

# APPENDIX A

## Summary of Recommendations for Legislative Consideration by Policy Area

Table A.1 presents a summary of the recommendations the Bureau of State Audits directed to the Legislature from January 2002 through December 2003. Reports describing these recommendations are also identified in this table. For the status of the Legislature's actions with regards to these recommendations refer to the page number listed below.

TABLE A.1

### Recommendations Directed to the Legislature

Policy Area/Report Number and Title	Page	Recommendation
<b>Agriculture and Water Resources</b>		
<b>2000-016, Water Replenishment District of Southern California:</b> <i>Although the District Has Eliminated Excessive Water Rates, It Has Depleted Its Reserve Funds and Needs to Further Improve Its Administrative Practices</i>	13	We recommended, if restrictions on increasing assessment rates are extended past December 31, 2002, the Water Replenishment District of Southern California (district) should consider seeking legislative approval of statutory changes that will increase its flexibility to raise funds for its operations, capital improvement projects, and reserves.
	15	In addition, we recommend that the district continue to create an updated strategic plan and capital improvement plan to identify the programs and capital improvement projects that will aid it in fulfilling its mission.
<b>Appropriations</b>		
<b>2002-123.2, Federal Funds:</b> <i>The State of California Takes Advantage of Available Federal Grants, but Budget Constraints and Other Issues Keep It From Maximizing This Resource</i>	68	We recommended that as federal grants are brought up for reauthorization, the Legislature, in conjunction with the California congressional delegation, may wish to petition Congress to revise grant formulas that use out-of-date statistics to determine the share of grants awarded to the states.
	71	We also recommended that the Legislature may wish to ask departments to provide information related to the impact of federal program funding when it considers cuts in General Fund appropriations.
<b>2003-106, State Mandates:</b> <i>The High Level of Questionable Costs Claimed Highlights the Need for Structural Reforms of the Process</i>	80	We recommended that the Legislature direct the Commission to amend the parameters and guidelines of the animal adoption mandate to correct the formula for determining the reimbursable portion of acquiring additional shelter space. If the Commission amends these parameters and guidelines, the Controller should amend its claiming instructions accordingly and require local entities to amend claims already filed.

*continued on next page*

Policy Area/Report Number and Title	Page	Recommendation
<b>2003-107, California Department of Education: <i>The Extensive Number and Breadth of Categorical Programs Challenges the State's Ability to Reform and Oversee Them</i></b>	87	<p>We recommended that when the Legislature considers future reform proposals calling for the consolidation of categorical programs into block grants, it should ensure that proposals contain: accountability provisions that include a focus toward program results and outcomes; and allocation methods that reflect the recipient's need, ability to contribute to program costs, and cost of providing services.</p>
	89	<p>In addition, when the Legislature considers future reform proposals calling for the consolidation of categorical programs into block grants, we recommended that it should determine whether categorical programs involving federal programs are appropriate candidates for consolidation. Further, the Legislature should consider whether the reform proposal (1) is consistent with any legal restrictions that may apply to any particular funds and the State's constitutional obligation to provide equal educational opportunities within the public school system and (2) includes mechanisms by which the State can monitor and ensure that it meets those obligations. Finally, the Legislature should determine whether state or federal court decisions govern the funding of particular programs and ensure that block grant proposals continue to meet those mandates.</p>
	90	<p>Next, we recommended that if the Legislature concurs with California Department of Education's (CDE) exclusion of adult average daily attendance (ADA) when making allocations for the Targeted Instructional Improvement Grant Program (TIIG) program, it should enact language to clarify its definition of "total" ADA.</p>
	91	<p>Additionally, we recommended that if the Legislature desires CDE to properly calculate allocations the way the Legislature intends, it should define "regular" ADA for the California Public School Library Act program.</p>
	92	<p>We also recommended that if the Legislature continues to fund the School Improvement Programs in the annual budget and intends that CDE make adjustments to equalize the funding for schools with kindergarten through grade six using the same percentage increase made in base revenue limits for unified school districts with more than 1,500 ADA, it should enact language that provides CDE with specific instructions on how to compute the percentage increase.</p>
	93	<p>If the Legislature continues to fund the Miller-Unruh Basic Reading Act program in the annual budget, we recommended that it should ensure that CDE allocates Miller-Unruh reading specialist positions in a manner that gives first priority to school districts with underperforming schools and the lowest base revenue limits. Further, it should ensure that CDE reallocates unused positions in the following fiscal year.</p>
	96	<p>Finally, we recommended that if the Legislature intends CDE to provide oversight for TIIG, it should enact language specifically requiring CDE to do so. It should also enact language to define the term "lowest achieving pupils in the district."</p>

Policy Area/Report Number and Title	Page	Recommendation
<b>Business and Professions and Governmental Organization</b>		
<b>2001-128, Enterprise Licensing Agreement: <i>The State Failed to Exercise Due Diligence When Contracting With Oracle, Potentially Costing Taxpayers Millions of Dollars</i></b>	113	We recommended that the Legislature consider requiring all Information Technology contracts over a specified dollar amount to receive a legal review by the Department of General Services.
<b>2002-107, Office of Criminal Justice Planning: <i>Experiences Problems in Program Administration, and Alternative Administrative Structures for the Domestic Violence Program Might Improve Program Delivery</i></b>	129	To improve the efficiency of the State's domestic violence programs and reduce overlap of Office of Criminal Justice Planning's (OCJP) and Department of Health Services' (DHS) administrative activities, we recommended OCJP and DHS, along with the Legislature, should consider implementing one of the following alternatives: <ul style="list-style-type: none"> <li>• Increase coordination between the departments.</li> <li>• Develop a joint grant application for the two departments' shelter-based programs.</li> <li>• Combine the two shelter-based programs at one department.</li> <li>• Completely consolidate all OCJP's and DHS's domestic violence programs.</li> </ul>
<b>2002-110, California State University: <i>Its Common Management System Has Higher Than Reported Costs, Less Than Optimal Functionality, and Questionable Procurement and Conflict-of-Interest Practices</i></b>	150	To ensure that California State University (university) takes appropriate action to prevent potential conflicts of interest in the future, the Legislature should consider requiring the university to provide periodic ethics training to designated university employees similar to that required by Government Code for designated state employees. Additionally, the Legislature should consider requiring the university to establish an incompatibles activities policy for university employees similar to that addressed in Government Code, Section 19990.
<b>2002-112, Statewide Procurement Practices: <i>Proposed Reforms Should Help Safeguard State Resources, but the Potential for Misuse Remains</i></b>	161	The Department of General Services should seek a change in the current contracting and procurement laws if it wants to continue to exempt purchases from competitive bidding requirements because of special or unique circumstances.
<b>2002-122, State Controller's Office: <i>Does Not Always Ensure the Safekeeping, Prompt Distribution, and Collection of Unclaimed Property</i></b>	174	To eliminate the State Controller's Office (controller) Bureau of Unclaimed Property's manual tracking of securities and dispel any impressions that it exercises judgment in deciding when is the best time to sell securities, thereby reducing the potential for errors, eliminating unnecessary work, and reducing the potential for litigation against the State, the controller should seek legislation to require it to sell securities immediately upon receipt.
<b>Education</b>		
<b>2001-120, School Bus Safety II: <i>State Law Intended to Make School Bus Transportation Safer Is Costing More Than Expected</i></b>	212	We recommended the Legislature amend the parameters and guidelines of the School Bus Safety II mandate through legislation to more clearly define activities that are reimbursable and to ensure that those activities reflect what the Legislature intended. The parameters and guidelines should clearly delineate between activities that are required under prior law and those that are required under the mandate.

*continued on next page*

Policy Area/Report Number and Title	Page	Recommendation
<b>2002-104, California's Charter Schools: Oversight at All Levels Could Be Stronger to Ensure Charter Schools' Accountability</b>	239	To ensure that the chartering entities hold their charter schools accountable through oversight, the Legislature should consider amending the statute to make the chartering entities' oversight role and responsibilities explicit.
	245	In addition, to ensure that the chartering entities charge their oversight fees appropriately, the Legislature should consider clarifying the law to define the types of charter school revenues that are subject to the chartering entities' oversight fees.
	249	Finally, to ensure that a charter school's assets and liabilities are disposed of properly when it closes or its charter is revoked, the Legislature may wish to consider establishing a method for disposing of the school's assets and liabilities and requiring the California Department of Education to adopt regulations regarding this process.
<b>2002-110, California State University: Its Common Management System Has Higher Than Reported Costs, Less Than Optimal Functionality, and Questionable Procurement and Conflict-of-Interest Practices</b>		This audit is also included in the Business and Professions and Governmental Organization policy area. See that policy area for the wording of our recommendation.
<b>2003-107, California Department of Education: The Extensive Number and Breadth of Categorical Programs Challenges the State's Ability to Reform and Oversee Them</b>		This audit is also included in the Appropriations policy area. See that policy area for the wording of our recommendation.
<b>2002-032, California's Education Institutions: A Lack of Guidance Results in Their Inaccurate or Inconsistent Reporting of Campus Crime Statistics</b>	252	<p>To provide additional guidance to California education institutions for complying with the Clery Act, the Legislature should consider creating a task force to perform the following functions:</p> <ul style="list-style-type: none"> <li>• Compile a comprehensive list converting crimes defined in California's laws to Clery Act reportable crimes.</li> <li>• Issue guidance to assist institutions in defining campus, noncampus, and public property locations, including guidelines for including or excluding crimes occurring at other institutions.</li> <li>• Obtain concurrence from the United States Department of Education on all agreements reached.</li> <li>• Evaluate the pros and cons of establishing a governing body to oversee institutions' compliance with the Clery Act.</li> </ul>
<b>Environmental Safety and Quality and Toxic Materials</b>		
<b>2002-121, California Environmental Protection Agency: Insufficient Data Exists on the Number of Abandoned, Idled, or Underused Contaminated Properties, and Liability Concerns and Funding Constraints Can Impede Their Cleanup and Redevelopment</b>	277	We recommended that to obtain a comprehensive listing of the number of orphan sites and sites with orphan shares, the Legislature should consider requiring the California Environmental Protection Agency and its entities to capture necessary data in their existing or new databases.
<b>2003-113, California Integrated Waste Management Board: Its New Regulations Establish Rules for Oversight of Construction and Demolition Debris Sites, but Good Communication and Enforcement Are Also Needed to Help Prevent Threats to Public Health and Safety</b>	287	We recommended that the Legislature may wish to consider amending the current provisions of the Waste Act that allow a stay of an enforcement order upon the request for a hearing, and to streamline or otherwise modify the appeal process to make it more effective and timely and enhance the ability to enforce the Waste Act.

Policy Area/Report Number and Title	Page	Recommendation
<b>Health and Human Services</b>		
<b>2001-126, Department of Managed Health Care:</b> <i>Assessments for Specialized and Full-Service HMOs Do Not Reflect Its Workload and Have Disparate Financial Impacts</i>	306	We recommended that the Legislature consider changing the Department of Managed Health Care's (department) assessment structure to reflect the proportion of the documented workload that the department devotes to specialized and full-service health maintenance organizations (HMOs) and to reduce disparities in the financial effect on HMOs. We also recommended that the Legislature require the department to report to it triennially on the proportion of assessments charged to each class of HMO and the proportion of the documented workload related to each class of HMO.
<b>2002-107, Office of Criminal Justice Planning:</b> <i>Experiences Problems in Program Administration, and Alternative Administrative Structures for the Domestic Violence Program Might Improve Program Delivery</i>		This audit is also included in the Business and Professions and Governmental Organization policy area. See that policy area for the wording of our recommendation.
<b>2001-015, Statewide Fingerprint Imaging System:</b> <i>The State Must Weigh Factors Other Than Need and Cost-Effectiveness When Determining Future Funding for the System</i>	332	The Legislature should consider the pros and cons of repealing the state law requiring fingerprint imaging, including whether the Statewide Fingerprint Imaging System (SFIS) is consistent with the State's community outreach and education campaign efforts for the Food Stamp program. To assist the Legislature in its consideration of the pros and cons of repealing the state law that requires fingerprint imaging, the Department of Social Services and the Health and Human Services Agency Data Center should report on the full costs associated with discontinuing SFIS.
<b>2003-113, California Integrated Waste Management Board:</b> <i>Its New Regulations Establish Rules for Oversight of Construction and Demolition Debris Sites, but Good Communication and Enforcement Are Also Needed to Help Prevent Threats to Public Health and Safety</i>		This audit is also included in the Environmental Safety and Quality and Toxic Materials policy area. See that policy area for the wording of our recommendation.
<b>2003-112, Department of Health Services:</b> <i>It Needs to Better Plan and Coordinate Its Medi-Cal Antifraud Activities</i>	380	To ensure that the Department of Health Services and the Department of Justice promptly complete their negotiations for a current agreement that would assist both in communicating and coordinating their respective roles and responsibilities for investigating, referring, and prosecuting cases of suspected Medi-Cal provider fraud, we recommended that the Legislature consider requiring both agencies to report the status of the required agreement during budget hearings.
<b>Information Technology</b>		
<b>2001-128, Enterprise Licensing Agreement:</b> <i>The State Failed to Exercise Due Diligence When Contracting With Oracle, Potentially Costing Taxpayers Millions of Dollars</i>		This audit is also included in the Business and Professions and Governmental Organization policy area. See that policy area for the wording of our recommendation.
<b>2002-110, California State University:</b> <i>Its Common Management System Has Higher Than Reported Costs, Less Than Optimal Functionality, and Questionable Procurement and Conflict-of-Interest Practices</i>		This audit is also included in the Business and Professions and Governmental Organization policy area. See that policy area for the wording of our recommendation.
<b>Insurance</b>		
<b>2001-126, Department of Managed Health Care:</b> <i>Assessments for Specialized and Full-Service HMOs Do Not Reflect Its Workload and Have Disparate Financial Impacts</i>		This audit is also included in the Health and Human Services policy area. See that policy area for the wording of our recommendation.

*continued on next page*

Policy Area/Report Number and Title	Page	Recommendation
<b>Jobs, Economic Development, and the Economy</b>		
<b>Report Number 2003-108.1, California's Workers' Compensation Program:</b> <i>The Medical Payment System Does Not Adequately Control the Costs to Employers to Treat Injured Workers or Allow for Adequate Monitoring of System Costs and Patient Care</i>	385	We recommended that to ensure future legislation does not contain any unintended impediments to the improvement of the workers' compensation system, the administrative director should be proactive in working with the Legislature to identify and amend any provisions that would adversely affect the administrative director's ability to effect changes.
	389	Also, to ensure that the treatment guidelines can serve as an authoritative standard for the treatment of workers' injuries, we recommended that the administrative director should seek the changes necessary in the Labor Code to ensure that all insurers and claims administrators are required to follow the standardized treatment guidelines and that treatment guidelines are accepted for use in judicial proceedings.
<b>Judiciary</b>		
<b>2002-030, State Bar of California:</b> <i>Although It Reasonably Sets and Manages Mandatory Fees, It Faces Potential Deficits in the Future and Needs to More Strictly Enforce Disciplinary Policies and Procedures</i>	398	We recommended that the State Bar of California pursue a legislative amendment that would help it strengthen its enforcement authority over collections related to client security and disciplinary costs.
<b>Labor, Employment, and Industrial Relations</b>		
<b>Report Number 2003-108.1, California's Workers' Compensation Program:</b> <i>The Medical Payment System Does Not Adequately Control the Costs to Employers to Treat Injured Workers or Allow for Adequate Monitoring of System Costs and Patient Care</i>		This audit is also included in the Jobs, Economic Development, and the Economy policy area. See that policy area for the wording of our recommendation.
<b>Local Government</b>		
<b>2000-016, Water Replenishment District of Southern California:</b> <i>Although the District Has Eliminated Excessive Water Rates, It Has Depleted Its Reserve Funds and Needs to Further Improve Its Administrative Practices</i>		This audit is also included in the Agriculture and Water Resources policy area. See that policy area for the wording of our recommendation.
<b>2001-120, School Bus Safety II:</b> <i>State Law Intended to Make School Bus Transportation Safer Is Costing More Than Expected</i>		This audit is also included in the Education policy area. See that policy area for the wording of our recommendation.
<b>2001-125, Red Light Camera Programs:</b> <i>Although They Have Contributed to a Reduction in Accidents, Operational Weaknesses Exist at the Local Level</i>	408	We recommended that to ensure local governments maintain control and operate their red light camera programs and avoid legal challenge, the Legislature should consider clarifying the law to define the tasks that a local government must perform to operate a red light camera program and the tasks that can be delegated to a vendor.
	412	Further, because a potential conflict exists between the confidentiality provision in the Vehicle Code and the California Constitution regarding the admissibility of evidence, the Legislature should consider clarifying the Vehicle Code to state whether photographs taken by red light cameras can be used for other law enforcement purposes.
<b>2003-106, State Mandates:</b> <i>The High Level of Questionable Costs Claimed Highlights the Need for Structural Reforms of the Process</i>		This audit is also included in the Appropriations policy area. See that policy area for the wording of our recommendation.
<b>2003-107, California Department of Education:</b> <i>The Extensive Number and Breadth of Categorical Programs Challenges the State's Ability to Reform and Oversee Them</i>		This audit is also included in the Appropriations policy area. See that policy area for the wording of our recommendation.

Policy Area/Report Number and Title	Page	Recommendation
<b>Privacy and Public Safety</b>		
<b>2001-125, Red Light Camera Programs:</b> <i>Although They Have Contributed to a Reduction in Accidents, Operational Weaknesses Exist at the Local Level</i>		This audit is also included in the Local Government policy area. See that policy area for the wording of our recommendation.
<b>Revenue and Taxation</b>		
<b>2002-122, State Controller's Office:</b> <i>Does Not Always Ensure the Safekeeping, Prompt Distribution, and Collection of Unclaimed Property</i>		This audit is also included in the Business and Professions and Governmental Organization policy area. See that policy area for the wording of our recommendation.
<b>2002-126, California Department of Transportation:</b> <i>Low Cash Balances Threaten the Department's Ability to Promptly Deliver Planned Transportation Projects</i>	458	We recommended that, considering the State's fiscal crisis, the Legislature may wish to allow the Transportation Investment Fund to transfer the entire \$678 million to the Traffic Congestion Relief Fund (TCRF), and then authorize a loan of the money from the TCRF to the General Fund so that those funds would be repaid to the TCRF and therefore still be available in future years.
<b>Transportation</b>		
<b>2001-120, School Bus Safety II:</b> <i>State Law Intended to Make School Bus Transportation Safer Is Costing More Than Expected</i>		This audit is also included in the Education policy area. See that policy area for the wording of our recommendation.
<b>2001-125, Red Light Camera Programs:</b> <i>Although They Have Contributed to a Reduction in Accidents, Operational Weaknesses Exist at the Local Level</i>		This audit is also included in the Local Government policy area. See that policy area for the wording of our recommendation.
<b>2002-103, California Department of Transportation:</b> <i>It Manages the State Highway Operation and Protection Program Adequately, but It Can Make Improvements</i>	461	To ensure that the California Department of Transportation (Caltrans) can collect on a performance bond if a contractor does not perform, we recommended that the Legislature consider expanding Caltrans' ability to use other financial indicators included within the financial statements and information available from rating companies such as A.M. Best Company and S&P as a basis for determining the sufficiency of an insurer, before accepting performance bonds. Further, the Legislature should clarify Caltrans' authority to use the information it obtains from financial statements and other financial indicators to object to the sufficiency of an insurer throughout the bond term.
<b>2002-126, California Department of Transportation:</b> <i>Low Cash Balances Threaten the Department's Ability to Promptly Deliver Planned Transportation Projects</i>		This audit is also included in the Revenue and Taxation policy area. See that policy area for the wording of our recommendation.
<b>Veterans Affairs</b>		
<b>2001-127, Disabled Veteran Business Enterprise Program:</b> <i>Few Departments That Award Contracts Have Met the Potentially Unreasonable Participation Goal, and Weak Implementation of the Program Further Hampers Success</i>	467	To determine if the 3 percent Disabled Veteran Business Enterprise (DVBE) goal is reasonable, the Legislature may wish to consider requiring either Department of General Services (General Services) or Department of Veterans Affairs (Veterans Affairs) to commission a study on the potential number of DVBE-eligible firms in the State, the services they provide, and their geographic distribution, and compare this information to the State's contracting needs. Based on the results of this study, the Legislature may wish to consider doing the following: <ul style="list-style-type: none"> <li>• Modify the current DVBE participation goal.</li> <li>• Allow General Services to negotiate department-specific goals based on individual contracting needs and the ability of the current or potential DVBE pool to satisfy those needs.</li> </ul>

*continued on next page*

Policy Area/Report Number and Title	Page	Recommendation
	471	Also, to ensure that prime contractors make a genuine good-faith effort to find a DVBE, we recommended the Legislature consider requiring awarding departments to follow General Services' policies.
	472	<p>Finally, to increase the efficiency and effectiveness of the DVBE program, we recommended the Legislature consider doing the following:</p> <ul style="list-style-type: none"> <li>• Replace the current good-faith step requiring bidders to contact the federal government with a step directing bidders to contact General Services for a list of certified DVBEs.</li> <li>• Enact a contracting preference for DVBEs similar to the one for the small business program – that is, allow an artificial download adjustment to the bids from contractors that plan to use a DVBE to make the bids more competitive.</li> <li>• Require awarding departments to go through their own good-faith effort in seeking DVBE contractors.</li> <li>• Provide awarding departments with the authority to withhold a portion of the payments due to contractors when they fail to use DVBEs to the extent specified in their contracts.</li> </ul>