter 8 Reports on Credentialing Requirements

The California Education Code, Section 59001.4(f), requires that appropriate qualified staff be employed, consistent with credentialing requirements, to fulfill the educational responsibilities of the California Schools for the Deaf, and positive efforts must be made to employ qualified deaf and hard-of-hearing individuals.

Appendix C

STATE AND FEDERAL REFERRAL NUMBERS

The Bureau of State Audits (bureau) in accordance with the California Whistleblower Protections Act contained in the California Government Code, beginning at Section 8547 et seq., receives and investigates complaints of improper governmental activities by state departments and state employees. To enable state employees and the general public to report these activities, the bureau maintains a toll-free whistleblower hotline (hotline) at (800) 952-5665 or (866) 293-8729 (TTY). Between February and June 2007, we received 1,793 calls, of which 907 were outside of the bureau's jurisdiction. In these instances, the bureau refers callers to various local, state, and federal entities.²¹ For 798 calls, callers either had inquiries not related to the hotline or were wrong numbers. The bureau opened 88 cases from allegations received through the hotline.

Listed in Tables C.1 and C.2 on the following pages are the telephone numbers for the state and federal entities to which the bureau generally refers callers, as well as the issues that these entities can address. In addition, the Department of Technology Services has state information officers at (800) 807-6755 who can direct callers to any state department. The federal government also has a federal information number that can direct callers to, and provide information about, all federal agencies at (800) 688-9889.

²¹ In addition to referring callers to state and federal entities, the bureau also refers callers to local entities such as local school boards, county controllers, and private businesses such as the Better Business Bureau.

Table C.1
Telephone Numbers for State Departments

STATE DEPARTMENT OR AGENCY	PHONE NUMBER	PHONE NUMBER DESCRIPTION
Aging, Department of	(916) 419-7500 (800) 231-4024	Public information Long-Term Care Ombudsman—nursing homes, drug treatment facilities, mental facilities, emergency referrals
Air Resources Board	(800) 952-5588 (800) 363-7664	Air pollution violations Legal information and vehicle emissions
Alcoholic Beverage Control	(916) 263-6882 (562) 402-0659	Northern Division Southern Division
Attorney General, Office of	(800) 952-5225 (916) 445-2021 (800) 722-0432 (213) 897-8065	Public inquiries and consumer complaints, private sector retaliation, business opportunity scams Registry of Charitable Trusts (nonprofit organizations) Bureau of Medi-Cal Fraud and Elder Abuse Travel fraud
California State Bar	(800) 843-9053	Attorney lists, referrals and complaints
California State University	(562) 951-4425	Complaints regarding university employees
Chancellor's Office, Community Colleges	(916) 445-8752	Questions and/or issues related to community colleges
Child Support Services, Department of	(866) 249-0773	Questions about individual child support services cases
Consumer Affairs, Department of	(800) 952-5210 (800) 321-2752 (800) 633-2322 (866) 785-9663	Consumer Information Center—complaints about: accountants, appliances, athletics, automobile repairs, barbers, beauty salons, cemeteries, contractors, cosmetologists, dentists & dental hygienists, engineers, funeral directors and embalmers, geologists and geophysicists, hearing aid dispensers, home furnishings, home improvements, landscape architects, marriage/family counselors, nurses, optometrists, pest control operators, pharmacists, private investigators and private patrol operators, repossessors, veterinarians, and other consumer issues. Contractors' State License Board Medical Board—complaints about physicians, questions about licensing or disciplinary actions Office of Privacy Protection—identity theft
Controller, Office of the State	(916) 445-2636 (800) 952-5661 (800) 992-4647	Public information Senior citizen's property tax postponement Unclaimed property
Corporations, Department of	(866) 275-2677	Escrow and title companies, finance lenders, mortgage bankers, investment counselors
Corrections and Rehabilitation, Department of	(877) 424-3577	To report sexual misconduct by employees
Emergency Services, Office of	(800) 852-7550	Hazardous materials spills
Employment Development Department	(916) 653-0707 (800) 229-6297 (800) 528-1783	Public information Unemployment and disability insurance fraud Tax or payroll fraud
Energy Commission	(800) 822-6228	Public advisor
Equalization, Board of	(916) 324-1874 (800) 400-7115 (888) 334-3300	To report improper conduct by department employees Customer & Taxpayer Information Center Tax Evasion Hotline
Fair Employment and Housing, Department of	(800) 884-1684 (800) 233-3212	Racial or sexual discrimination (employment) Racial or sexual discrimination (housing)

STATE DEPARTMENT OR AGENCY	PHONE NUMBER	PHONE NUMBER DESCRIPTION
Fair Political Practices Commission	(916) 322-5660 (800) 561-1861	Public information Violations of ethics and campaign laws
Finance, Department of	(916) 445-3878 (916) 322-2263 (916) 323-4086	Public information Statistical research—economics, finance, transportation, housing Demographics
Financial Institutions, Department of	(800) 622-0620	State-licensed banks, savings and loans, foreign banks, traveler's checks, industrial loans, credit unions
Fish and Game, Department of	(800) 952-5400	Poaching
Food and Agriculture, Department of	(916) 229-3000	Weights and measures enforcement
Franchise Tax Board	(800) 852-2753 (800) 338-0505 (800) 540-3453 (800) 883-5910	Public information Fast Tax (refunds and order forms) Tax fraud Taxpayer advocate
Gambling Control Commission	(916) 263-0700	Public information
Governor's Office	(916) 445-2841	Main number
Health Care Services, Department of	(916) 445-4171 (800) 822-6222	General information Medi-Cal fraud
Housing and Community Development, Department of	(800) 952-5275 (800) 952-8356	Mobile home complaints Mobile home registration and title information
Industrial Relations, Department of	(415) 703-4810 (800) 321-6742	Private sector complaints involving discrimination, wages, overtime, and other workplace issues (Labor Commissioner) To report accidents, unsafe working conditions, or safety and health violations (OSHA)
Inspector General, Office of	(800) 700-5952 (916) 830-3600	To report improper activities within the Department of Corrections and Rehabilitation Main number
Insurance, Department of	(800) 927-4357	Consumer complaints
Judicial Council	(415) 865-4200 (866) 865-6400	Courts Illegal or improper acts by judicial branch employees
Judicial Performance, Commission on	(415) 557-1200	Judicial misconduct and discipline
Lottery Commission	(800) 568-8379 (888) 277-3115	Public information Problem Gambling Help Line
Managed Health Care, Department of	(888) 466-2219	Health Maintenance Organization (HMO) complaints
Mental Health, Department of	(800) 896-4042 (916) 654-3890	Public Information Medi-Cal/Mental Health Services Ombudsman
Motor Vehicles, Department of	(800) 777-0133 (916) 657-8377 (866) 658-5758	Public information Complaints about automobile dealers Fraud/Theft Hotline (DL/ID)
Parks and Recreation, Department of	(800) 444-7275	Camping reservations in state parks
Personnel Administration, Department of	(916) 324-0455	Public information and information about state employees' wages and benefits
Personnel Board, State	(916) 653-1705 (916) 653-1403	Public information Whistleblower retaliation complaints

STATE DEPARTMENT OR AGENCY	PHONE NUMBER	PHONE NUMBER DESCRIPTION
Public Employees' Retirement System	(916) 795-3829 (888) 225-7377	Public information Member services
Public Health, Department of	(800) 554-0354 (916) 445-2684	Nursing Home complaints Office of Vital Records—birth and death certificates
Public Utilities Commission	(800) 848-5580 (800) 649-7570	Public information Complaints about cable, telephone, utility bills or service
Real Estate, Department of	(916) 227-0864 (916) 227-0931	Complaints regarding real estate licensees Real estate licensing information
Rehabilitation, Department of	(800) 952-5544 (916) 263-8981	Client assistance Public affairs, independent living
Secretary of State	(916) 657-5448 (916) 653-2318 (916) 653-3595	Public information Corporate filings Notary public section
Social Services, Department of	(800) 952-5253 (800) 344-8477	Public inquiry and client assistance Welfare fraud
State Compensation Insurance Fund*	(888) 786-7372	Workers' Compensation Fraud Hotline
Technology Services, Department of	(800) 807-6755	State information officers provide information about state agencies, departments, and employees
University of California	(800) 403-4744	University of California whistleblower hotline
Veterans Affairs, Department of	(800) 952-5626	CalVet loans
Victim Compensation and Government Claims Board	(800) 777-9229 (800) 955-0045	To file a claim as a victim of a crime To file a claim against state government

* The State Compensation Insurance Fund is a state-operated entity that exists solely to provide workers' compensation insurance on a nonprofit basis. However, it is not a state department.

Table C.2
Telephone Numbers for Federal Departments

FEDERAL DEPARTMENT OR AGENCY	PHONE NUMBER	PHONE NUMBER DESCRIPTION
Agriculture, Department of (Office of the Inspector General)	(800) 424-9121	To report fraud, waste, and abuse, or health and safety threats to USDA regulated programs and products
Central Intelligence Agency	(703) 482-0623	Public Affairs Office
Citizenship and Immigration Services	(800) 375-5283	General information
Commerce, Department of (Office of the Inspector General)	(800) 424-5197	To report fraud, waste, abuse, or other violations of law
Defense, Department of (Office of the Inspector General)	(800) 424-9098	To report violations of ethical standards and/or the law, including but not limited to fraud, waste, abuse of authority, potential leaks of classified information, or potential acts of terrorism

FEDERAL DEPARTMENT OR AGENCY	PHONE NUMBER	PHONE NUMBER DESCRIPTION
Environmental Protection Agency (Office of the Inspector General)	(888) 546-8740 (800) 368-5888	General information or to report fraud, waste and abuse Ombudsman for small businesses
Equal Employment Opportunity Commission	(800) 669-4000	To report employment discrimination
Federal Bureau of Investigation	(202) 324-3000	Washington, D.C. Headquarters—investigates violations of federal criminal law, espionage activities by foreign governments, and terrorist activities
Federal Communications Commission (Office of the Inspector General)	(888) 225-5322 (888) 863-2244	Consumer Information Center To report fraud, waste and abuse
Federal Deposit Insurance Corporation	(877) 275-3342	Consumer Hotline regarding FDIC banks, credit laws, etc.
Federal Election Commission	(800) 424-9530	Campaign financing or general information.
Federal Emergency Management Agency	(800) 462-9029 (800) 638-6620	Disaster assistance Flood insurance information
Federal Trade Commission	(877) 382-4357 (877) 438-4338 (877) 987-3728	General consumer complaints Identity theft hotline Consumer advice center
Financial Industry Regulatory Authority	(800) 289-9999	Broker Check Program and investor education
Government Accountability Office	(800) 424-5454	Fraud, waste, and abuse involving federal employees or contractors
Health and Human Services, Department of	(800) 633-4227 (800) 786-2929	For Medicare information or Medicare fraud Runaways can call this number to leave messages for parents
Homeland Security Headquarters	(202) 282-8000	Main number
Housing and Urban Development	(202) 708-1112	General Information
Internal Revenue Service	(800) 829-1040 (800) 829-0433 (800) 829-3676	Public information Tax fraud hotline To order forms and publications
Labor, Department of (Employee Benefits Security Administration)	(415) 625-2481 (626) 229-1000 (800) 475-4020	Retirement plan info (San Francisco) Retirement plan info (Los Angeles) OSHA violations
National Aeronautics and Space Administration (NASA)—(Office of Inspector General)	(800) 424-9183	To report waste, fraud, and abuse by NASA employees and contractors.
National Fraud Information Center	(800) 876-7060	Postal and telemarketing fraud
National White Collar Crime Center	(800) 221-4424	For information and research on preventing economic and cyber crime
Securities and Exchange Commission (Office of the Inspector General)	(800) 732-0330 (800) 289-9999	Investor education and general information Broker check program, NASDAQ
Social Security Administration	(800) 269-0271	Identity theft and other fraud
Transportation, Department of	(888) 327-4236 (800) 424-8802 (800) 424-9071	Vehicle safety hotline National Response Center to report oil and chemical spills Office of the Inspector General to report waste, fraud, and abuse
Treasury, Department of (Office of Thrift Supervision)	(800) 842-6929	Consumer hotline. Regulates all federally chartered and many state-chartered thrift institutions, including savings banks and savings and loan associations

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cc: Members of the Legislature
Office of the Lieutenant Governor
Milton Marks Commission on California State
Government Organization and Economy
Department of Finance
Attorney General
State Controller
State Treasurer
Legislative Analyst
Senate Office of Research
California Research Bureau
Capitol Press