

Table 2
Monetary Values
January 1, 2006, Through December 31, 2013

| REPORT NUMBER (DATE RELEASED) | ENTITY*/REPORT TITLE/ BASIS OF MONETARY VALUE | MONETARY VALUE |
|---|---|------------------------|
| Total for January 1, 2006, Through December 31, 2013 | | \$1,508,231,000 |
| Total for July 1, 2013, Through December 31, 2013 | | \$43,354,000 |
| Total One-Time Benefits for July 1, 2013, Through December 31, 2013 | | \$711,000 |
| 2012-118 (July 2013) | <i>California Public Utilities Commission: Despite Administrative Weaknesses, It Has Generally Awarded Compensation to Intervenors in Accordance With State Law</i> Cost Recovery—The California Public Utilities Commission (commission) failed to provide guidance to its accounting staff regarding interest computation methodology, which resulted in the commission overpaying an estimated \$42,000 in interest payments on intervenor claims. The commission is currently in the process of collecting the overpaid interest from the intervenors. | 42,000 |
| 2012-121.2 (September 2013) | <i>Department of Parks and Recreation: Flaws in Its Budget Allocation Processes Hinder Its Ability to Effectively Manage the Park System</i> Wasted Funds—The Department of Parks and Recreation inappropriately paid nearly \$16,400 for leave to five employees in fiscal years 2009–10 and 2010–11. These leave buyback transactions were unallowable under the employees' relevant bargaining unit agreements. | 16,000 |
| I2011-0837 (October 2013) | <i>California Department of Veterans Affairs: Wastefulness, Failure to Comply With State Contracting Requirements, and Inexcusable Neglect of Duty</i> Wasted Funds—The administrator of a veterans home operated by the California Department of Veterans Affairs (Veterans Affairs) unwisely entered into two contracts on behalf of the home that wasted \$653,000 in state-managed funds and did not comply with state contracting requirements. Veterans Affairs wasted approximately \$424,000 during fiscal years 2009–10, 2010–11, and 2011–12 when it paid a vendor to manage the café and tavern at a veterans home when it could have arranged for another vendor to operate the café and tavern at little or no cost to the home. Veterans Affairs wasted nearly \$229,000 during fiscal years 2010–11 and 2011–12 when it entered into a contract that did not comply with state contracting requirements for the construction and operation of an adventure park and therefore had to spend funds to terminate the contract. | 653,000 |
| Annualized Carry Forward for July 1, 2013, Through December 31, 2013 | | \$42,643,000 |
| 2002-009 (April 2003) | California Energy Markets | 14,500,000 |
| I2006-1 (March 2006) | Department of Fish and Wildlife (Allegation I2004-1057) | 4,150,000 |
| 2007-037 (September 2007) | Department of Housing and Community Development | 19,000 |
| I2008-1 (April 2008) | Department of Corrections and Rehabilitation (Allegation I2006-0665) | 25,000 |
| I2008-1 (April 2008) | Department of Social Services (Allegation I2006-1040) | 6,500 |
| 2007-122 (June 2008) | Department of Health Care Services | 6,500,000 |
| 2008-103 (November 2008) | California Unemployment Insurance Appeals Board | 30,500 |
| 2009-043 (November 2009) | Board of Pilot Commissioners for the Bays of San Francisco, San Pablo and Suisun | 19,000 |
| 2009-030 (July 2009) | State Bar of California | 142,500 |
| 2009-112 (May 2010) | Department of Health Care Services | 2,350,000 |
| 2010-108 (June 2010) | Department of Public Health | 1,783,000 |
| 2009-118 (August 2010) | Department of Developmental Services | 7,500,000 |
| I2011-1 (August 2011) | Department of Mental Health (Allegation I2009-0644) | 19,000 |
| 2010-124 (September 2011) | Department of Corrections and Rehabilitation | 522,500 |
| 2011-119 (June 2012) | Physical Therapy Board | 28,000 |
| 2011-120 (August 2012) | California Department of Transportation | 1,900,000 |
| I2012-1 (December 2012) | State Athletic Commission (Allegation I2009-1341) | 29,500 |

| REPORT NUMBER (DATE RELEASED) | ENTITY*/REPORT TITLE/ BASIS OF MONETARY VALUE | MONETARY VALUE |
|--|---|----------------------|
| I2012-1 (December 2012) | California Correctional Health Care Services (Allegation I2009-0689) | \$18,500 |
| I2012-1 (December 2012) | California Natural Resources Agency (Allegation I2009-1321) | 9,500 |
| 2012-117 (March 2013) | State Athletic Commission | 90,500 |
| 2012-110 (April 2013) | Department of Motor Vehicles | 3,000,000 |
| Total for July 1, 2012, Through June 30, 2013 | | \$139,115,000 |
| Total One-Time Benefits for July 1, 2012, Through June 30, 2013 | | \$32,600,000 |
| 2011-120 (August 2012) | <p><i>California Department of Transportation: Its Poor Management of State Route 710 Extension Project Properties Costs the State Millions of Dollars Annually, Yet State Law Limits the Potential Income From Selling the Properties</i></p> <p>Increased Revenue—The California Department of Transportation (Caltrans) charged the majority of the State Route 710 (SR 710) property tenants rents that are, on average, 43 percent below market rate. Caltrans' rental of the SR 710 properties at below-market values constitutes a gift of public funds, which is prohibited by the California Constitution unless such rentals serve a public purpose. If it charged market rates for the 345 SR 710 properties, Caltrans could potentially generate as much as \$3.8 million more per year in rental income. We expect this benefit to begin in fiscal year 2013–14.</p> | |
| 2012-105 (November 2012) | <p><i>Departments of Public Health and Social Services: Weaknesses in the Administration of the Child Health and Safety Fund and the State Children's Trust Fund Limit Their Effectiveness</i></p> <p>Cost Recovery—The Department of Public Health (Public Health) did not provide proper oversight of the research foundation's 2007 contract. In our review of the payroll information for 14 research foundation invoices paid under that contract, we found that Public Health may have been overcharged by roughly \$12,000 because the research foundation did not apply the allocation percentage stated in its original contract and adjust the allocation percentage for the subsequent amendments to the salaries of two individuals who were listed in the budgets.</p> | 12,000 |
| 2010-102 (February 2011; December 2012 Update) | <p><i>Administrative Office of the Courts: The Statewide Case Management Project Faces Significant Challenges Due to Poor Project Management</i></p> <p>Cost Recovery—In February 2011 we issued a report regarding the Administrative Office of the Courts' (AOC) California Court Case Management System (CCMS). We found that the AOC inadequately planned the project since 2003 and has consistently failed to develop accurate cost estimates or timelines for the projects. Subsequently, the Legislature did not provide additional funds for the deployment of CCMS. The Judicial Council voted to halt deployment of CCMS in March 2012 and Deloitte Consulting agreed to repay \$16 million to compensate for delays caused by numerous quality issues.</p> | 16,000,000 |
| I2012-1 (December 2012) (Allegation I2009-0634) | <p><i>Franchise Tax Board and Office of the Secretary of State: Investigations of Improper Activities by State Employees</i></p> <p>Cost Recovery—A Franchise Tax Board (board) employee, an Office of the Secretary of State (secretary) employee, and a courier service owner engaged in an elaborate scheme that enabled the courier service owner to steal nearly a quarter of a million dollars from the State. The three individuals were convicted of bribery and ordered to pay a total of approximately \$227,000 in restitution to the secretary and the board. The failure of these agencies to maintain adequate controls contributed to the individuals' ability to perpetrate fraud.</p> | 227,000 |
| I2012-1 (December 2012) (Allegation I2008-1217) | <p><i>Employment Development Department: Investigations of Improper Activities by State Employees</i></p> <p>Cost Recovery—A former Employment Development Department (EDD) accounting technician and two accomplices were convicted of conspiracy to commit mail fraud for executing a scheme to redirect unemployment insurance (unemployment) benefits from the State of California to ineligible recipients. During the duration of their scheme, the two accomplices illicitly received nearly \$93,000 in unemployment claims for wages to which they were not entitled using U.S. mail to deliver their benefits from August 2008 through October 2010.</p> | 93,000 |

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|--|---|----------------|
| I2012-1 (December 2012) (Allegation I2009-1341) | <i>California State Athletic Commission: Investigations of Improper Activities by State Employees</i> | |
| | Cost Recovery—The California State Athletic Commission (commission) overpaid approximately \$119,000 to 18 of its athletic inspectors from January 2009 through December 2010, because it inappropriately paid them at an hourly overtime rate rather than an hourly straight-time rate for work they performed. However, only about \$25,000 of that amount can be collected due to the statute of limitation for recovering overpayments. | \$25,000 |
| | Wasted Funds—Due to the statute of limitation for recovering overpayments, the commission cannot recover \$94,000 of the \$119,000 the commission overpaid to 18 of its athletic inspectors from January 2009 through December 2010. | 94,000 |
| I2012-1 (December 2012) (Allegation I2009-1218) | <i>Department of Fish and Game†: Investigations of Improper Activities by State Employees</i> | 54,000 |
| | Wasted Funds—A supervisor with the Department of Fish and Game improperly implemented an agricultural lease agreement. He directed the lessee, in lieu of making lease payments, to purchase about \$54,000 in goods and services that did not constitute improvements and repairs to the leasehold, as required by the lease requirement. | |
| I2012-1 (December 2012) (Allegation I2009-0689) | <i>California Correctional Health Care Services and Department of Corrections and Rehabilitation: Investigations of Improper Activities by State Employees</i> | 55,000 |
| | Wasted Funds—A manager with California Correctional Health Care Services improperly allowed Department of Corrections and Rehabilitation (Corrections) employees to use rental cars paid for by the state and receive mileage reimbursements for commuting, and Corrections improperly approved this. The manager also improperly authorized these employees to receive reimbursements for expenses they incurred near their homes and headquarters, and Corrections improperly approved the payments. As a result, the State paid 23 employees a total of \$55,000 in travel benefits over 18 months that they were not entitled to receive. As a result of our identifying the improper reimbursements and Corrections implementing our recommendation to end the reimbursements, we estimate \$37,000 in continued annual savings. | |
| I2012-1 (December 2012) (Allegation I2009-1321) | <i>Natural Resources Agency: Investigations of Improper Activities by State Employees</i> | 48,000 |
| | Wasted Funds—From January 2009 through June 2011, an executive with the Natural Resources Agency (Resources) circumvented state travel regulations by improperly reimbursing an official and an employee about \$48,000 in state funds for commutes between their homes and headquarters and lodging and meal expenses incurred near Resources headquarters. If this pattern continued to occur, we estimate \$19,000 in continued annual savings through cost avoidance as a result of our recommendations. | |
| I2012-1 (December 2012) (Allegation I2010-1151) | <i>California Correctional Health Care Services and Department of Corrections and Rehabilitation: Investigations of Improper Activities by State Employees</i> | 9,000 |
| | Cost Recovery—A supervising registered nurse at the California Training Facility in Soledad (facility) falsely claimed to have worked 183 hours of regular, overtime, and on-call hours that have resulted in overpayments and ultimately overpaid the nurse about \$9,000. Staff at the facility's personnel office reported that they have begun the process to collect the overpayments identified in this report. | |
| I2012-1 (December 2012) (Allegation I2010-1022) | <i>University of California, Office of the President: Investigations of Improper Activities by State Employees</i> | 6,000 |
| | Wasted Funds/Cost Recovery—The University of California (university) reimbursed an official approximately \$4,200 for travel expenses he incurred from July 2008 through July 2011 based on wasteful travel policies and procedures. Additionally, the university official improperly requested, and the university improperly authorized, reimbursements for travel expenses totaling nearly \$1,800, and we recommended that the university seek recovery of these reimbursements. | |

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|--|---|----------------|
| I2005-2 (Allegations I2004-0649, I2004-0681, I2004-0789) (December 2012 Update) | <i>Department of Corrections and Rehabilitation: Investigations of Improper Activities by State Employees</i> Cost Recovery—Issued in September 2005, this investigation revealed that the Department of Corrections (Corrections) failed to properly account for the time that employees used when released from their regular job duties to perform union-related activities. In June 2010 Corrections notified us that it had initiated litigation against the union to recover unreimbursed costs for all Corrections employees on full-time union leave. In January 2012 Corrections reached an agreement with the union that requires the union pay the State a total of \$3.5 million for all Corrections employees on full-time union leave through annual payments beginning that same month and continuing until the entire amount is paid. | \$3,500,000 |
| 2012-117 (March 2013) | <i>State Athletic Commission: Its Ongoing Administrative Struggles Call Its Future Into Question</i> Wasted Funds—Over the last three calendar years for administrative spending, the State Athletic Commission (commission) spent a total of \$197,400 in excess of the allowable 20 percent limit of its annual contribution. Should the commission limit administrative spending to the allowable 20 percent, it could save an annual average of \$66,000. | 197,000 |
| | Lost Revenue—The commission's revenues are generally derived from taxes, assessments, and fees collected from events it regulates. Our review of 12 sample events found that the commission failed to collect \$4,600 because it inconsistently adhered to its regulations and processes. | 5,000 |
| | Lost Revenue—The commission failed to maximize the money available to fund boxers' pension benefits by not transferring funds into a higher-yield investment account, potentially resulting in a loss of \$20,000 between fiscal years 2007–08 and 2010–11. This is an ongoing benefit of approximately \$5,000 per year. | 20,000 |
| | Wasted Funds—In 2010 and 2011 the commission inappropriately used funds from the commission fund to pay \$40,000 in pension plan administration fees, despite the Legislature intending the pension fund to cover the administration of the pension plan. | 40,000 |
| | Increased Revenue—The commission reports that it has worked with the Legislature to raise the maximum fee it charges promoters for the sale or lease of broadcasting rights from \$25,000 to \$35,000 per event. In fiscal years 2010–11 and 2011–12, the commission reported 22 instances where it collected a maximum broadcasting fee from promoters. Beginning with fiscal year 2013–14, we estimate that the commission will realize approximately \$110,000 annually as a result of these increased maximum fees. | |
| I2009-0640 (March 2013) | <i>California Department of Transportation: Caltrans Employees Engaged in Inexcusable Neglect of Duty, Received Overpayment for Overtime, Falsified Test Data, and Misappropriated State Property</i> Cost Recovery—A supervisor with the California Department of Transportation (Caltrans) improperly removed steel beams from a Caltrans facility. After discovering this, Caltrans paid \$2,000 to transport the beams back to a Caltrans facility. We recommended that Caltrans seek reimbursement for the transportation cost from the supervisor. | 2,000 |
| | Cost Recovery—Caltrans improperly paid two technicians \$6,834 and \$6,954, respectively, for overtime and differential work hours that they did not work. We recommended that Caltrans seek reimbursement of these payments. | 14,000 |
| 2012-110 (April 2013) | <i>Special Interest License Plate Funds: The State Has Foregone Certain Revenues Related to Special Interest License Plates and Some Expenditures Were Unallowable or Unsupported</i> Lost Revenue—The Department of Motor Vehicles' (Motor Vehicles) policy is to collect retention fees for special license plates only when the plate owner notifies the department that he or she will again use the special plate on a vehicle. Using Motor Vehicles' unaudited available data and the fees prescribed in statutes, we estimate that, because of this policy, it did not collect retention fees of \$12 million during fiscal years 2010–11 and 2011–12. We estimate that by implementing our recommendation to collect retention fees for all special plates retained by plate owners, Motor Vehicles could realize up to \$6 million in increased revenue annually. | 12,000,000 |

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|---|--|----------------------|
| I2010-1045 (June 2013) | <i>California Department of Corrections and Rehabilitation and California Correctional Health Care Services: Both Agencies Wasted State Resources by Improperly Accounting for Leave Taken by Their Employees</i> | \$127,000 |
| | Wasted Funds—The Department of Corrections and Rehabilitation wasted \$126,952 worth of leave time during the period October 2010 through September 2011 by undercharging the leave balances of its employees at six correctional facilities we examined. If what we found at the six facilities is representative of all correctional facilities during the period we examined, the amount wasted could be around \$400,000. | |
| | Wasted Funds—California Correctional Health Care Services wasted \$42,589 worth of leave time during the period October 2010 through September 2011 by undercharging the leave balances of its employees at one correctional facility we examined. | 43,000 |
| Annualized Carry Forward for July 1, 2012, Through June 30, 2013 | | \$106,515,000 |
| 2002-009 (April 2003) | California Energy Markets | 29,000,000 |
| 2003-125 (July 2004) | Department of Corrections and Rehabilitation | 20,700,000 |
| I2005-1 (March 2005) | Department of Corrections and Rehabilitation (Allegation I2003-0834) | 119,000 |
| 2004-113 (July 2005) | Department of General Services | 36,000 |
| 2004-134 (July 2005) | State Athletic Commission | 33,000 |
| 2004-125 (August 2005) | Department of Health Services [‡] | 10,300,000 |
| I2005-2 (September 2005) | Department of Corrections and Rehabilitation (Allegations I2004-0649, I2004-0681, I2004-0789) | 193,000 |
| I2006-1 (March 2006) | Department of Fish and Wildlife (Allegation I2004-1057) | 8,300,000 |
| 2007-037 (September 2007) | Department of Housing and Community Development | 38,000 |
| I2008-1 (April 2008) | Department of Corrections and Rehabilitation (Allegation I2006-0665) | 50,000 |
| I2008-1 (April 2008) | Department of Social Services (Allegation I2006-1040) | 13,000 |
| 2007-122 (June 2008) | Department of Health Care Services | 13,000,000 |
| 2008-103 (November 2008) | California Unemployment Insurance Appeals Board | 61,000 |
| 2009-043 (November 2009) | Board of Pilot Commissioners for the Bays of San Francisco, San Pablo and Suisun | 38,000 |
| 2009-030 (July 2009) | State Bar of California | 285,000 |
| 2009-112 (May 2010) | Department of Health Care Services | 4,700,000 |
| 2010-108 (June 2010) | Department of Public Health | 3,566,000 |
| 2009-118 (August 2010) | Department of Developmental Services | 15,000,000 |
| I2011-1 (August 2011) | Department of State Hospitals (Allegation I2009-0644) | 38,000 |
| 2010-124 (September 2011) | Department of Corrections and Rehabilitation | 1,045,000 |
| Total for July 1, 2011, Through June 30, 2012 | | \$184,189,000 |
| Total One-Time Benefits for July 1, 2011, Through June 30, 2012 | | \$15,794,000 |
| 2010-125 (August 2011) | <i>State Lands Commission: Because It Has Not Managed Public Lands Effectively, the State Has Lost Millions in Revenue for the General Fund</i> | 4,160,000 |
| | Increased Revenue—The State Lands Commission (Commission) should develop and adhere to policies and procedures that incorporate the <i>State Administrative Manual's</i> guidance, including a process for consistently tracking delinquent leases. Also, the Commission should continue to implement its newly established holdover reduction procedures and evaluate whether the procedures are having their intended effect. Additionally, the Commission should conduct rent reviews on each fifth anniversary, as specified in its lease agreements, or include provisions in its leases to allow for the use of other strategies, such as adjusting rents annually using an inflation indicator. Finally, the Commission should amend its regulations for establishing pipeline rents on state land. | |

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|---|--|----------------------|
| I2011-1 (August 2011) (Allegation I2009-0644) | <i>Department of Mental Health^S: Investigations of Improper Activities by State Employees</i> Cost Savings—A senior official with the Department of Mental Health (Mental Health) improperly was paid for activities that either were taken on behalf of a nonstate organization or did not serve a state purpose. Mental Health should evaluate the need for the senior official's position. | \$38,000 |
| I2011-1 (August 2011) (Allegation I2010-0844) | <i>California Energy Commission: Investigations of Improper Activities by State Employees</i> Cost Recovery—An employee and personnel specialist at the California Energy Commission (Energy Commission) falsified time and attendance records to enable the employee, at the time of her retirement, to receive a payment for unused annual leave that was higher than the amount to which she was entitled. The Energy Commission should seek to recover the amount it improperly paid the retiring employee for unused annual leave hours. | 7,000 |
| I2011-1 (August 2011) (Allegation I2009-0601) | <i>Department of Fish and Game[†]: Investigations of Improper Activities by State Employees</i> Cost Recovery—A manager at the Department of Fish and Game (Fish and Game) improperly directed an employee to use a state vehicle for commuting between her home and work locations during a nine-month period. In addition, the employee improperly requested, and the manager improperly approved, reimbursement for lodging and meal expenses incurred by the employee near her headquarters. Fish and Game should initiate repayment from the manager for the costs—totaling \$9,000—associated with the misuse of the state vehicle and seek recovery of the improper lodging and meal reimbursements that were paid to the employee. | 9,000 |
| I2011-1 (August 2011) (Allegation I2009-1476) | <i>State Controller's Office: Investigations of Improper Activities by State Employees</i> Cost Recovery—An employee of the State Controller's Office failed to report an estimated 322 hours of absences over an 18-month period. The State Controller's Office should seek reimbursement from the employee for the wages she did not earn. | 7,000 |
| 2010-124 (September 2011) | <i>Department of Corrections and Rehabilitation: The Benefits of Its Correctional Offender Management Profiling for Alternative Sanctions Program Are Uncertain</i> Cost Savings—The Department of Corrections should suspend its use of the COMPAS core and reentry assessments until it has issued regulations, updated its operations manual, and has demonstrated to the Legislature that it has a plan to measure and report COMPAS's effect on reducing recidivism. | 1,045,000 |
| 2011-111 (March 2012) | <i>Federal Workforce Investment Act: More Effective State Planning and Oversight Is Necessary to Better Help California's Job Seekers Find Employment</i> Lost Revenue—The Employment Development Department (EDD) missed opportunities to receive up to \$10.5 million from six federal grants available for workforce investment, and thus it is not availing itself of additional funds the State can use to help job seekers obtain employment. Because EDD does not have a grant review and approval process that documents its identification of grant opportunities and its final decisions related to such opportunities, we were unable to substantiate EDD's reasons for foregoing grant opportunities. | 10,500,000 |
| 2011-119 (June 2012) | <i>Physical Therapy Board of California: Although It Can Make Improvements, It Generally Processes Complaints and Monitors Conflict-of-Interest Requirements Appropriately</i> Cost Savings—One of the Physical Therapy Board of California's (physical therapy board) expert consultants has served as the in-house consultant since approximately 2003, performing cursory reviews of certain complaints before they may be referred to other expert consultants in the field. We believe that the physical therapy board may be able to save approximately \$28,000 to \$35,000 annually if it can hire a state physical therapy consultant at existing state rates to perform the same work as its in-house consultant. | 28,000 |
| Annualized Carry Forward for July 1, 2011, Through June 30, 2012 | | \$168,395,000 |
| 2002-101 (July 2002) | Department of Corrections and Rehabilitation | 58,000,000 |
| 2002-009 (April 2003) | California Energy Markets | 29,000,000 |
| 2003-125 (July 2004) | Department of Corrections and Rehabilitation | 20,700,000 |
| 2003-124 (August 2004) | Department of Health Services [‡] | 4,600,000 |
| I2004-2 (September 2004) | Department of Health Services [‡] (Allegation I2002-0853) | 9,000 |
| I2004-2 (September 2004) | California Military Department (Allegation I2002-1069) | 64,000 |

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|--|--|----------------------|
| 2004-105 (October 2004) | Department of Corrections and Rehabilitation | \$290,000 |
| I2005-1 (March 2005) | Department of Corrections and Rehabilitation (Allegation I2003-0834) | 119,000 |
| 2004-113 (July 2005) | Department of General Services | 36,000 |
| 2004-134 (July 2005) | State Athletic Commission | 33,000 |
| 2004-125 (August 2005) | Department of Health Services [‡] | 10,300,000 |
| I2005-2 (September 2005) | Department of Corrections and Rehabilitation (Allegations I2004-0649, I2004-0681, I2004-0789) | 193,000 |
| I2006-1 (March 2006) | Department of Fish and Wildlife (Allegation I2004-1057) | 8,300,000 |
| 2007-037 (September 2007) | Department of Housing and Community Development | 38,000 |
| I2008-1 (April 2008) | Department of Corrections and Rehabilitation (Allegation I2006-0665) | 50,000 |
| I2008-1 (April 2008) | Department of Social Services (Allegation I2006-1040) | 13,000 |
| 2007-122 (June 2008) | Department of Health Care Services | 13,000,000 |
| 2008-103 (November 2008) | California Unemployment Insurance Appeals Board | 61,000 |
| 2009-043 (November 2009) | Board of Pilot Commissioners for the Bays of San Francisco, San Pablo and Suisun | 38,000 |
| 2009-030 (July 2009) | State Bar of California | 285,000 |
| 2009-112 (May 2010) | Department of Health Care Services | 4,700,000 |
| 2010-108 (June 2010) | Department of Public Health | 3,566,000 |
| 2009-118 (August 2010) | Department of Developmental Services | 15,000,000 |
| Total for July 1, 2010, Through June 30, 2011 | | \$390,054,000 |
| Total One-Time Benefits for July 1, 2010, Through June 30, 2011 | | \$209,059,000 |
| 2009-114 (July 2010) | <i>Department of General Services: It No Longer Strategically Sources Contracts and Has Not Assessed Their Impact on Small Businesses and Disabled Veteran Business Enterprises</i> | Unknown |
| | Cost Savings and Recovery—We recommended that the Department of General Services (General Services) determine if there are further opportunities to achieve savings for consultant-recommended categories of goods and services contracts. Also, General Services should follow procedures for identifying strategic sourcing opportunities and work to obtain comprehensive and accurate data on the specific items that state agencies are purchasing. Finally, General Services should implement standard procedures to recover identified overcharges. The potential savings to the State is currently unknown, but if General Services implements our recommendation, the savings will be quantifiable in the future. The report concludes that documents indicate that as a result of its initial strategic sourcing efforts, the State accrued at least \$160 million in net savings from 33 contracts through June 30, 2007. | |
| 2003-106 (October 2003; August 2010 Update) | <i>State Mandates: The High Level of Questionable Costs Claimed Highlights the Need for Structural Reform of the Process</i> | 194,000,000 |
| | Cost Recovery—We recommended that the State Controller's Office (Controller's Office) audit Peace Officers Procedural Bill of Rights (POBOR) claims that had been paid. In 2010 the Controller's Office informed the California State Auditor that it had audited \$225 million in POBOR program claims and identified \$194 million (86 percent of claims reviewed) in unallowable costs had been claimed. | |
| 2009-118 (August 2010) | <i>Department of Developmental Services: A More Uniform and Transparent Procurement and Rate-Setting Process Would Improve the Cost-Effectiveness of Regional Centers</i> | 15,000,000 |
| | Cost Recovery—We found that the Department of Developmental Services (Developmental Services) did not generally examine how regional centers established rates or selected particular vendors. Our review found that the manner in which some regional centers established payment rates and selected vendors had the appearance of favoritism or fiscal irresponsibility. Based on our review of Developmental Services' recent fiscal audits, it has recovered roughly \$15 million as a direct result of our recommendations and findings. If Developmental Services continues to carry out our recommendations, we estimate \$15 million in continued annual savings through a combination of cost recovery and cost avoidance. | |

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|---|---|----------------------|
| 2010-106 (November 2010) | <i>Dymally-Alatorre Bilingual Services Act: State Agencies Do Not Fully Comply With the Act, and Local Governments Could Do More to Address Their Clients' Needs</i> Cost Savings—Some state agencies are not maximizing opportunities to reduce their costs to provide bilingual services by leveraging California Multiple Award Schedules contracts for interpretation and translation services. | \$47,000 |
| I2010-2 (January 2011) (Allegation I2008-1024) | <i>Department of General Services: Investigations of Improper Activities by State Employees</i> Cost Recovery—A manager with the Department of General Services (General Services) improperly used state vehicles for his daily commute for nine years. General Services should seek reimbursement from the manager for costs associated with his misuse of state vehicles. | 12,000 |
| Annualized Carry Forward for July 1, 2010, Through June 30, 2011 | | \$180,995,000 |
| 2002-101 (July 2002) | Department of Corrections and Rehabilitation | 58,000,000 |
| 2002-009 (April 2003) | California Energy Markets | 29,000,000 |
| 2002-118 (April 2003) | Department of Health Services [‡] | 20,000,000 |
| 2003-106 (October 2003) | State Mandates | 7,600,000 |
| 2003-125 (July 2004) | Department of Corrections and Rehabilitation | 20,700,000 |
| 2003-124 (August 2004) | Department of Health Services [‡] | 4,600,000 |
| I2004-2 (September 2004) | Department of Health Services [‡] (Allegation I2002-0853) | 9,000 |
| I2004-2 (September 2004) | California Military Department (Allegation I2002-1069) | 64,000 |
| 2004-105 (October 2004) | Department of Corrections and Rehabilitation | 290,000 |
| I2005-1 (March 2005) | Department of Corrections and Rehabilitation (Allegation I2003-0834) | 119,000 |
| 2004-113 (July 2005) | Department of General Services | 36,000 |
| 2004-134 (July 2005) | State Athletic Commission | 33,000 |
| 2004-125 (August 2005) | Department of Health Services [‡] | 10,300,000 |
| I2005-2 (September 2005) | Department of Corrections and Rehabilitation (Allegations I2004-0649, I2004-0681, I2004-0789) | 193,000 |
| I2006-1 (March 2006) | Department of Fish and Game (Allegation I2004-1057) | 8,300,000 |
| 2007-037 (September 2007) | Department of Housing and Community Development | 38,000 |
| I2008-1 (April 2008) | Department of Corrections and Rehabilitation (Allegation I2006-0665) | 50,000 |
| I2008-1 (April 2008) | Department of Social Services (Allegation I2006-1040) | 13,000 |
| 2007-122 (June 2008) | Department of Health Care Services | 13,000,000 |
| 2008-103 (November 2008) | California Unemployment Insurance Appeals Board | 61,000 |
| 2009-043 (November 2009) | Board of Pilot Commissioners for the Bays of San Francisco, San Pablo and Suisun | 38,000 |
| 2009-030 (July 2009) | State Bar of California | 285,000 |
| 2009-112 (May 2010) | Department of Health Care Services | 4,700,000 |
| 2010-108 (June 2010) | Department of Public Health | 3,566,000 |
| Total for July 1, 2009, Through June 30, 2010 | | \$195,429,000 |
| Total One-Time Benefits for July 1, 2009, Through June 30, 2010 | | \$23,023,000 |
| 2009-112 (May 2010) | <i>Department of Health Care Services: It Needs to Streamline Medi-Cal Treatment Authorizations and Respond to Authorization Requests Within Legal Time Limits</i> Cost Avoidance—If the Department of Health Care Services performed cost-benefit analyses on treatment authorization requests (TARs) with very low denial rates, it could ascertain which TAR's administrative costs equaled or exceeded its savings. By performing this analysis, we estimate that it could save \$4.7 million annually by identifying which TARs are not cost-effective to process and remove authorization requirements for these services. | 4,700,000 |

| REPORT NUMBER (DATE RELEASED) | ENTITY*/REPORT TITLE/ BASIS OF MONETARY VALUE | MONETARY VALUE |
|--|--|----------------|
| 2010-108 (June 2010) | <i>Department of Public Health: It Reported Inaccurate Financial Information and Can Likely Increase Revenues for the State and Federal Health Facilities Citation Penalties Accounts</i> | \$70,000 |
| | Increased Revenue—The Department of Public Health (Public Health) inappropriately granted a 35 percent reduction to health facility penalties totaling \$70,000. This error was largely because the database that Public Health uses to calculate penalty reductions was not programmed to reflect the correct dates to calculate penalties. Also, Public Health could have generated \$95,000 if it had assessed interest on penalties stalled in the appeals process. It also could have increased revenue by \$3.3 million during the period of fiscal year 2003–04 through March 2010 if it had updated the monetary penalties amounts based on inflation rates. Finally, Public Health could have generated \$101,220 if it had included certain accounts in the Surplus Money Investment Fund as opposed to the Pooled Money Investment Account. | 95,000 |
| | | 3,300,000 |
| | | 101,000 |
| I2010-1 (June 2010) (Allegation I2008-1066) | <i>Department of Industrial Relations: Investigations of Improper Activities by State Employees</i> | 70,000 |
| | Cost Recovery—An inspector at the Department of Industrial Relations, Division of Occupational Safety and Health, misused state resources and improperly engaged in dual employment during her state work hours, for which she received \$70,105 in inappropriate payments. | |
| I2010-1 (June 2010) (Allegation I2008-0920) | <i>Department of Corrections and Rehabilitation: Investigations of Improper Activities by State Employees</i> | 111,000 |
| | Wasted Funds—A supervisor at Heman G. Stark Correctional Facility misused the time of two psychiatric technicians by assigning them to perform the tasks of a lower-paid classification. This misuse of the employees' time resulted in a loss to the State of \$110,797. | 76,000 |
| | Cost Savings—A supervisor at Heman G. Stark Correctional Facility misused the time of two psychiatric technicians by assigning them to perform the clerical and administrative tasks. When these employees returned to their normal duties, the Department of Corrections and Rehabilitation did not hire any other employees to perform the clerical and administrative tasks, resulting in a cost savings to the State of \$75,824. | |
| I2010-1 (June 2010) (Allegation I2008-1037) | <i>California State University, Northridge: Investigations of Improper Activities by State Employees</i> | 21,000 |
| | Cost Recovery—An employee of California State University, Northridge (Northridge), improperly allowed a business owner and associates to use a university laboratory facility, equipment, and supplies without compensating Northridge. After this investigation, Northridge received payment of \$20,709 from the business owner. | |
| 2009-030 (July 2009) | <i>State Bar of California: It Can Do More to Manage Its Disciplinary System and Probation Processes Effectively and to Control Costs</i> | 850,000 |
| | Lost Revenue/Increased Revenues—The State Bar of California (State Bar) has not updated the formula it uses to bill disciplined attorneys, although the discipline costs have increased 30 percent during the last five years. We estimate that if it had updated the billing formula, it could have billed an additional \$850,000 for the past three years. Additionally, if the State Bar updates the formula, we estimate that it could increase revenue in future years by approximately \$285,000 annually. | |
| 2009-101 (November 2009) | <i>Department of Social Services: For the CalWORKs and Food Stamp Programs, It Lacks Assessments of Cost-Effectiveness and Misses Opportunities to Improve Counties' Antifraud Efforts</i> | 12,450,000 |
| | Cost Recovery—Since December 2003 counties have received millions of dollars in overpayments recovered from food stamp recipients. However, the Department of Social Services (Social Services) has been delayed in taking the steps needed to claim its share of these overpayments—approximately \$12.45 million. As a result of the six-year delay in addressing this issue, we estimate Social Services lost approximately \$1.1 million in interest on its share of the funds. | 1,100,000 |
| I2009-0702 (November 2009) | <i>Department of Corrections and Rehabilitation: Its Poor Internal Controls Allowed Facilities to Overpay Employees for Inmate Supervision</i> | 35,000 |
| | Cost Recovery—The Department of Corrections and Rehabilitation (Corrections) made almost \$35,000 in overpayments to 23 employees for inmate supervision, and we recommended that Corrections recover the overpayments from the employees. | |

| REPORT NUMBER (DATE RELEASED) | ENTITY*/REPORT TITLE/ BASIS OF MONETARY VALUE | MONETARY VALUE |
|---|--|----------------------|
| 2009-043 (November 2009) | <i>Board of Pilot Commissioners for the Bays of San Francisco, San Pablo and Suisun: It Needs to Develop Procedures and Controls Over Its Operations and Finances to Ensure That It Complies With Legal Requirements</i> | \$9,000 |
| | Increased Revenue—The Board of Pilot Commissioners (board) did not receive all revenues for the surcharge to fund training new pilots, as required by law. By collecting these fees, we calculated that the board will collect an additional \$8,640 annually based on the current surcharge of \$9 per trainee. | |
| | Cost Savings—The board offers free parking to employees, which may constitute a misuse of state resources. By cancelling its lease for parking, the board will save the total value of the lease, \$4,760 over the course of a year. Additionally, if the board ceases reimbursing pilots for business-class airfare when they fly for training, we believe that it will incur a savings in the future. We believe these future savings will be approximately \$30,000 annually. | 5,000 30,000 |
| Annualized Carry Forward for July 1, 2009, Through June 30, 2010 | | \$172,406,000 |
| 2002-101 (July 2002) | Department of Corrections and Rehabilitation | 58,000,000 |
| 2002-009 (April 2003) | California Energy Markets | 29,000,000 |
| 2002-118 (April 2003) | Department of Health Services [‡] | 20,000,000 |
| 2003-106 (October 2003) | State Mandates | 7,600,000 |
| 2003-125 (July 2004) | Department of Corrections and Rehabilitation | 20,700,000 |
| 2003-124 (August 2004) | Department of Health Services [‡] | 4,600,000 |
| I2004-2 (September 2004) | Department of Health Services [‡] (Allegation I2002-0853) | 9,000 |
| I2004-2 (September 2004) | California Military Department (Allegation I2002-1069) | 64,000 |
| 2004-105 (October 2004) | Department of Corrections and Rehabilitation | 290,000 |
| I2005-1 (March 2005) | Department of Corrections and Rehabilitation (Allegation I2003-0834) | 119,000 |
| 2004-113 (July 2005) | Department of General Services | 36,000 |
| 2004-134 (July 2005) | State Athletic Commission | 33,000 |
| 2004-125 (August 2005) | Department of Health Services [‡] | 10,300,000 |
| I2005-2 (September 2005) | Department of Corrections and Rehabilitation (Allegations I2004-0649, I2004-0681, I2004-0789) | 193,000 |
| I2006-1 (March 2006) | Department of Fish and Wildlife (Allegation I2004-1057) | 8,300,000 |
| 2007-037 (September 2007) | Department of Housing and Community Development | 38,000 |
| I2008-1 (April 2008) | Department of Corrections and Rehabilitation (Allegation I2006-0665) | 50,000 |
| I2008-1 (April 2008) | Department of Social Services (Allegation I2006-1040) | 13,000 |
| 2007-122 (June 2008) | Department of Health Care Services | 13,000,000 |
| 2008-103 (November 2008) | California Unemployment Insurance Appeals Board | 61,000 |
| Total for July 1, 2008, Through June 30, 2009 | | \$175,426,000 |
| Total One-Time Benefits for July 1, 2008, Through June 30, 2009 | | \$1,931,000 |
| 2007-040 (September 2008) | <i>Department of Public Health: Laboratory Field Services' Lack of Clinical Laboratory Oversight Places the Public at Risk</i> | 1,020,000 |
| | Increased Revenue—The Department of Public Health (Public Health) incorrectly adjusted the fees it charged to clinical laboratories, resulting in more than \$1 million in lost revenue. Public Health should adjust fees in accordance with the budget act. | |
| I2008-2 (October 2008) (Allegation I2006-0826) | <i>Department of Corrections and Rehabilitation: Investigations of Improper Activities by State Employees</i> | 17,000 |
| | Cost Recovery—The Department of Corrections and Rehabilitation (Corrections) improperly paid nine office technicians a total of \$16,530 for supervising inmates when the technicians did not qualify to receive the money. | |

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|---|---|----------------------|
| I2008-2 (October 2008) (Allegation I2008-0678) | <i>California Environmental Protection Agency: Investigations of Improper Activities by State Employees</i> Cost Recovery—The California Environmental Protection Agency paid an employee for 768 hours for which she was not at work and for which no leave balance was charged or used. | \$23,000 |
| I2008-2 (October 2008) (Allegation I2007-1049) | <i>Department of Housing and Community Development: Investigations of Improper Activities by State Employees</i> Cost Recovery—A full-time employee of the Department of Housing and Community Development simultaneously worked full-time at a nonprofit organization for a year, along with other time and attendance abuses. | 35,000 |
| I2008-2 (October 2008) (Allegation I2007-0917) | <i>Department of Corrections and Rehabilitation: Investigations of Improper Activities by State Employees</i> Cost Recovery—The Department of Corrections and Rehabilitation improperly compensated two physicians for 3,025 hours of work on a time-and-a-half basis rather than on an hour-for-hour basis. | 108,000 |
| I2008-2 (October 2008) (Allegation I2007-0771) | <i>State Personnel Board: Investigations of Improper Activities by State Employees</i> Wasted Funds—The State Personnel Board approved contracts with a retired annuitant and a retired employee without providing reasonable justification for the contract or the contract amount. | 14,000 |
| 2008-103 (November 2008) | <i>California Unemployment Insurance Appeals Board: Its Weak Policies and Practices Could Undermine Employment Opportunity and Lead to the Misuse of State Resources</i> Cost Savings—We identified parking spaces maintained by the Unemployment Insurance Appeals Board (board) for which the board had little assurance were being used for their intended and allowable purposes. In March 2009 the board eliminated 31 of its 35 parking spaces, which will save \$61,000 annually. We are showing a benefit of \$20,000 for the remainder of fiscal year 2008–09. | 20,000 |
| I2009-1 (April 2009) (Allegation I2006-1125) | <i>Department of Fish and Game†, Office of Spill Prevention and Response: Investigations of Improper Activities by State Employees</i> Cost Recovery—A high level official formerly with the Office of Spill Prevention and Response of the Department of Fish and Game incurred \$71,747 in improper travel expenses she was not entitled to receive. | 72,000 |
| I2009-1 (April 2009) (Allegation I2007-0909) | <i>State Compensation Insurance Fund: Investigations of Improper Activities by State Employees</i> Cost Recovery—An employee of the State Compensation Insurance Fund (State Fund) failed to report 427 hours of absences. Consequently, State Fund did not charge the employee's leave balances for these absences, and it paid her \$8,314 for hours she did not work. | 8,000 |
| I2009-1 (April 2009) (Allegation I2007-0891) | <i>Department of Corrections and Rehabilitation and Department of General Services: Investigations of Improper Activities by State Employees</i> Wasted Funds—The departments of Corrections and Rehabilitation and General Services wasted \$580,000 in state funds by continuing to lease 5,900 square feet of office space that was left unoccupied for more than four years. | 580,000 |
| 2009-042 (May 2009) | <i>Children's Hospital Program: Procedures for Awarding Grants Are Adequate, but Some Improvement Is Needed in Managing Grants and Complying With the Governor's Bond Accountability Program</i> Lost Revenue—We identified interest revenues totaling \$34,000 the California Health Financing Authority (authority) did not recover from grantees on advanced funds. The authority can recover a currently unidentifiable amount of revenue if it requires grantees to place future advances of funds in interest bearing accounts. The amount of future funds that will be advanced, as opposed to disbursed for reimbursement expenditures, as well as the associated interest earnings are not predictable. | 34,000 |
| Annualized Carry Forward for July 1, 2008, Through June 30, 2009 | | \$173,495,000 |
| 2002-101 (July 2002) | Department of Corrections and Rehabilitation | 58,000,000 |
| 2002-009 (April 2003) | California Energy Markets | 29,000,000 |
| 2002-118 (April 2003) | Department of Health Services‡ | 20,000,000 |
| 2003-106 (October 2003) | State Mandates | 7,600,000 |
| 2003-125 (July 2004) | Department of Corrections and Rehabilitation | 20,700,000 |

| REPORT NUMBER (DATE RELEASED) | ENTITY*/REPORT TITLE/ BASIS OF MONETARY VALUE | MONETARY VALUE |
|--|---|----------------------|
| 2003-124 (August 2004) | Department of Health Services [‡] | \$4,600,000 |
| I2004-2 (September 2004) | Department of Health Services [‡] (Allegation I2002-0853) | 9,000 |
| I2004-2 (September 2004) | California Military Department (Allegation I2002-1069) | 64,000 |
| 2004-105 (October 2004) | Department of Corrections and Rehabilitation | 290,000 |
| I2005-1 (March 2005) | Department of Corrections and Rehabilitation (Allegation I2003-0834) | 119,000 |
| 2004-113 (July 2005) | Department of General Services | 1,186,000 |
| 2004-134 (July 2005) | State Athletic Commission | 33,000 |
| 2004-125 (August 2005) | Department of Health Services [‡] | 10,300,000 |
| I2005-2 (September 2005) | Department of Corrections and Rehabilitation (Allegations I2004-0649, I2004-0681, I2004-0789) | 193,000 |
| I2006-1 (March 2006) | Department of Fish and Wildlife (Allegation I2004-1057) | 8,300,000 |
| 2007-037 (September 2007) | Department of Housing and Community Development | 38,000 |
| I2008-1 (April 2008) | Department of Corrections and Rehabilitation (Allegation I2006-0665) | 50,000 |
| I2008-1 (April 2008) | Department of Social Services (Allegation I2006-1040) | 13,000 |
| 2007-122 (June 2008) | Department of Health Care Services | 13,000,000 |
| Total for July 1, 2007, Through June 30, 2008 | | \$161,186,000 |
| Total One-Time Benefits for July 1, 2007, Through June 30, 2008 | | \$14,142,000 |
| I2007-2 (September 2007) (Allegation I2006-1099) | <i>Department of Mental Health[§]: Investigations of Improper Activities by State Employees</i> Wasted Funds—The Department of Mental Health misused state funds designated to purchase two vehicles for law enforcement purposes by improperly using the vehicles for non-law enforcement purposes, including commuting. | 19,000 |
| 2007-037 (September 2007) | <i>Department of Housing and Community Development: Awards of Housing Bond Funds Have Been Timely and Complied With the Law, but Monitoring of the Use of Funds Has Been Inconsistent</i> Lost Revenue—Excessive advances are provided without consideration for interest earnings the State could receive. Without corrective action, this loss could continue for the life of the program. | 38,000 |
| I2007-2 (September 2007) (Allegation I2007-0715) | <i>California Highway Patrol: Investigations of Improper Activities by State Employees</i> Wasted Funds—The California Highway Patrol (CHP) spent \$881,565 for 51 vans it had not used for their intended purposes. We calculated that the CHP lost \$90,385 in interest because it bought the vans two years prior to when it needed them. | 882,000 90,000 |
| 2007-109 (November 2007) | <i>DNA Identification Fund: Improvements Are Needed in Reporting Fund Revenues and Assessing and Distributing DNA Penalties, but Counties and Courts We Reviewed Have Properly Collected Penalties and Transferred Revenues to the State</i> Increased Revenue—Counties did not always assess and collect all required DNA penalties. | 32,000 |
| I2008-1 (April 2008) (Allegation I2006-0665) | <i>Department of Corrections and Rehabilitation: Investigations of Improper Activities by State Employees</i> Wasted Funds—The Department of Corrections and Rehabilitation leased 29 parking spaces at a private parking facility but did not use them. | 50,000 |
| I2008-1 (April 2008) (Allegation I2006-1040) | <i>Department of Social Services: Investigations of Improper Activities by State Employees</i> Cost Recovery/Cost Savings—The Department of Social Services (Social Services) improperly paid contractors for overhead costs that violated state policy. Social Services also will avoid these improper payments totaling about \$13,000 annually in the future. | 13,000 |
| I2008-1 (April 2008) (Allegation I2007-0958) | <i>Department of Justice: Investigations of Improper Activities by State Employees</i> Cost Recovery—The Department of Justice paid compensation to five employees that they may not have earned over a nine-month period. | 18,000 |

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|---|---|----------------------|
| 2007-122 (June 2008) | <i>Department of Health Care Services: Although Notified of Changes in Billing Requirements, Providers of Durable Medical Equipment Frequently Overcharged Medi-Cal</i> Cost Recovery—The Department of Health Care Services (department) has identified overbilling to Medi-Cal by equipment providers. We estimated the department has overpaid providers by approximately \$13 million during the period from October 2006 through September 2007. This is a one-time cost recovery to the department if they collect all overpayments. Cost Savings—If the department implements our recommendation to identify more feasible Medi-Cal reimbursement monitoring and enforcement, we estimate that it could continue to avoid \$13 million in overpayments annually. | \$13,000,000 |
| Annualized Carry Forward for July 1, 2007, Through June 30, 2008 | | \$147,044,000 |
| 2002-101 (July 2002) | Department of Corrections and Rehabilitation | 43,500,000 |
| 2002-009 (April 2003) | California Energy Markets | 29,000,000 |
| 2002-118 (April 2003) | Department of Health Services [‡] | 20,000,000 |
| 2003-106 (October 2003) | State Mandates | 7,600,000 |
| 2003-125 (July 2004) | Department of Corrections and Rehabilitation | 20,700,000 |
| 2003-124 (August 2004) | Department of Health Services [‡] | 4,600,000 |
| I2004-2 (September 2004) | Department of Health Services [‡] (Allegation I2002-0853) | 9,000 |
| I2004-2 (September 2004) | California Military Department (Allegation I2002-1069) | 64,000 |
| 2004-105 (October 2004) | Department of Corrections and Rehabilitation | 290,000 |
| I2005-1 (March 2005) | Department of Corrections and Rehabilitation (Allegation I2003-0834) | 119,000 |
| 2004-113 (July 2005) | Department of General Services | 2,336,000 |
| 2004-134 (July 2005) | State Athletic Commission | 33,000 |
| 2004-125 (August 2005) | Department of Health Services [‡] | 10,300,000 |
| I2005-2 (September 2005) | Department of Corrections and Rehabilitation (Allegations I2004-0649, I2004-0681, I2004-0789) | 193,000 |
| I2006-1 (March 2006) | Department of Fish and Wildlife (Allegation I2004-1057) | 8,300,000 |
| Total for July 1, 2006, Through June 30, 2007 | | \$154,575,000 |
| Total One-Time Benefits for July 1, 2006, Through June 30, 2007 | | \$6,111,000 |
| I2006-2 (September 2006) (Allegation I2006-0663) | <i>Department of Forestry and Fire Protection: Investigations of Improper Activities by State Employees</i> Cost Recovery—Between January 2004 and December 2005 an employee with the Department of Forestry and Fire Protection improperly claimed and received \$17,904 in wages for 672 hours he did not work in violation of state law. | 18,000 |
| 2006-035 (February 2007) | <i>Department of Health Services[‡]: It Has Not Yet Fully Implemented Legislation Intended to Improve the Quality of Care in Skilled Nursing Facilities</i> | 5,300,000 |
| | Cost Recovery—A contractor consultant authorized long-term care Medi-Cal duplicate payments. The Department of Health Services will recoup approximately \$5.3 million from facilities that received duplicate payments and an additional \$780,000 for duplicate or overlapping payments made to one or more different provider entities. Since authorization for the duplicate payments occurred because of a flawed procedure, the error may have caused other duplicate payments outside those we identified. | 780,000 |
| I2007-1 (March 2007) (Allegation I2006-0945) | <i>California Exposition and State Fair: Investigations of Improper Activities by State Employees</i> | 6,000 |
| | Cost Recovery—An official within the California Exposition and State Fair (Cal Expo) sold his personal vehicle to Cal Expo. Because he was involved in the decision to make this purchase while acting in his official capacity and because he derived a personal financial benefit, this official violated the Political Reform Act of 1974 and Section 1090 of the California Government Code. Cal Expo has indicated that it has reversed the transaction regarding the vehicle, resulting in the reimbursement of \$5,900 to Cal Expo and the return of the vehicle to the prior owner. | |

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|---|---|-------------------------|
| I2007-1 (March 2007) (Allegation I2006-0731) | <i>Department of Health Care Services: Investigations of Improper Activities by State Employees</i> Cost Recovery—An employee of the Department of Health Care Services violated regulations covering travel expense reimbursements and payment of commuting expenses resulting in overpayments totaling \$7,453. | \$7,000 |
| Annualized Carry Forward for July 1, 2006, Through June 30, 2007 | | \$148,464,000 |
| 2001-128 (April 2002) | Enterprise Licensing Agreement | 8,120,000 |
| 2002-101 (July 2002) | Department of Corrections and Rehabilitation | 29,000,000 |
| 2002-009 (April 2003) | California Energy Markets | 29,000,000 |
| 2002-118 (April 2003) | Department of Health Services [‡] | 20,000,000 |
| 2003-106 (October 2003) | State Mandates | 7,600,000 |
| 2003-125 (July 2004) | Department of Corrections and Rehabilitation | 20,700,000 |
| 2003-124 (August 2004) | Department of Health Services [‡] | 4,600,000 |
| I2004-2 (September 2004) | Department of Health Services [‡] (Allegation I2002-0853) | 9,000 |
| I2004-2 (September 2004) | California Military Department (Allegation I2002-1069) | 64,000 |
| 2004-105 (October 2004) | Department of Corrections and Rehabilitation | 290,000 |
| I2005-1 (March 2005) | Department of Corrections and Rehabilitation (Allegation I2003-0834) | 119,000 |
| 2004-033 (May 2005) | Pharmaceuticals | 7,800,000** |
| 2004-113 (July 2005) | Department of General Services | 2,336,000 ^{††} |
| 2004-134 (July 2005) | State Athletic Commission | 33,000 |
| 2004-125 (August 2005) | Department of Health Services [‡] | 10,300,000 |
| I2005-2 (September 2005) | Department of Corrections and Rehabilitation (Allegations I2004-0649, I2004-0681, I2004-0789) | 193,000 |
| I2006-1 (March 2006) | Department of Fish and Wildlife (Allegation I2004-1057) | 8,300,000 |
| Total for January 1, 2006, Through June 30, 2006 | | \$64,903,000 |
| Total One-Time Benefits for January 1, 2006, Through June 30, 2006 | | \$8,502,000 |
| I2006-1 (March 2006) (Allegation I2005-0781) | <i>Department of Corrections and Rehabilitation: Investigations of Improper Activities by State Employees</i> Cost Recovery—The Department of Corrections and Rehabilitation failed to exercise its management controls, resulting in gifts of public funds of \$70,255 in leave not charged. | 70,000 |
| I2006-1 (March 2006) Allegations I2005-0810, I2005-0874, I2005-0929) | <i>Department of Forestry and Fire Protection: Investigations of Improper Activities by State Employees</i> Cost Recovery—Several employees of the Department of Forestry and Fire Protection received \$61,466 in improper overtime payments. | 61,000 |
| I2006-1 (March 2006) (Allegations I2004-0983, I2005-1013) | <i>Victim Compensation and Government Claims Board: Investigations of Improper Activities by State Employees</i> Cost Recovery—The Department of Corrections and Rehabilitation (Corrections) improperly awarded payments to a physician at Corrections totaling \$25,950. | 26,000 |
| I2006-1 (March 2006) (Allegation I2004-1057) | <i>Department of Fish and Game[†]: Investigations of Improper Activities by State Employees</i> Increased Revenue—The Department of Fish and Game allowed several state employees and volunteers to reside in state-owned homes without charging them rent, consequently providing gifts of public funds. A subsequent housing review conducted by the Department of Personnel Administration demonstrated that all 13 state departments that own employee housing may be underreporting or failing to report housing fringe benefits. As a result, the State could increase revenues as much as \$8.3 million by charging fair-market rents. | 8,300,000 |

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|--|---|-------------------------|
| 2005-120 (April 2006) | <i>California Student Aid Commission: Changes in the Federal Family Education Loan Program, Questionable Decisions, and Inadequate Oversight Raise Doubts About the Financial Stability of the Student Loan Program</i> Cost Savings/Avoidance—We recommended that the Student Aid Commission amend its operating agreement to require EDFUND to establish a travel policy that is consistent with the State’s policy and that it closely monitor EDFUND expenses paid out of the Operating Fund for conferences, workshops, all-staff events, travel, and the like. By implementing policy changes as recommended, we estimate EDFUND could save a minimum of \$45,000 annually. | \$45,000 ^{\$S} |
| Annualized Carry Forward for January 1, 2006, Through June 30, 2006 | | \$56,401,000 |
| 2001-128 (April 2002) | Enterprise Licensing Agreement | 4,060,000 |
| 2002-101 (July 2002) | Department of Corrections and Rehabilitation | 7,250,000 |
| 2002-009 (April 2003) | California Energy Markets | 14,500,000 |
| 2002-118 (April 2003) | Department of Health Services [‡] | 10,000,000 |
| 2003-106 (October 2003) | State Mandates | 3,800,000 |
| 2003-125 (July 2004) | Department of Corrections and Rehabilitation | 10,350,000 |
| 2003-124 (August 2004) | Department of Health Services [‡] | 2,300,000 |
| I2004-2 (September 2004) | Department of Health Services [‡] (Allegation I2002-0853) | 4,500 |
| I2004-2 (September 2004) | Military Department (Allegation I2002-1069) | 32,000 |
| 2004-105 (October 2004) | Department of Corrections and Rehabilitation | 145,000 |
| I2005-1 (March 2005) | Department of Corrections and Rehabilitation (Allegation I2003-0834) | 59,500 |
| 2004-033 (May 2005) | Pharmaceuticals | 3,900,000 |
| Benefits Identified Prior to 2006, but Have Annualized Carry Forward Values | | |
| 2001-128 (April 2002) | <i>Enterprise Licensing Agreement: The State Failed to Exercise Due Diligence When Contracting With Oracle, Potentially Costing Taxpayers Millions of Dollars</i> Cost Savings—The State and Oracle agreed to rescind the contract in July 2002. As a result, we estimate the State will save \$8,120,000 per year for five years starting in fiscal year 2002–03. | |
| 2002-101 (July 2002) | <i>California Department of Corrections^{‡‡}: A Shortage of Correctional Officers, Along With Costly Labor Agreement Provisions, Raises Both Fiscal and Safety Concerns and Limits Management’s Control</i> Cost Savings—We estimate that the Department of Corrections and Rehabilitation (Corrections) could save \$58 million if it reduces overtime costs by filling unmet correctional officer needs. This estimate includes the \$42 million we identified in our November 2001 report (2001-108). Corrections stated in its six-month response to this audit that, following our recommendation to increase the number of correctional officer applicants, it has submitted a proposal to restructure its academy to allow two additional classes each year. This action could potentially allow Corrections to graduate several hundred more correctional officers each year, thereby potentially contributing to a reduction in its overtime costs. However, any savings from this action would be realized in future periods. We estimate that Corrections could realize savings of \$14.5 million beginning in fiscal year 2005–06, with savings increasing each year until reaching \$58 million in fiscal year 2008–09. | |
| 2002-009 (April 2003) | <i>California Energy Markets: The State’s Position Has Improved, Due to Efforts by the Department of Water Resources and Other Factors, but Cost Issues and Legal Challenges Continue</i> Cost Savings—In response to an audit recommendation, the Department of Water Resources (Water Resources) renegotiated certain energy contracts. Water Resources’ consultant estimates that the present value of the potential cost savings due to contract renegotiation efforts as of December 31, 2002, by Water Resources and power suppliers, when considering replacement power costs, to be \$580 million. For the purpose of this analysis, we have computed the average annual cost savings by dividing the \$580 million over the 20-year period the savings will be realized, which results in \$29 million annually. | |

| REPORT NUMBER (DATE RELEASED) | ENTITY*/REPORT TITLE/ BASIS OF MONETARY VALUE | MONETARY VALUE |
|---|---|----------------|
| 2002-118 (April 2003) | <i>Department of Health Services[‡]: Its Efforts to Further Reduce Prescription Drug Costs Have Been Hindered by Its Inability to Hire More Pharmacists and Its Lack of Aggressiveness in Pursuing Available Cost-Saving Measures</i> | |
| | Cost Savings—Health Services estimated that it could save \$20 million annually by placing the responsibility on the pharmacists to recover \$1 copayments they collect from each Medi-Cal beneficiary filling a prescription. We estimate the State could begin to receive these savings each year beginning in fiscal year 2003–04. | |
| I2004-2 (September 2004) (Allegation I2002-0853) | <i>Department of Health Services[‡]: Investigations of Improper Activities by State Employees</i> | |
| | Cost Savings/Avoidance—We found that managers and employees at the Department of Health Services' (Health Services) Medical Review Branch office in Southern California regularly used state vehicles for their personal use. We estimate Health Services could save an average of \$9,260 each year because its employees no longer use state vehicles for personal use. | |
| I2004-2 (September 2004) (Allegation I2002-1069) | <i>Military Department: Investigations of Improper Activities by State Employees</i> | |
| | Cost Savings/Avoidance—We found that the California Military Department (Military) improperly granted employees an increase in pay they were not entitled to receive. Because Military has returned all the overpaid employees to their regular pay levels, it should be able to save approximately \$64,200 each year. | |
| I2005-1 (March 2005) (Allegation I2003-0834) | <i>Department of Corrections^{‡‡}: Investigations of Improper Activities by State Employees</i> | |
| | Cost Recovery/Cost Savings—In violation of state regulations and employee contract provisions, the Department of Corrections (Corrections) paid 25 nurses at four institutions nearly \$238,200 more than they were entitled to receive between July 1, 2001, and June 30, 2003. In addition to recovering past overpayments, Corrections can save \$119,000 annually by discontinuing this practice. Although Corrections now contends that the payments to 10 of the 25 nurses were appropriate, despite repeated requests, it has not provided us the evidence supporting its contention. Thus, we have not revised our original estimate. | |
| 2004-033 (May 2005) | <i>Pharmaceuticals: State Departments That Purchase Prescription Drugs Can Further Refine Their Cost Savings Strategies</i> | |
| | Cost Savings/Avoidance—In a prior audit, we had noted that opportunities existed for the Department of General Services (General Services) to increase the amount of purchases made under contract with drug companies, and we recommended in this audit that General Services continue its efforts to obtain more drug prices on contract by working with its contractor to negotiate new and renegotiate existing contracts with certain manufacturers. General Services reports that it has implemented contracts that it estimates will save the State \$5.1 million annually. | |
| | Cost Recovery—As we recommended, the Department of Health Services identified and corrected all of the drug claims it paid using an incorrect pricing method. It expects to recoup the nearly \$2.5 million in net overpayments that resulted from its error. | |
| 2004-113 (July 2005) | <i>Department of General Services: Opportunities Exist Within the Office of Fleet Administration to Reduce Costs</i> | |
| | Cost Savings/Avoidance—The Department of General Services (General Services) expects that the new, more competitive contracts it awarded for January 2006 through December 2008 should save the State about \$2.3 million each year. Cost savings reflect six months—January through June 2006. | |
| | Increased Revenue—General Services identified 49 parkers it was not previously charging. By charging these parkers, General Services will experience increased revenue totaling \$36,000 per year. | |
| | Cost Recovery—General Services reports it has recovered or established a monthly payment plan to recover \$45,000 in previously unpaid parking fees. | |
| 2004-134 (July 2005) | <i>State Athletic Commission: The Current Boxers' Pension Plan Benefits Only a Few and Is Poorly Administered</i> | |
| | Increased Revenue—If the State Athletic Commission raises the ticket assessment to meet targeted pension contributions as required by law, we estimate it will collect an average of \$33,300 more per year. | |

| REPORT NUMBER (DATE RELEASED) | ENTITY*/REPORT TITLE/ BASIS OF MONETARY VALUE | MONETARY VALUE |
|---|---|----------------|
| 2004-125 (August 2005) | <p><i>Department of Health Services[‡]: Participation in the School-Based Medi-Cal Administrative Activities Program Has Increased, but School Districts Are Still Losing Millions Each Year in Federal Reimbursements</i></p> <p>Increased Revenue—We estimate that California school districts would have received at least \$53 million more in fiscal year 2002–03 if all school districts had participated in the program and an additional \$4 million more if certain participating schools had fully used the program. A lack of program awareness was among the reasons school districts cited for not participating. By stepping up outreach, we believe more schools will participate in the program and revenues will continue to increase. However, because participation continued to increase between fiscal years 2002–03 and 2004–05, the incremental increase in revenue will be less than it was in fiscal year 2002–03. Taking into account this growth in participation and using a trend line to estimate the resulting growth in revenues, we estimate that revenues will increase by about \$10.3 million per year beginning in fiscal year 2005–06.</p> | |
| I2005-2 (September 2005) (Allegations I2004-0649, I2004-0681, I2004-0789) | <p><i>Department of Corrections^{††}: Investigations of Improper Activities by State Employees</i></p> <p>Cost Recovery—The Department of Corrections (Corrections) failed to properly account for the time that employees used when released from their regular job duties to perform union-related activities. In addition to recovering past payments totaling \$365,500, Corrections can save \$192,500 annually by discontinuing this practice.</p> | |

* This table covers an eight-year span and several departments have undergone name changes. To be consistent, we use each department's current name throughout the table.

† As of January 1, 2013, the Department of Fish and Game became the Department of Fish and Wildlife.

‡ On July 7, 2007, the Department of Health Services was reorganized and became two departments—the Department of Health Care Services and the Department of Public Health.

§ As of July 1, 2012, the California Department of Mental Health became the Department of State Hospitals.

|| On July 1, 2012, the State Personnel Board and the Department of Personnel Administration were combined to create the California Department of Human Resources.

** Based on our follow-up work (Report 2007-501), we will discontinue claiming \$7.8 million as of fiscal year 2007–08 because General Services' two new pharmaceutical contracts will expire November 2007. This monetary value was previously listed at \$5.1 million. However, according to General Services, its strategic sourcing contractor assisted it in negotiating two new pharmaceutical contracts for the period of November 2005 to November 2007 that General Services believed would result in increased savings to the State. Our follow-up report indicates that the State appears to have achieved savings of \$7.8 million during the first 10 months of these two new contracts. See report number 2007-501 (June 2007).

†† Based on our follow-up audit 2007-502, issued May 2007, we reduced General Services' expected \$3 million of cost savings we reported in 2005 to \$2.3 million of potential savings.

‡‡ On July 1, 2005, the governor reorganized all departments under the Youth and Adult Correctional Agency, including the Department of Corrections, into the California Department of Corrections and Rehabilitation.

§§ We will discontinue claiming \$45,000 as of this fiscal year. Changes to state law impacted the role previously performed by the Student Aid Commission (commission). As directed by the U.S. Department of Education in November 2010, the commission transferred its federal student loan portfolio—which was serviced by EdFund—to the Educational Credit Management Corporation (ECMC).