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The Governor of California  
Members of the Legislature  
State Capitol  
Sacramento, California 95814

Dear Governor and Members of the Legislature:

The California State Auditor presents this special report for the legislative standing/policy committees, which summarizes audits and investigations we issued from January 2010 through December 2011. This report includes the major findings and recommendations along with the corrective actions entities reportedly have taken to implement our recommendations. In the reports issued during the past two years, we made 497 recommendations, of which these entities asserted that they have fully implemented 241 and partially implemented 82; however, for the remaining 174 recommendations, we determined that these entities have taken no action for 48, and corrective action is pending for 126 recommendations. To facilitate use of this report, we have included two tables (tables 2 and 3) that summarize the status of each entity's implementation efforts by audit report.

Our audit efforts bring the greatest return when the entity acts upon our findings and recommendations. This report includes another table (Table 1) that summarizes the monetary value associated with certain findings from reports we issued during the period January 1, 2004, through December 31, 2011. We have grouped the monetary value into various categories such as cost recovery, cost savings, cost avoidance, increased revenue, and wasted funds. We estimate that if entities implemented our recommendations contained in these reports, they could realize more than \$1.4 billion in monetary benefits.

The information in the report will also be available in 10 special reports specifically tailored for each Assembly and Senate budget subcommittee on our Web site at [www.bsa.ca.gov](http://www.bsa.ca.gov). We believe the State's budget process is a good opportunity for the Legislature to explore these issues and, to the extent necessary, reinforce the need for corrective action. Finally, we notify all affected entities of the release of these special reports.

Respectfully submitted,



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