


## Introduction

This report summarizes the major findings and recommendations from audit and investigative reports we issued from January 2006 through December 2007. 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 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 report summaries that relate to an area's jurisdiction. Because an audit or investigation may involve more than one issue or because it may cross the jurisdictions of more than one standing committee, a report summary could be included in more than one policy area. For example, for an audit of the Batterer Intervention Program, the audit report summary would be listed under three policy areas—Judiciary, Local Government, and Privacy and Public Safety.

We have compiled the recommendations we directed to the Legislature and have summarized them in a separate report we issued in January 2008. Additionally, we have summarized monetary benefits such as cost recoveries, cost savings, or increased revenues that we estimated auditees could realize if they implement our recommendations or take appropriate corrective action in the Appendix. We estimate that auditees could have realized more than \$1.16 billion of monetary benefits during the period July 1, 2001, through December 31, 2007, if they implemented our recommendations. For example, in our audit of the Department of Health Services' (Health Services) progress in implementing the Skilled Nursing Quality Assurance Fee and Medi-Cal Long-Term Care Reimbursement Act, we evaluated Health Services' new facility-specific reimbursement rate system, which is used to reimburse facilities for providing Medi-Cal services. Among other issues we reported, the Health Services' contractor responsible for authorizing payment of facility Medi-Cal claims authorized duplicate payments to some facilities. We detected more than 2,100 duplicate payments totaling more than \$3.3 million after reviewing just 12 months worth of paid claims—duplicate payments the contractor was not aware it had authorized. Because the scope of the audit was focused on only one of many types of claims this contractor authorizes for payment, we recommended that Health Services further investigate for any other duplicate payments, correct the flaw that caused the improper authorizations, and recoup all the duplicate payments detected. Health Services did indeed investigate and, at the time of its response, found an additional \$2.8 million in duplicate payments that it plans to recover, for a total of \$6.1 million. During our audit of the State's compliance with federal regulations, we will review what Health Services has thus far investigated and will determine the magnitude of any additional overpayments.

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 the auditees provide a written response to the audit findings and recommendations before the audit report is initially issued publicly. As a follow-up, state law requires 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 that 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 January 2008.

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