

INTRODUCTION

This two volume report summarizes the major findings and recommendations from audit and investigative reports we issued from January 2003 through December 2004. The purpose of this report is to identify what actions, if any, these auditees have taken in response to our findings and recommendations. We have placed this symbol ☹ in the left-hand margin of the auditee action to identify areas of concern or issues that we believe an auditee has not adequately addressed.

Policy areas that generally correspond to the Assembly and Senate standing committees organize this report. Under each policy area we have included audit report summaries that relate to an area's jurisdiction. Because an audit may involve more than one issue or because it may cross the jurisdictions of more than one standing committee, an audit report summary could be included in more than one policy area. For example, if we audited a computer system at a university, the audit report summary may be listed under two policy areas—Education and Information Technology.

In Volume II, we have compiled the recommendations we directed to the Legislature and have summarized monetary benefits such as cost recoveries, cost savings, or increased revenues that we estimate auditees could realize if they implement our recommendations in two appendices. For example, in our August 2004 report (2003-124) we estimate the Department of Health Services would have saved \$4.6 million if it had paid only the amount specifically authorized by law for the Medical Therapy Program. We have also included an index referring to each entity that responded or should have responded to audits included in this report.

For this report, we have relied upon periodic written responses prepared by auditees to determine whether corrective action has been taken. The Bureau of State Audits' (bureau) policy requests that auditees provide a written response to the audit findings and recommendations before the audit report is initially issued publicly. As a follow-up, we request the auditee to respond at least three times subsequently: at 60 days, six months, and

one year after the public release of the audit report. However, we may request an auditee provide a response beyond one year or initiate a follow-up audit if deemed necessary.

We report all instances of substantiated improper governmental activities resulting from our investigative activities to the cognizant state department for corrective action. These departments are required to report the status of their corrective actions every 30 days until all such actions are complete.

Unless otherwise noted, we have not performed any type of review or validation of the corrective actions reported by the auditees. All corrective actions noted in this report were based on responses received by our office as of February 7, 2005.

To obtain copies of the complete audit and investigative reports, access the bureau's Web site at www.bsa.ca.gov/bsa/ or contact the bureau at (916) 445-0255 or TTY (916) 445-0033.