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Table 1
Recommendation Status Summary

Assembly Budget Subcommittee 4 on State Administration

Report Number 2015-119

State Board of Equalization: Its Tobacco Tax Enforcement Efforts Are Effective and Properly Funded, but Other Funding Options and Cost Savings Are Possible (March 2016)

RECOMMENDATION	STATUS OF RECOMMENDATION	ENTITY
1. To make the State Board of Equalization's (Equalization) Cigarette and Tobacco Products Licensing Program (licensing program) self-supporting, the Legislature should consider passing legislation to implement a funding model that will include a license fee increase or a combination of license fee increases, continued use of money from the Cigarette Tax Fund, and a cigarette tax increase similar to one of the proposed options outlined in this report.	No Action Taken	Legislature
2. Unless the Legislature directs Equalization to eliminate the Cigarette and Tobacco Products Compliance Fund's (compliance fund) excess fund balance within a time frame of more than a year, Equalization should eliminate the excess fund balance by June 30, 2017 by using it to offset the licensing program's annual funding shortfall. Equalization should also limit the compliance fund's future balance to no more than two months' worth of licensing program expenditures.	Pending	State Board of Equalization
3. Equalization's Special Taxes Policy and Compliance Division should amend its budgeting process to reflect actual work that supervisors and support staff perform instead of adjusting staff members' predetermined allocations of time to ensure that the division does not exceed each program's budget.	Fully Implemented	State Board of Equalization
4. Equalization's Investigations and Special Operations Division should ensure that investigators charge their time according to division policy and should determine a method to more accurately allocate investigators' time instead of using the predetermined method established in 2005 and since discontinued.	Fully Implemented	State Board of Equalization
5. To reduce the licensing program's enforcement cost without compromising the level of increased compliance with the cigarette and tobacco products tax law that the inspection program has produced, Equalization should reduce the number of annual inspections and reinspections of retailers, distributors, and wholesalers that it conducts each year to reflect changes in the number of licensees that sell cigarette and tobacco products in California. This adjustment should align with the same frequency of inspections that Equalization followed when it implemented the inspection program, which is 26 percent—or approximately one inspection every four years—of these licensed locations.	Resolved	State Board of Equalization

Report Number 2015-117

California Department of General Services' Real Estate Services Division: To Better Serve Its Client Agencies, It Needs to Track and Analyze Project Data and Improve Its Management Practices (March 2016)

RECOMMENDATION	STATUS OF RECOMMENDATION	ENTITY
1. To improve efficiencies and reduce some costs for less complex and easily repeatable projects, the Legislature should authorize the Department of General Services' (General Services) Real Estate Services Division (division) to create and implement a pilot program for job order contracting for appropriate projects, including a requirement that the division award contracts to the most qualified responsive bidders. The division should report to the Legislature on its progress within two years of implementing the pilot program, including, at a minimum, information regarding the time and cost savings the pilot program provided the State.	No Action Taken	Legislature
2. To ensure long-term efficient and effective delivery of projects, the division, in its planned implementation of its new project management system in July 2017, should ensure that the project management system can centrally track and extract all data regarding project status, including time delays, cost overages, and the reasons for each.	Pending	Department of General Services

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RECOMMENDATION	STATUS OF RECOMMENDATION	ENTITY
3. To ensure long-term efficient and effective delivery of projects, the division, in its planned implementation of its new project management system in July 2017, should track the reasons that projects are pending to identify its true backlog of projects. In doing so, it should develop a process to follow up on those projects that are pending to ensure that they are not on hold unnecessarily and are appropriately moving forward.	Pending	Department of General Services
4. To ensure long-term efficient and effective delivery of projects, the division, in its planned implementation of its new project management system in July 2017, should, at least annually, use the centrally tracked data to identify common themes in the causes for project delays and cost overages and develop solutions to address these issues. Further, it should report the results of its review to General Services' executive management.	Pending	Department of General Services
5. Until the division implements its planned project management system, it should, by September 2016, develop a process to, at a minimum, identify project status and reasons for project delays as well as cost overages. Using these data, the division should modify its project management processes to ensure the efficient and effective delivery of projects.	Will Not Implement	Department of General Services
6. The division should develop and implement a process for preparing reasonable time frames and cost estimates for its projects within the building management branch. To better inform the development of this process, the division should evaluate the branch's structure, which should include a staffing analysis, to determine whether it is effectively organized and whether it should add cost estimator positions.	Partially Implemented	Department of General Services
7. To ensure that client agencies are paying equitable rates, by December 2016 General Services should develop and implement a strategy for allocating its administrative costs equally among all the projects it completes for client agencies, including those portions outsourced to private firms.	Partially Implemented	Department of General Services
8. To ensure that the project management branch charges its client agencies a competitive hourly rate, by December 2016 and every two years thereafter, the division should conduct a rate analysis that fully accounts for differences between the project management branch's rate and private firms' rates. If it finds that the rates are not competitive, the division should identify and implement strategies to ensure that the project management branch's rates are as competitive as they can be with those of its private firm counterparts. Further, the division should explore and implement any other reasonable methods to ensure that it is delivering projects as cost effectively as possible.	Partially Implemented	Department of General Services
9. To improve its communication with client agencies, the division should ensure that project managers are using consistent procedures by providing specific expectations related to communicating and documenting time delays, cost changes, and change orders, at a minimum.	Pending	Department of General Services
10. To improve its communication with client agencies, the division should develop a process for providing periodic detailed bills and invoices to client agencies clearly describing the work for which it is charging.	Pending	Department of General Services
11. To effectively evaluate the performance of its branches in delivering projects, the division should develop meaningful goals and objectives and a method of measuring its success in achieving them as part of its strategic plan that is focused on ensuring that projects are delivered on time and within budgeted cost estimates.	Will Not Implement	Department of General Services
12. To ensure that its project management staff are adequately trained and have the information necessary to deliver projects as efficiently and effectively as possible, the division should conduct a comprehensive survey every other year of all of its client agencies to inform necessary improvements to its processes and training program and, in the interest of transparency, make the survey results public.	Will Not Implement	Department of General Services
13. To ensure that its project management staff are adequately trained and have the information necessary to deliver projects as efficiently and effectively as possible, the division should develop and implement by December 2016 a periodic training program for staff within its project management and building management branches. This training program should include updated information that reflects any processes it revises based on its review of critical project status data and its progress toward meeting its goals.	Pending	Department of General Services

Report Number 2015-134

Residential Building Records: The Cities of San Rafael, Novato, and Pasadena Need to Strengthen the Implementation of Their Resale Record Programs (March 2016)

RECOMMENDATION	STATUS OF RECOMMENDATION	ENTITY
1. To ensure that it is aware of the degree of property owners' compliance with its resale record ordinance, the city of San Rafael (San Rafael) should implement procedures that can help it monitor the sale or exchange of properties that require resale record inspections. San Rafael should work with applicable stakeholders, such as realtors, to aid in this effort.	Fully Implemented	City of San Rafael
2. To ensure that it is aware of the degree of property owners' compliance with its resale record ordinance, the city of Novato (Novato) should implement procedures that can help it monitor the sale or exchange of properties that require resale record inspections. Novato should work with applicable stakeholders, such as realtors, to aid in this effort.	Will Not Implement	City of Novato
3. To ensure that it is aware of the degree of property owners' compliance with its resale record ordinance, the city of Pasadena (Pasadena) should implement procedures that can help it monitor the sale or exchange of properties that require resale record inspections. Pasadena should work with applicable stakeholders, such as realtors, to aid in this effort.	Pending	City of Pasadena
4. To verify that new property owners are aware of the health and safety concerns at their properties and any corrections they need to make, San Rafael should develop a process to ensure that it receives homeowners' cards.	Fully Implemented	City of San Rafael
5. To verify that new property owners are aware of the health and safety concerns at their properties and any corrections they need to make, Novato should develop a process to ensure that it receives homeowners' cards.	Will Not Implement	City of Novato
6. To verify that new property owners are aware of the health and safety concerns at their properties and any corrections they need to make, Pasadena should develop a process to ensure that staff sign the inspection certificates and add them to Pasadena's database.	Pending	City of Pasadena
7. To ensure that it can monitor the satisfaction individuals have with the resale record program and that it has a uniform approach for resolving complaints, San Rafael should develop a formal process for tracking the complaints it receives. In addition, San Rafael should develop a formal policy that describes how staff should evaluate complaints, and it should document its activities associated with resolving complaints, such as the resolution and the rationale for the resolution. San Rafael should also establish a designated location in its database to record this information.	Fully Implemented	City of San Rafael
8. To ensure that it can monitor the satisfaction individuals have with the resale record program and that it has a uniform approach for resolving complaints, Novato should develop a process for tracking the complaints it receives. In addition, Novato should develop a formal policy that describes how staff should evaluate complaints, and it should document its activities associated with resolving complaints, such as the resolution and the rationale for the resolution. Novato should also establish a designated location in its database to record this information.	Fully Implemented	City of Novato
9. To ensure that it can monitor the satisfaction individuals have with the resale record program and that it has a uniform approach for resolving complaints, Pasadena should develop a formal process for tracking the complaints it receives. In addition, Pasadena should develop a formal policy that describes how staff should evaluate complaints, and it should document its activities associated with resolving complaints, such as the resolution and the rationale for the resolution. Pasadena should also establish a designated location in its database to record this information.	Pending	City of Pasadena
10. San Rafael should develop formal written procedures for staff to follow up on property owners' correction of violations. These procedures should identify the method in which staff document in the database the violations identified during inspections and their actions to bring the property into compliance. In addition, the procedures should identify where within the database these documents should be kept as well as identify the protocol for ensuring that repeat violations are corrected in a timely manner.	Fully Implemented	City of San Rafael

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RECOMMENDATION	STATUS OF RECOMMENDATION	ENTITY
11. Novato should develop formal written procedures for staff to follow up on property owners' correction of violations. These procedures should identify the method in which staff document in the database the violations identified during inspections and their actions to bring the property into compliance. In addition, the procedures should identify where within the database these documents should be kept as well as identify the protocol for ensuring that repeat violations are corrected in a timely manner.	Fully Implemented	City of Novato
12. Pasadena should develop formal written procedures for staff to follow up on property owners' correction of violations. These procedures should identify the method in which staff document in the database the violations identified during inspections and their actions to bring the property into compliance. In addition, the procedures should identify where within the database these documents should be kept as well as identify the protocol for ensuring that repeat violations are corrected in a timely manner.	Pending	City of Pasadena
13. To ensure that staff can identify any repeated violations, San Rafael's staff should review prior resale inspection reports before conducting subsequent resale record inspections.	Fully Implemented	City of San Rafael
14. To ensure that property owners correct violations in a timely manner, San Rafael should develop a work plan by July 2016 to identify and address its enforcement backlog by April 2017, so that San Rafael is up to date with its enforcement actions, such as issuing notice letters and monitoring property owners' actions to resolve violations. San Rafael's work plan should also include updating the completion status of the violations so unresolved violations can be identified and monitored for subsequent correction.	Fully Implemented	City of San Rafael
15. To ensure that property owners correct violations in a timely manner, Novato should develop a work plan by July 2016 to identify and address its enforcement backlog by April 2017, so that Novato is up to date with its enforcement actions, such as issuing notice letters and monitoring property owners' actions to resolve violations.	Fully Implemented	City of Novato
16. To ensure that property owners correct violations in a timely manner, Pasadena should develop a work plan by July 2016 to identify and address its enforcement backlog by April 2017, so that Pasadena is up to date with its enforcement actions, such as issuing notice letters and monitoring property owners' actions to resolve violations. Pasadena's work plan should also include updating the completion status of the violations so unresolved violations can be identified and monitored for subsequent correction.	Pending	City of Pasadena
17. To ensure that property owners correct violations in a timely manner, San Rafael should follow through with its enforcement policies, such as issuing notice letters.	Fully Implemented	City of San Rafael
18. To ensure that property owners correct violations in a timely manner, Novato should follow through with its enforcement policies, such as issuing notice letters.	Fully Implemented	City of Novato
19. To ensure that property owners correct violations in a timely manner, Pasadena should follow through with its enforcement policies, such as issuing notice letters.	Pending	City of Pasadena
20. To ensure that property owners correct violations in a timely manner, San Rafael should establish a written process for staff to monitor and ensure that property owners correct violations, including accurately identifying the properties that have not obtained necessary permits or have not had required reinspections performed.	Fully Implemented	City of San Rafael
21. To ensure that property owners correct violations in a timely manner, Novato should establish a written process for staff to monitor and ensure that property owners correct violations, including accurately identifying the properties that have not obtained necessary permits or have not had required reinspections performed.	Fully Implemented	City of Novato
22. To ensure that property owners correct violations in a timely manner, Pasadena should establish a written process for staff to monitor and ensure that property owners correct violations, including accurately identifying the properties that have not obtained necessary permits or have not had required reinspections performed.	Pending	City of Pasadena
23. To ensure that it conducts its resale record inspections and completes the reports in a timely manner, San Rafael should establish a process to monitor its ability to meet its established time goals from application date to report issuance, such as developing a reminder report or using an automated feature of its database.	Fully Implemented	City of San Rafael
24. To ensure that it conducts its resale record inspections and completes the reports in a timely manner, Novato should establish a process to monitor its ability to meet its established time goals from application date to report issuance, such as developing a reminder report or using an automated feature of its database.	Fully Implemented	City of Novato

RECOMMENDATION	STATUS OF RECOMMENDATION	ENTITY
25. To ensure that it conducts its resale record inspections and completes the reports in a timely manner, Pasadena should establish a process to monitor its ability to meet its established time goals from application date to report issuance, such as developing a reminder report or using an automated feature of its database. Pasadena should also document the date the report is issued on the resale record report and in its database.	Pending	City of Pasadena
26. To ensure that it conducts its resale record inspections and completes the reports in a timely manner, San Rafael should review its time goals by July 2016 for the resale record program and modify them if necessary, factoring in property owners' expectations and staff resources to complete the resale record reports. If applicable, San Rafael should update its policies and procedures to reflect the revised time goals.	Fully Implemented	City of San Rafael
27. To ensure that it conducts its resale record inspections and completes the reports in a timely manner, Pasadena should review its time goals by July 2016 for the resale record program and modify them if necessary, factoring in property owners' expectations and staff resources to complete the resale record reports. If applicable, Pasadena should update its policies and procedures to reflect the revised time goals.	Pending	City of Pasadena
28. To ensure that it conducts its resale record inspections and completes the reports in a timely manner, Novato should review its time goals by July 2016 and establish an expectation that is significantly shorter than 10 business days for the period from inspection to report issuance and that is commensurate with the effort required to issue the report. Further, it should establish a time goal for the period of application to inspection. If applicable, Novato should update its policies and procedures to reflect the revised time goals.	Fully Implemented	City of Novato
29. To ensure that it conducts its resale record inspections and completes the reports in a timely manner, Novato should establish a method to identify those inspections that have inspection dates requested by property owners.	Fully Implemented	City of Novato
30. To ensure that it conducts its resale record inspections and completes the reports in a timely manner, Pasadena should establish a method to identify those inspections that have inspection dates requested by property owners.	Pending	City of Pasadena
31. To ensure that the resale record fees it charges is appropriate, San Rafael should conduct a formal fee study by December 2016 that incorporates the actual costs associated with the issuance of a resale record report by dwelling type.	Fully Implemented	City of San Rafael
32. To ensure that the resale record fees it charges is appropriate, Pasadena should finalize its formal fee study by April 2016.	Pending	City of Pasadena
33. To ensure that the resale record fees it charges is appropriate, San Rafael should establish a time frame to periodically determine whether the fees are commensurate with the cost of administering the resale record program. San Rafael should ensure that it retains any documentation used to support its analyses and any subsequent adjustments to fees.	Fully Implemented	City of San Rafael
34. To ensure that the resale record fees it charges is appropriate, Novato should establish a time frame to periodically determine whether the fees are commensurate with the cost of administering the resale record program. Novato should ensure that it retains any documentation used to support its analyses and any subsequent adjustments to fees.	Will Not Implement	City of Novato
35. To ensure that the resale record fees it charges is appropriate, Pasadena should establish a time frame to periodically determine whether the fees are commensurate with the cost of administering the resale record program. Pasadena should ensure that it retains any documentation used to support its analyses and any subsequent adjustments to fees.	Pending	City of Pasadena
36. To ensure that it can demonstrate that its resale record inspectors are qualified, San Rafael should develop a process to maintain continuing education attendance records. San Rafael should ensure that staff receive periodic continuing education through internal and external sources to keep them current on code requirements, especially when the requirements are updated.	Fully Implemented	City of San Rafael
37. To ensure that it can demonstrate that its resale record inspectors are qualified, Novato should develop a process to maintain continuing education attendance records. Novato should ensure that staff receive periodic continuing education through internal and external sources to keep them current on code requirements, especially when the requirements are updated.	Fully Implemented	City of Novato

RECOMMENDATION	STATUS OF RECOMMENDATION	ENTITY
38. To ensure that it can demonstrate that its resale record inspectors are qualified, Pasadena should develop a process to maintain continuing education attendance records. Pasadena should ensure that staff receive periodic continuing education through internal and external sources to keep them current on code requirements, especially when the requirements are updated.	Pending	City of Pasadena
39. To ensure that it can demonstrate that its resale record inspectors are qualified, San Rafael should ensure that staff who are required to have certifications continue to maintain them in good standing to perform their necessary job functions.	Fully Implemented	City of San Rafael
40. If Pasadena subsequently requires its resale record inspectors to have International Code Council certifications, it should ensure that those staff maintain them in good standing to perform their necessary job functions.	Pending	City of Pasadena

Report Number 2015-127

Corporate Income Tax Expenditures: The State's Regular Evaluation of Corporate Income Tax Expenditures Would Improve Their Efficiency and Effectiveness (April 2016)

RECOMMENDATION	STATUS OF RECOMMENDATION	ENTITY
1. To increase oversight of existing and future tax expenditures through the use of best practices, the Legislature should consider enacting a joint legislative rule requiring specific goals, purposes, and objectives as well as detailed performance indicators for all tax expenditure types, including elections and exemptions.	No Action Taken	Legislature
2. To increase oversight of existing and future tax expenditures through the use of best practices, the Legislature should consider enacting a joint legislative rule to require sunset dates for all future tax expenditures.	No Action Taken	Legislature
3. To increase oversight of existing and future tax expenditures through the use of best practices, the Legislature should consider enacting a law requiring a state entity to conduct a comprehensive evaluation of all tax expenditures and develop conclusions and recommendations to continue, modify, or repeal each of them. The state entity should have the necessary resources and a reasonable time frame for analysis.	No Action Taken	Legislature
4. To increase oversight of existing and future tax expenditures through the use of best practices, the Legislature should consider enacting a joint legislative rule requiring a legislative body to consider the state entity's conclusions to aid it in developing recommendations to continue, modify, or repeal every tax expenditure.	No Action Taken	Legislature
5. To ensure that the research and development (R&D) credit is effectively fulfilling its purpose, the Legislature should consider commissioning a study on the cost-effectiveness of the R&D credit for stimulating additional R&D activity or new jobs within the State, including an impact analysis on how the credit affects the state economy. The study should also define performance metrics for use in subsequent reports.	No Action Taken	Legislature
6. To ensure that the minimum franchise tax exemption is effectively fulfilling its purpose, the Legislature should consider commissioning an evaluation of it to determine if it is effectively encouraging business formation within the State.	No Action Taken	Legislature
7. To improve the effectiveness of the water's edge election, the Legislature should consider modifying it to include tax havens within the water's edge and thus subject to state tax apportionment.	No Action Taken	Legislature
8. To improve the effectiveness of the water's edge election, the Legislature should consider making it mandatory and require all multinational corporations to exclude foreign income, except tax havens, from state tax apportionment.	No Action Taken	Legislature
9. To improve the effectiveness of the low-income housing credit, the Legislature should consider allowing low-income housing developers to sell project credits to investors in a manner that reduces the federal tax implications for investors who claim the credit.	No Action Taken	Legislature
10. If not otherwise addressed by the Legislative Analyst Office's planned report on the film and television credit, the Legislature should commission a study to determine how to limit instances in which the credit benefits projects that would have filmed in the state without it.	No Action Taken	Legislature

Report Number 2015-132

County Pay Practices: Although the Counties We Visited Have Rules in Place to Ensure Fairness, Data Show That a Gender Wage Gap Still Exists (May 2016)

RECOMMENDATION	STATUS OF RECOMMENDATION	ENTITY
1. To ensure that counties consistently monitor pay disparities between male employees and female employees, and to ensure that counties perform these reviews and publicly report their findings, the Legislature should amend state law to require counties to periodically compare, by specific classification, the differences in total average compensation between male and female employees.	No Action Taken	Legislature
2. To ensure that counties consistently monitor pay disparities between male employees and female employees, and to ensure that counties perform these reviews and publicly report their findings, the Legislature should amend state law to require counties to publicly report to local decision makers those classifications for which the differences in total compensation is significant, further indicating which county pay policy or policies contributed to the variance and whether any modifications are needed to reduce the disparity.	No Action Taken	Legislature
3. To ensure that counties consistently monitor pay disparities between male employees and female employees, and to ensure that counties perform these reviews and publicly report their findings, the Legislature should amend state law to require that the California Department of Human Resources ensure that counties perform these periodic gender-based pay equity reviews during its audits of each county's compliance with state-mandated civil service rules.	No Action Taken	Legislature
4. If the Legislature desires that counties be able to demonstrate that their hiring decisions for civil service positions are based on objective and job-related criteria, it should amend the state law to require that each county document the reasons why it chose the selected candidate over others from the certified eligibility list.	No Action Taken	Legislature
5. To ensure that the general public and legislative decision makers have readily available data on male and female employees' compensation, by specific classification and public employer, the Legislature should direct the State Controller's Office to obtain information on the sex of each public employee reported on the Government Compensation in California website.	No Action Taken	Legislature
6. To ensure that they consistently demonstrate that candidates are hired for permanent civil service positions based on valid and job-related criteria, regardless of their sex, each county should develop policies requiring hiring managers to document the reasons why they chose the selected candidate over others from the certified eligibility list.	Pending	Fresno County
7. To ensure that they consistently demonstrate that candidates are hired for permanent civil service positions based on valid and job-related criteria, regardless of their sex, each county should develop policies requiring hiring managers to document the reasons why they chose the selected candidate over others from the certified eligibility list.	Will Not Implement	Los Angeles County
8. To ensure that they consistently demonstrate that candidates are hired for permanent civil service positions based on valid and job-related criteria, regardless of their sex, each county should develop policies requiring hiring managers to document the reasons why they chose the selected candidate over others from the certified eligibility list.	Fully Implemented	Orange County
9. To ensure that they consistently demonstrate that candidates are hired for permanent civil service positions based on valid and job-related criteria, regardless of their sex, each county should develop policies requiring hiring managers to document the reasons why they chose the selected candidate over others from the certified eligibility list.	Fully Implemented	Santa Clara County
10. To ensure that they can readily monitor gender-based pay equity complaints and reliably evaluate how often such complaints are filed by its employees, each county should develop tracking mechanisms that allow management to reliably determine how often these complaints occur and whether there are patterns of complaints that pertain to specific county departments or classifications.	Fully Implemented	Fresno County
11. To ensure that they can readily monitor gender-based pay equity complaints and reliably evaluate how often such complaints are filed by its employees, each county should develop tracking mechanisms that allow management to reliably determine how often these complaints occur and whether there are patterns of complaints that pertain to specific county departments or classifications.	Fully Implemented	Los Angeles County

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RECOMMENDATION	STATUS OF RECOMMENDATION	ENTITY
12. To ensure that they can readily monitor gender-based pay equity complaints and reliably evaluate how often such complaints are filed by its employees, each county should develop tracking mechanisms that allow management to reliably determine how often these complaints occur and whether there are patterns of complaints that pertain to specific county departments or classifications.	Fully Implemented	Orange County
13. To ensure that they can readily monitor gender-based pay equity complaints and reliably evaluate how often such complaints are filed by its employees, each county should develop tracking mechanisms that allow management to reliably determine how often these complaints occur and whether there are patterns of complaints that pertain to specific county departments or classifications.	Fully Implemented	Santa Clara County

Report Number 2015-121

California Department of Veterans Affairs: The State Paid Nearly \$28 Million for a Flawed System That Fails to Meet the Needs of Its Veterans Homes (June 2016)

RECOMMENDATION	STATUS OF RECOMMENDATION	ENTITY
1. To ensure that its project management of information technology (IT) projects promptly identifies potential problems and develops resolutions, by September 2016 the Department of Veterans Affairs (Veterans Affairs) should define the project executive's and project manager's responsibilities to ensure that the individuals who fill those positions take an active role in each project.	Fully Implemented	Department of Veterans Affairs
2. To ensure that it adequately identifies and monitors problems in its future IT projects, by September 2016 Veterans Affairs should establish a formal process for its project executive to verify that the project team prepares all of the required project management and other required plans. This formal process should also include a process to periodically verify that the project team is adhering to all these plans.	Fully Implemented	Department of Veterans Affairs
3. To ensure accountability and independence between the provision of independent project oversight (IPO) and independent verification and validation (IV&V) services on future IT projects, by September 2016 Veterans Affairs should establish a policy requiring it to use separate contractors for IPO and IV&V services when IPO services are not provided directly by the Department of Technology (Technology Department).	Fully Implemented	Department of Veterans Affairs
4. To ensure that it complies with state contracting laws and can demonstrate the basis for its decisions when awarding contracts, by September 2016 Veterans Affairs should establish a process to periodically verify that its staff follow state contracting requirements and maintain all required contract documentation.	Fully Implemented	Department of Veterans Affairs
5. To ensure it maintains all documentation related to its IT contracts, Veterans Affairs should, by September 2016, establish a process to verify that all divisions comply with its policy requiring each division to submit a records retention schedule to its Office of Procurement and Contracting.	Fully Implemented	Department of Veterans Affairs
6. To ensure that it only accepts deliverables and pays for deliverables that are complete and that meet the contract requirements, by September 2016 Veterans Affairs should establish processes to ensure that the project executive verifies that individuals assigned to project roles are adequately qualified and experienced.	Fully Implemented	Department of Veterans Affairs
7. To ensure that it only accepts deliverables and pays for deliverables that are complete and that meet the contract requirements, by September 2016 Veterans Affairs should establish processes to verify and maintain documentation of receipt of all contract deliverables before approving payment.	Fully Implemented	Department of Veterans Affairs
8. To ensure that it only accepts deliverables and pays for deliverables that are complete and that meet the contract requirements, by September 2016 Veterans Affairs should establish processes to strengthen its contract management on all future projects by requiring the project manager to sign off on invoices along with the contract manager before approving payment.	Fully Implemented	Department of Veterans Affairs
9. To ensure that it maximizes its opportunity to successfully implement future IT projects, including its plan to replace its current system, Veterans Affairs should, by September 2016, establish a formal process to document the changes it makes as a result of the lessons-learned sessions it conducts.	Fully Implemented	Department of Veterans Affairs

RECOMMENDATION	STATUS OF RECOMMENDATION	ENTITY
10. To ensure that it maximizes its opportunity to successfully implement future IT projects, including its plan to replace its current system, Veterans Affairs should, by September 2016, establish a formal process to verify that its staff conducts lessons-learned sessions for all key phases of the next project.	Fully Implemented	Department of Veterans Affairs
11. To ensure that it maximizes its opportunity to successfully implement future IT projects, including its plan to replace its current system, Veterans Affairs should, by September 2016, establish a formal process to incorporate the recommendations identified in its Post Implementation Evaluation Report.	Fully Implemented	Department of Veterans Affairs
12. To ensure that it can demonstrate that it is acting in the best interest of the State, the Technology Department should, by December 2016, create a formal process to summarize its involvement and document key actions taken and decisions reached during agencies' contract disputes and negotiations for the termination of a contract and maintain those documents according to its records retention schedule.	Fully Implemented	Department of Technology
13. To ensure accountability and independence between the provision of IPO and IV&V services, the Technology Department should, by December 2016, establish a written policy requiring departments that request and receive approval to contract for IPO services to use a different contractor than the one providing IV&V services.	Fully Implemented	Department of Technology
14. Although the Technology Department indicated that its intent is not to outsource its statutory responsibility for IPO, in any instances where its staff conduct a portfolio review of a project's IPO, the Technology Department should, by December 2016, establish a process for its review of documents created by the agency's IPO contractor that includes verifying whether these reports include critical analysis of project progress and vendor performance so it can intervene when necessary.	Pending	Department of Technology

Report Number 2015-116

City of Irvine: Poor Governance of the \$1.7 Million Review of the Orange County Great Park Needlessly Compromised the Review's Credibility (August 2016)

RECOMMENDATION	STATUS OF RECOMMENDATION	ENTITY
1. To ensure that local government audits are conducted with independence and rigor, beginning immediately the city of Irvine (Irvine) should incorporate into its request for proposals (RFP) and contracts the requirement that consultants follow appropriate, sufficient audit standards when performing audit services.	Fully Implemented	City of Irvine
2. To improve fiscal accountability and to ensure that audits are performed to appropriate standards, Irvine should adopt an internal audit function by December 2017.	Will Not Implement	City of Irvine
3. To make certain that it conducts its competitive bidding process in a more transparent and fair manner, Irvine should, by December 2016, require city staff to include in every RFP the specified methodology for selecting contractors and not to deviate from it without adequate notice to potential bidders. Further, Irvine should include this requirement in its contracting manual.	Fully Implemented	City of Irvine
4. To make certain that it conducts its competitive bidding process in a more transparent and fair manner, Irvine should examine and update its preferred selection criteria listed in its contracting manual and abide by these criteria when creating RFPs and evaluating bidders by December 2016.	Fully Implemented	City of Irvine
5. To make certain that it conducts its competitive bidding process in a more transparent and fair manner, Irvine should, by December 2016, further clarify the manner in which an interview may factor into the decision regarding awarding a contract. Specifically, Irvine should include in its procedures whether an interview may change scores from an earlier phase of the proposal review process. Additionally, Irvine should include in the published RFP the details of how it will use interviews in its review process.	Fully Implemented	City of Irvine
6. To make certain that Irvine complies with the intent of competitive bidding for professional services, beginning immediately it should not include provisions in its RFPs for potential future services that are above and beyond the desired scope of work.	Will Not Implement	City of Irvine

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RECOMMENDATION	STATUS OF RECOMMENDATION	ENTITY
7. To prevent contractors from exceeding their scope of work, Irvine should periodically review ongoing contract invoices and compare billed activities to the contractor's scope of work to be certain that these invoices reflect the work Irvine expects the contractor to perform. Irvine should also ensure that it assigns a staff project manager to projects who can sufficiently and appropriately monitor the contractor's work. In the future, if the Irvine city council (city council) decides to limit or modify the existing authority of city officials relating to contract oversight, it should ensure that its resolutions explicitly delineate the limits or modifications to that authority.	Fully Implemented	City of Irvine
8. To ensure that it receives the services for which it has contracted and to avoid conflicts with its contractors, Irvine should monitor and enforce its contract provisions requiring that work not be performed in advance of the city issuing a signed contract and approved purchase order.	Fully Implemented	City of Irvine
9. To maintain appropriate, transparent fiscal accountability, Irvine should amend city contracting and purchasing policies by December 2016 to make certain that all of its contracts and contract amendments with a proposed cost exceeding the threshold requiring city council or other approval receive the appropriate approvals, including approval for sole-source contracts. Further, city policies should require appropriate approvals when increases in spending authority are accomplished through a purchase order or other means.	Will Not Implement	City of Irvine
10. To provide the public with adequate information regarding the city council's spending decisions, the city council should, by December 2016, include in its policies a requirement that motions by the city council to appropriate revenue to fund a specific contract should name the recipients and proposed use of the funds.	Will Not Implement	City of Irvine
11. To foster public confidence in its processes and findings, Irvine should conduct self-initiated investigations, reviews, or audits in an open and transparent manner that ensures independence. Specifically, Irvine should not establish advisory bodies exempt from open meeting laws to oversee these investigations, reviews, or audits. Instead, any required reports from contractors conducting such investigations, reviews, or audits should go to the city council or a standing committee of the city council to be discussed in either open or closed session, as appropriate.	Will Not Implement	City of Irvine
12. To ensure that Irvine follows best practices related to depositions as outlined in state law, the city council should adopt a policy requiring that Irvine post deposition transcripts for the public after the deponents have had adequate opportunity to correct and sign their depositions.	Fully Implemented	City of Irvine

Report Number 2016-104

California Public Utilities Commission: It Should Reform Its Rules to Increase Transparency and Accountability, and Its Contracting Practices Do Not Align With Requirements or Best Practices (September 2016)

RECOMMENDATION	STATUS OF RECOMMENDATION	ENTITY
1. The Legislature should amend state law to direct the California Public Utilities Commission (CPUC) to adopt a standard that requires commissioners to recuse themselves from proceedings if a person who is aware of the facts may reasonably question whether a commissioner is able to act impartially.	No Action Taken	Legislature
2. To ensure that the choice of a vendor is sufficiently justified and that the vendor represents the best value, the CPUC should explain in its final decision how the vendor was the most qualified in all cases when the CPUC does not competitively select the vendor it directs utilities to contract with.	Pending	California Public Utilities Commission
3. The Legislature should amend state law to direct the CPUC to adopt rules for ex parte communications between CPUC commissioners and interested parties that include the following: <ul style="list-style-type: none"> • A requirement for CPUC commissioners to disclose any ex parte communications in which they participate, in addition to the existing requirement for interested party disclosure. This disclosure should occur within the same time frame as the interested party disclosure. • A requirement that commissioners' disclosures include a description of the commissioners' communications and their contents. 	No Action Taken	Legislature

RECOMMENDATION	STATUS OF RECOMMENDATION	ENTITY
4. To avoid the appearance of inappropriate relationships, the CPUC should adopt a policy to prohibit commissioners from accepting gifts from regulated utilities and energy companies and free travel from organizations with significant ties to regulated utilities and other parties with financial interests in CPUC proceedings.	Pending	California Public Utilities Commission
5. The Legislature should amend Public Utilities Code section 632 to clarify that its provisions related to the Attorney General apply to the CPUC regardless of Government Code section 11041 and Public Utilities Code section 307.	Not Implemented	Legislature
6. To ensure that its contracting practices align with state requirements and best practices, the CPUC should update, distribute, and follow its contracting procedures manual. The manual should identify specific responsibilities for both contracts office staff and project managers, and it should provide specific guidance about the processes the CPUC will employ to do the following: <ul style="list-style-type: none"> • Fully justify civil service exemptions. • Conduct market research for exempt contracts. • Fully support the need for additional funding. • Ensure that it does not change the scope of work too significantly from the original. • Monitor contractor performance against criteria included in its contracts. • Avoid sole-source contracts when it is able to solicit competitive bids for services. 	Pending	California Public Utilities Commission
7. To ensure that its contracting practices align with state requirements and best practices, the CPUC should provide immediate refresher training to its contract analysts and contracts office manager, and establish a regular schedule of annual training for them to attend.	Partially Implemented	California Public Utilities Commission
8. To ensure that its contracting practices align with state requirements and best practices, the CPUC should designate a limited number of project managers for each division at the CPUC, and provide those individuals with training on the CPUC's processes related to contracting, including how to monitor progress of a contractor's work.	Pending	California Public Utilities Commission
9. To ensure that its contracting practices align with state requirements and best practices, the CPUC should implement a supervisory review by the contracts office manager of proposed contracts and contract amendments to occur before contracts and amendments go to vendors for signature.	Fully Implemented	California Public Utilities Commission
10. The CPUC should update its general policy on responding to California Public Records Act requests so that the policy aligns with state law.	Pending	California Public Utilities Commission
11. The CPUC should develop and follow procedures to regularly track and review California Public Records Act requests it has not fully responded to and determine whether it can provide information.	Partially Implemented	California Public Utilities Commission
12. The CPUC should use its contract database to track the procurement method for each contract.	Fully Implemented	California Public Utilities Commission
13. The CPUC should update its regulations to require parties joining a proceeding by filing a protest or response to an application or petition, or by filing comments in response to a rulemaking proceeding to fully disclose their interests in the proceeding.	Pending	California Public Utilities Commission
14. The CPUC should ensure that it has accurate information about who is required to file statements of economic interests and then verify that all such persons file those statements when required.	Partially Implemented	California Public Utilities Commission
15. The CPUC should update and follow its retention policy for economic interest disclosures so that it is aligned with state law.	Pending	California Public Utilities Commission

Report Number 2016-106

Los Angeles County: Weak Oversight of Its Lease With the Los Angeles County Fair Association Has Likely Cost Millions of Dollars in Revenue (November 2016)

RECOMMENDATION	STATUS OF RECOMMENDATION	ENTITY
1. By April 2017, Los Angeles County should reach agreement with the Los Angeles County Fair Association (association) on the date by which the association must pay Los Angeles county for the rent in arrears related to the hotel.	Pending	Los Angeles County
2. By April 2017, Los Angeles County should reach agreement with the association on how much rent the association owes the county from the hotel's operations since 1992.	Pending	Los Angeles County
3. As soon as possible, Los Angeles County should collect from the association all amounts presently owed under the lease as a result of the revenue generated by the conference center.	Pending	Los Angeles County
4. To ensure that it recognizes and addresses in a timely manner areas of potential concern related to the association's rent, Los Angeles County should create and adhere to a policy of reviewing the association's rent calculations at least every three years.	Pending	Los Angeles County
5. To protect its interests and maximize its future revenue, Los Angeles County should strongly consider ensuring that any potential amendment to the lease includes a revised rent calculation formula that factors in revenue from all of the association's activities, including its hotel and conference center, as well as revenue from its subsidiaries' activities at the Fairplex. This revised rent calculation formula should require the association either to pay Los Angeles County an agreed-upon fixed amount, adjusted periodically for inflation, or to pay Los Angeles County both a fixed amount every year and a percentage of the total gross revenue that the association earns at the Fairplex.	Pending	Los Angeles County
6. To protect its interests and maximize its future revenue, Los Angeles County should strongly consider ensuring that any potential amendment to the lease includes terms that define the circumstances or dates that require a renegotiation of the lease and the rent calculation formula.	Pending	Los Angeles County
7. To protect its interests and maximize its future revenue, Los Angeles County should strongly consider ensuring that any potential amendment to the lease includes an agreement on the types of entities whose gross revenues the association must include in rent calculations. This agreement should cover any new businesses the association creates that operate at the Fairplex.	Pending	Los Angeles County
8. To protect its interests and maximize its future revenue, Los Angeles County should strongly consider ensuring that any potential amendment to the lease includes terms that require the association to provide Los Angeles County with any subleases it wishes to enter, even those subleases that do not exceed 10 years. The terms should also require the association to provide Los Angeles County with approval over other agreements that could affect the rent calculation, including the association's hotel management agreement and its amendments.	Pending	Los Angeles County
9. To protect its interests and maximize its future revenue, Los Angeles County should strongly consider ensuring that any potential amendment to the lease includes terms that require the association to provide Los Angeles County with advance notice of any refinancing of the association's debt and what impact, if any, such transactions would have on the amount or timing of rent payments to Los Angeles County.	Pending	Los Angeles County

Report Number 2016-110

Trade Apprenticeship Programs: The State Needs to Better Oversee Apprenticeship Programs, Such as the Air Conditioning Trade Association's Sheet Metal Program (November 2016)

RECOMMENDATION	STATUS OF RECOMMENDATION	ENTITY
1. To better oversee state apprenticeship programs, the Department of Industrial Relations' Division of Apprenticeship Standards (apprenticeship division) should resume conducting program audits by December 2016. As part of such audits, the apprenticeship division should ensure that apprenticeship programs receiving grants are appropriately spending the money to train apprentices.	Fully Implemented	Department of Industrial Relations

RECOMMENDATION	STATUS OF RECOMMENDATION	ENTITY
2. The Legislature should amend state law to provide the apprenticeship division with explicit authority to verify that as a condition of receiving future grant funds, apprenticeship programs are using state funds solely for training apprentices. In addition, if an apprenticeship program is unable to demonstrate how state funds are used or if it is found to be using funds for inappropriate purposes, the apprenticeship division should have the authority to deregister that particular program.	Legislation Enacted	Legislature
3. Until it implements new case management software in April 2017, the apprenticeship division should ensure that consultants perform and track their oversight activities. Furthermore, once the software is implemented, the apprenticeship division should ensure that consultants consistently use the software to document their oversight activities. Finally, the apprenticeship division should improve the usefulness of the site visit reports to provide the findings and an evaluation of each apprenticeship program, and it should periodically verify that consultants are performing their required oversight activities, including attending apprenticeship committee meetings and performing site visits.	Partially Implemented	Department of Industrial Relations
8. To ensure that local educational agencies (LEAs) develop sound contract agreements with apprenticeship programs, the Community Colleges Chancellor's Office and the apprenticeship division should develop a model agreement to outline the types of information, roles, and responsibilities for both parties as the Education Code requires and make this model agreement available to K-12 LEAs by April 2017. In addition, this model agreement should specify that K-12 LEAs will verify that the apprentices have attended the instructional courses by collecting supporting documentation such as sign-in sheets or rosters.	Fully Implemented	Department of Industrial Relations
9. To ensure the proper oversight of funding for related and supplemental instruction and to clarify the roles of the entities involved in the State's apprenticeship system, the apprenticeship division should work with the Apprenticeship Council to formally approve the common administrative practices document by April 2017 and distribute it to all relevant parties within that system. In addition, to ensure the proper reimbursement of apprenticeship programs, the common administrative practices document should specify that K-12 LEAs take steps to verify that the apprentices actually attended the courses and that the apprenticeship attendance hours reported are for allowable activities only.	Fully Implemented	Department of Industrial Relations
11. To ensure that the apprenticeship division is overseeing apprenticeship programs adequately, it should consider periodically checking with U.S. Labor to determine what investigations it has recently conducted on apprenticeship programs. The apprenticeship division could use this information as a basis for conducting its own audit to ensure apprenticeship programs are using state funds appropriately.	Fully Implemented	Department of Industrial Relations

Report Number 2016-111

City of Irwindale: It Must Exercise More Fiscal Responsibility Over Its Spending So That It Can Continue to Provide Core Services to Residents (November 2016)

RECOMMENDATION	STATUS OF RECOMMENDATION	ENTITY
1. To address the structural deficit in its general fund, the city of Irwindale (Irwindale) should seek long-term solutions to balance its budget so that its expenditures do not exceed its revenues. These solutions should include eliminating the reliance on one-time gains to fund ongoing expenses and identifying opportunities to further reduce spending. Irwindale should document its approach in a long-term financial plan that should account for the following: a forecast of at least five to 10 years into the future, updates to long-term planning activities as needed to provide direction to the budget process, and an analysis of its financial status; revenue and expenditure forecasts; and plan-monitoring mechanisms, such as a scorecard of key indicators of financial health.	Partially Implemented	City of Irwindale
2. To ensure that employee compensation aligns with job statements, Irwindale should review its salary incentives and modify the eligibility criteria so that they match the job requirements.	Will Not Implement	City of Irwindale

RECOMMENDATION	STATUS OF RECOMMENDATION	ENTITY
3. Considering that Irwindale's retirement benefits are more generous than those of most comparable cities, and in light of its financial situation, Irwindale should reduce its employee benefits costs by negotiating with employee bargaining groups and key management employees for the elimination of further city contributions to the PARS supplemental benefit plan or at least an increase in participant contributions to cover the full employee share of the plan's costs, recognizing that under California case law Irwindale may not destroy vested pension rights legislatively.	Will Not Implement	City of Irwindale
4. To minimize the use of its reserves to reduce long-term liabilities, Irwindale should annually determine whether it has sufficient funding to cash out employee leave balances. Additionally, in future labor negotiations, Irwindale should explore the possibility of eliminating or reducing voluntary leave balance cash-outs by employees, and eliminate sick leave cash-outs altogether.	Will Not Implement	City of Irwindale
5. As a prudent financial practice, Irwindale should collect receipts for all reimbursable Irwindale city council (city council) expenses and update its expense reimbursement policy to eliminate exceptions to this rule.	Pending	City of Irwindale
6. To reduce costs, Irwindale should consider eliminating its current resident prescription drug benefit program and replacing it with the prescription discount card program offered by the League of California Cities that would provide discounts on prescriptions to residents at no cost to Irwindale.	Will Not Implement	City of Irwindale
7. If Irwindale chooses not to participate in the prescription discount card program offered by the League of California Cities, it should at least take the following step related to its current prescription drug benefit program: Align its prescription drug benefit program with its established purpose—to treat conditions proven to be caused or worsened by Irwindale's mining activities—and limit the availability of benefits to only those medications approved for the treatment of such conditions.	Will Not Implement	City of Irwindale
8. If Irwindale chooses not to participate in the prescription discount card program offered by the League of California Cities, it should at least reduce the cost of its current prescription drug benefit program by enacting limits—similar to those in its resident vision benefits—on the number or dollar amount of prescriptions an individual can receive each year.	Will Not Implement	City of Irwindale
9. To reduce the costs of its resident prescription drug benefit program, city council should follow the recommendations of its consultant by approving the following: align copayments by increasing those paid by residents 50 years of age and older to the same level as those paid by residents who are 49 years or younger.	Will Not Implement	City of Irwindale
10. To reduce the costs of its resident prescription drug benefit program, city council should follow the recommendations of its consultant by approving the following: implement coordination of benefits provisions, where applicable, to designate Irwindale as a secondary payer to residents' primary insurance coverage.	Will Not Implement	City of Irwindale
11. To eliminate the need for police officer overtime, Irwindale should evaluate the possibility of contracting for police services with the Los Angeles County Sheriff's Department or another law enforcement agency as an alternative to operating its own police department.	Will Not Implement	City of Irwindale
12. While Irwindale is considering recommendation #11, and if it should choose not to contract for police services, it should ensure that its police department is adequately staffed by performing a staffing analysis that includes a determination of the costs and benefits of officer overtime versus hiring additional officers.	Pending	City of Irwindale
13. While Irwindale is considering recommendation #11, and if it should choose not to contract for police services, it should promote public safety and equity among its police officers by implementing a rotational order for scheduled overtime to prevent some officers from working excessive shifts.	Will Not Implement	City of Irwindale
14. To help ensure that it receives the best value for contracts it exempts from competitive bidding, Irwindale should revise its purchasing policy to require its staff to perform a price analysis and prepare a cost justification form and place the document in each contract file as evidence that the contract price is fair and reasonable.	Pending	City of Irwindale
15. To help ensure that it receives good-quality services, Irwindale should monitor all spending for contracted services. The city should also require its staff to perform post-contract evaluations of professional services contracts, particularly for those continuing services contracts it exempts from competitive bidding.	Pending	City of Irwindale

RECOMMENDATION	STATUS OF RECOMMENDATION	ENTITY
16. The Irwindale Housing Authority (Housing Authority) should consider options to provide low-income housing opportunities to more people. Additionally, if the Housing Authority intends to continue providing low-income housing opportunities in the future, Irwindale should examine the available funding mechanisms to continue providing low-income housing before it exhausts its Housing Authority Fund balance.	Will Not Implement	City of Irwindale
17. To ensure that all residents have an equal chance to participate in the Housing Authority's housing programs, Irwindale should remove the long-term residency priorities from any future housing programs.	No Action Taken	City of Irwindale
18. To help identify and prevent potential fraud, Irwindale should develop and implement a fraud policy, following the guidelines provided by the Association of Certified Fraud Examiners.	Fully Implemented	City of Irwindale
19. To ensure that it continues to properly manage its debt, Irwindale should prioritize developing and implementing a debt management policy.	Pending	City of Irwindale

Report Number I2017-1

Investigations of Improper Activities by State Agencies and Employees: Misuse of Resources, Inaccurate Attendance Records, Disclosure of Confidential Information, and Improper Payments (March 2017)

RECOMMENDATION	STATUS OF RECOMMENDATION	ENTITY
12. Equalization should work with the first tax technician's current employing agency to place appropriate documentation about the investigation in her official personnel file.	Fully Implemented	State Board of Equalization
13. Equalization should place a memo in the second tax technician's official personnel file that details the findings of its investigation, its dismissal filed and served on her, and this tax technician's retirement from BOE before the effective date of the dismissal so that other state agencies are fully aware of the findings should she return to state employment.	Fully Implemented	State Board of Equalization

Report Number 2016-036

Indian Gaming Special Distribution Fund: The Method Used to Mitigate Casino Impacts Has Changed, and Two Counties' Benefit Committees Did Not Ensure Compliance With State Law When Awarding Grants (March 2017)

RECOMMENDATION	STATUS OF RECOMMENDATION	ENTITY
1. If the Legislature appropriates funding from the distribution fund for mitigation grants in the future, to comply with state law, Fresno County's benefit committee should ensure that it obtains sufficient documentation from grant applicants to demonstrate that the requested funding represents the correct proportionate share of the costs attributable to casino impacts.	Not Currently Feasible	Fresno County
2. If the Legislature appropriates funding from the distribution fund for mitigation grants in future years, Fresno County's benefit committee should revise its procedures to include specific steps to verify that grantees will place grant funds into interest-bearing accounts when awarding any mitigation grants. These steps should include requiring grantees to report the interest accrued in their quarterly reports and to substantiate those reports with bank statements or other reports of interest earned, and following up with the grantee when the grantee reports no earned interest for the period.	Not Currently Feasible	Fresno County
3. Fresno County's benefit committee should develop procedures to ensure it complies with the reform act by collecting all required statements of economic interest in a timely manner, and that it complies with its record retention policy by maintaining those statements for the required period of time.	Fully Implemented	Fresno County
4. If the Legislature appropriates funding from the distribution fund for mitigation grants in the future, to comply with state law, San Diego County's benefit committee should ensure that it obtains sufficient documentation from grant applicants to demonstrate that the requested funding represents the correct proportionate share of the costs attributable to casino impacts.	Not Currently Feasible	San Diego County

Report Number 2016-128*In-Home Supportive Services: The State Could Do More to Help Providers Avoid Future Payment Delays (March 2017)*

RECOMMENDATION	STATUS OF RECOMMENDATION	ENTITY
6. To ensure that Hewlett Packard Enterprise is meeting its contractual obligation for processing timesheets, the Office of Systems Integration (OSI) should monitor whether the timesheet processing facility is processing timesheets within five business days, assess penalties when warranted, and report the results of this monitoring to the Department of Social Services on a monthly basis.	Fully Implemented	Office of Systems Integration
9. To ensure that the reports it receives from Hewlett Packard Enterprise are complete and allow it to better manage the Case Management, Information and Payrolling System (CMIPS II) and support the In-Home Supportive Services program, OSI should enforce its agreement requiring Hewlett Packard Enterprise to submit monthly data on the number of timesheets with exceptions by county and the time taken to resolve them.	Fully Implemented	Office of Systems Integration

Report Number 2016-133*SAFE-BIDCO: At Risk of Insolvency, It Needs Increased Oversight if It Is to Receive State Funding and Continue to Help Small Businesses in California Gain Financing (April 2017)*

RECOMMENDATION	STATUS OF RECOMMENDATION	ENTITY
1. To ensure that the State Assistance Fund for Enterprise, Business, and Industrial Development Corporation's (SAFE-BIDCO) operations are subject to appropriate oversight and to fulfill its mission of providing financing to small businesses, the Legislature should establish SAFE-BIDCO as a program within the Treasurer's Office.	Resolved	Legislature
2. To track SAFE-BIDCO's performance in fulfilling its mission to provide assistance to California small businesses, the Legislature should require SAFE-BIDCO to report to the Legislature annually on its revenue and expenses and the success of its programs.	Resolved	Legislature
3. If it is not established as a program within a state entity, SAFE-BIDCO should by April 2018 research options to address its obligations, such as setting aside funds dedicated to its other post-employment benefits (OPEB) liabilities and take appropriate action based on the research performed to ensure that it has sufficient funding to fulfill its OPEB obligations to its employees and retirees.	Resolved	State Assistance Fund for Enterprise, Business, and Industrial Development Corporation (SAFE-BIDCO)
4. If it is not established as a program within a state entity, SAFE-BIDCO should take steps to raise funds by seeking donations to obtain needed capital.	Resolved	State Assistance Fund for Enterprise, Business, and Industrial Development Corporation (SAFE-BIDCO)
5. If it is not established as a program within a state entity, SAFE-BIDCO should by October 2017 take steps to increase participation on its subcommittees by its board members, such as by assigning board members to subcommittees, to receive the full range of experience and expertise of its board members.	Resolved	State Assistance Fund for Enterprise, Business, and Industrial Development Corporation (SAFE-BIDCO)
6. To obtain the best value for its limited funds, SAFE-BIDCO should by October 2017 establish a policy and related procedures requiring that it seek competitive bids for significant contracted services. The policy should establish a dollar threshold for what services SAFE-BIDCO considers significant.	Resolved	State Assistance Fund for Enterprise, Business, and Industrial Development Corporation (SAFE-BIDCO)

RECOMMENDATION	STATUS OF RECOMMENDATION	ENTITY
<p>7. Regardless of whether the Legislature establishes SAFE-BIDCO as a program within a state entity, it should do the following: To ensure that it spends its funds furthering its mission of helping California small businesses, SAFE-BIDCO should decrease its travel expenses by adopting a travel budget in consideration of its expenses and mission and limiting out-of-state travel.</p>	Resolved	State Assistance Fund for Enterprise, Business, and Industrial Development Corporation (SAFE-BIDCO)
<p>8. SAFE-BIDCO should by October 2017 create one central report that includes revenue goals and actual performance for each program it operates to ensure that decision makers, such as the board of directors, Legislature, and other stakeholders have sufficient information to assess its performance.</p>	Resolved	State Assistance Fund for Enterprise, Business, and Industrial Development Corporation (SAFE-BIDCO)
<p>9. SAFE-BIDCO should by October 2017 establish policies and procedures for a supervisory review process of its loan files to ensure that its loans comply with the requirements of its programs.</p>	Resolved	State Assistance Fund for Enterprise, Business, and Industrial Development Corporation (SAFE-BIDCO)
<p>10. To ensure consistency of its reviews and approvals of loan applications, SAFE-BIDCO should establish a process to provide all loan committee members with its financing assistance policy.</p>	Resolved	State Assistance Fund for Enterprise, Business, and Industrial Development Corporation (SAFE-BIDCO)
<p>11. To make certain that loan committee members are aware of statutory requirements, SAFE-BIDCO should revise its financing assistance policy to ensure that it contains all required language, including emphasizing consideration of applications that will increase employment of disadvantaged, disabled, or unemployed persons or increase employment of youth residing in areas of high youth unemployment and delinquency.</p>	Resolved	State Assistance Fund for Enterprise, Business, and Industrial Development Corporation (SAFE-BIDCO)

Report Number 2016-124

Department of General Services and California Department of Technology: Neither Entity Has Provided the Oversight Necessary to Ensure That State Agencies Consistently Use the Competitive Bidding Process (June 2017)

RECOMMENDATION	STATUS OF RECOMMENDATION	ENTITY
<p>1. To improve its oversight of the State's noncompetitive contracts, General Services should immediately ensure that agencies enter accurate and complete contract information into the Financial Information System for California (FISCal). For example, General Services should regularly select contracts from agencies and verify the accuracy and completeness of the related entries in FISCal.</p>	Fully Implemented	Department of General Services
<p>2. To improve its oversight of the State's noncompetitive contracts, General Services should, within 90 days, modify FISCal to include a standard amendment indicator to identify an item as an amendment, including the amendment number with respect to the contract, that agencies can use regardless of whether they make their procurements using FISCal. This indicator should ensure that General Services can reliably analyze and report on the number, values, and types of exemptions from competitive bidding of the State's contract amendments. General Services should notify all agencies of this change and ensure that the notification provides appropriate guidance for the use of the amendment indicator.</p>	Pending	Department of General Services

RECOMMENDATION	STATUS OF RECOMMENDATION	ENTITY
<p>3. To improve its oversight of the State's noncompetitive contracts, General Services should, within 90 days, create plans for regularly performing statewide analyses to identify potential abuse or overuse of noncompetitive contracts. These analyses should include, but not be limited to, calculating the proportional value and number of the State's competitive and noncompetitive contracts and amendments, examining trends in agencies' use of noncompetitive contracts and amendments, and identifying unusual patterns among vendors receiving state contracts through noncompetitive means.</p>	Will Not Implement	Department of General Services
<p>4. To improve its oversight of the State's noncompetitive contracting related to reportable IT projects and telecommunication procurements, the Technology Department should create plans within 90 days for regularly performing statewide analyses of FISCal data to identify potential abuse or overuse of noncompetitive contracts. These analyses should include, but not be limited to, calculating the proportional value and number of the State's competitive and noncompetitive contracts and amendments, examining trends in agencies' use of noncompetitive contracts and amendments, and identifying unusual patterns among vendors receiving state contracts through noncompetitive means.</p>	Pending	Department of Technology
<p>5. To promote accountability for and transparency of the State's noncompetitive request process, the Legislature should require General Services and the Technology Department to submit an annual report of all noncompetitive requests they approve with values over \$1 million. This report should include performance metrics such as the percentage of procurement dollars approved as noncompetitive requests. This could be a published annual report or the two agencies could provide this information publicly on their websites. In addition, the Legislature could require agencies to publicly justify their noncompetitive requests in Legislative hearings when it sees fit. For each noncompetitive request listed in the annual report, General Services and Technology should include—at a minimum—the following information:</p> <ul style="list-style-type: none"> • Contracting agency. • Original contract value (if applicable). • Noncompetitive request value. • Numbers and values of noncompetitive amendments (if applicable). • Mechanisms applied to enforce compliance. 	No Action Taken	Legislature
<p>6. To clarify the allowable reasons for using noncompetitive requests and to ensure that agencies understand these reasons, General Services should, within 180 days, enhance the criteria in the State Contracting Manual to include examples of appropriate and inappropriate circumstances related to justifying a noncompetitive request. In particular, it should clearly reiterate that poor contract planning is not a sufficient justification for a noncompetitive request for all acquisition types. Further, General Services should develop specific criteria for what constitutes an appropriate noncompetitive request for non-IT services acquisitions. General Services should notify all agencies of the clarifications in the State Contracting Manual and should reiterate that all noncompetitive requests must meet the enhanced criteria.</p>	Pending	Department of General Services
<p>7. To ensure that the State receives the best value for its contracts, General Services should immediately begin performing the following:</p> <p>For contracts that are exempt from competition by policy or statute, including noncompetitive requests for contracts, General Services should require agencies to justify that the price is fair and reasonable. This should include a current price analysis pointing to competitive pricing from another contract, such as a statewide agreement, or a comparison of rates to other available vendors, or another valid price analysis with objective evidence.</p>	Pending	Department of General Services
<p>8. To ensure that the State receives the best value for its contracts, for noncompetitive requests, General Services should immediately require agencies to quantify and substantiate their cost savings or averted costs.</p>	Pending	Department of General Services
<p>9. To ensure that it holds agencies accountable for implementing the corrective action plans that they submit with noncompetitive requests, General Services should immediately begin tracking all outstanding plans and following up to ensure that agencies complete them. For example, General Services should require an agency to include key dates in its corrective action plan that the agency plans to meet to conduct a competitive procurement and report its progress to General Services. Further, General Services should inquire about the steps that agencies have taken before the contract expiration dates in their most recent noncompetitive requests.</p>	Pending	Department of General Services

RECOMMENDATION	STATUS OF RECOMMENDATION	ENTITY
<p>10. To ensure that it consistently and appropriately responds when agencies fail to justify their noncompetitive requests, plan sufficiently to avoid the noncompetitive process, or follow their corrective action plans, General Services should create an escalation process within 90 days that outlines the order and severity of enforcement mechanisms it will use. The mechanisms it applies should escalate according to the number or severity of offenses it identifies. For example, General Services could begin by sending a warning letter to high-level agency executives, followed by reducing or revoking an agency's purchasing threshold for specific types of acquisitions—for example, IT services—and finally by reducing or revoking an agency's purchasing threshold for all acquisition types in scenarios of repetitive noncompliance.</p>	Pending	Department of General Services
<p>11. To ensure that the State receives the best value for its noncompetitive requests, the Technology Department should immediately begin to require that agencies justify that the price is fair and reasonable. This should include a current price analysis pointing to competitive pricing from another contract, such as a statewide agreement, or a comparison of rates to other available vendors, or another valid price analysis with objective evidence. Further, the Technology Department should require agencies to quantify and substantiate their cost savings or averted costs.</p>	Pending	Department of Technology
<p>12. To ensure that it holds agencies accountable for implementing the corrective action plans that they submit with noncompetitive requests, the Technology Department should immediately begin tracking all outstanding corrective action plans and following up to ensure that agencies complete them. For example, the Technology Department should require that an agency include key dates in its corrective action plan that the agency plans to meet to conduct a competitive procurement and report its progress to the Technology Department. Further, the Technology Department should inquire about the steps that agencies have taken before the contract expiration dates in their most recent noncompetitive requests.</p>	Pending	Department of Technology
<p>13. To ensure that agencies do not repeatedly submit inappropriate noncompetitive requests after receiving a warning, the Technology Department should track and follow up on instances in which it has issued a warning letter. Further, when appropriate, the Technology Department should follow through with the consequences it includes in its warning letters.</p>	Pending	Department of Technology

Report Number 2017-107

Santa Clara County Registrar of Voters: Insufficient Policies and Procedures Have Led to Errors That May Have Reduced Voters' Confidence in the Registrar's Office (October 2017)

RECOMMENDATION	STATUS OF RECOMMENDATION	ENTITY
<p>1. To ensure the accuracy of voting district boundaries and to allow Santa Clara County Registrar of Voters (Santa Clara) to make changes to existing boundaries as necessary, Santa Clara should establish a procedure requiring Mapping staff to ask each voting district either to certify that its boundaries are accurate and unchanged or to provide an updated map of its boundaries at least 125 days before each general district election.</p>	Fully Implemented	Santa Clara County Registrar of Voters
<p>2. Santa Clara should immediately coordinate with Information Services to access the most current maps from other county departments, such as the Santa Clara Assessor, to verify the accuracy of the district maps.</p>	Pending	Santa Clara County Registrar of Voters
<p>3. To reduce errors and potentially its workload, Santa Clara should research by January 2018 its opportunities to integrate mapping software with its election management software, and Santa Clara should implement this integration of mapping software technology by June 2018.</p>	Pending	Santa Clara County Registrar of Voters
<p>4. Santa Clara should promptly seek compensation from its vendors for all costs associated with rectifying vendor errors that occur in the future.</p>	Fully Implemented	Santa Clara County Registrar of Voters
<p>5. To make certain that its staff learn of election-related errors and identify trends in error types, and to allow Santa Clara to identify necessary modifications to processes that will reduce or eliminate such errors, Santa Clara should immediately formalize a policy requiring the continued use of a spreadsheet similar to the one it created to track election-related errors.</p>	Fully Implemented	Santa Clara County Registrar of Voters

RECOMMENDATION	STATUS OF RECOMMENDATION	ENTITY
6. To ensure accuracy and consistency in the creation, review, and distribution of election-related materials, Santa Clara should review and document in detail all policies and procedures by October 2018, prioritizing its documentation for the divisions that are responsible for the most frequent and egregious election-related errors. Specifically, Santa Clara should review and formalize Mapping policies and procedures by January 2018, to allow time for implementation before the June primary election process. By October 2018, Santa Clara should review and formalize policies and procedures for the remaining divisions—including Ballot Layout, Candidate Services, and Vote by Mail—to provide adequate time for implementation before the November general election process.	Pending	Santa Clara County Registrar of Voters
7. To reduce the risk of staff errors, inconsistencies in procedures, and the loss of institutional knowledge in the creation, review, and distribution of election-related materials, Santa Clara should develop and implement training for its staff that includes instructions on its comprehensive policies and procedures. The development of this training should take place concurrently with Santa Clara's detailed documentation of its policies and procedures, and Santa Clara should require relevant staff to attend this training before each major election.	Pending	Santa Clara County Registrar of Voters
8. To ensure the accuracy of election-related materials, Santa Clara should immediately implement a procedure for candidates, voting districts, or others who submit documents to have them verify the accuracy of the electronic versions of those documents once Santa Clara has formatted them.	Partially Implemented	Santa Clara County Registrar of Voters
9. To ensure consistency in responding to election-related errors, Santa Clara should immediately implement a contingency plan or decision matrix that includes specific guidelines for the actions it will take based on the number of voters affected and the significance of the error. In instances in which it chooses to deviate from this plan, Santa Clara should document its reasons for deciding to do so.	Fully Implemented	Santa Clara County Registrar of Voters
10. To maintain the public's confidence in it and its functions, Santa Clara should immediately include in its postelection reports descriptions of any election-related errors, accounts of why the errors occurred, and explanations of how it plans to prevent similar errors from occurring in the future.	Partially Implemented	Santa Clara County Registrar of Voters
11. The Secretary of State should adopt regulations establishing clear criteria for mistakes in election-related materials that constitute reportable errors and require counties to report these errors to it after each election.	Pending	Secretary of State
12. Beginning in December 2018, the Secretary of State should implement annual risk-based reviews of a selection of county election officials' offices to ensure their compliance with state election laws and regulations.	Pending	Secretary of State
13. To inform and enhance the guidance it provides to county election officials, the Secretary of State should analyze error reports and its risk-based review results to focus its guidance on topics most relevant to improving elections throughout the State.	Pending	Secretary of State

Report Number 2017-106*The Bradley-Burns Tax and Local Transportation Funds: Changing the Allocation Structure for the Bradley-Burns Tax Would Result in a More Equitable Distribution of Local Transportation Funding (November 2017)*

RECOMMENDATION	STATUS OF RECOMMENDATION	ENTITY
1. To ensure that the Bradley-Burns Uniform Local Sales and Use Tax (Bradley-Burns tax) revenue is more evenly distributed and remove the incentive for local jurisdictions to vie for commercial development as a means to increase their tax revenue, the Legislature should amend the Bradley-Burns tax law to allocate revenues from Internet sales based on the destination of sold goods (a destination-based allocation structure) rather than their place of sale (situs-based).	*	Legislature
2. To increase budgetary control and ensure that it has the information necessary to make decisions that reflect the State's best interests, the Legislature should regularly review and evaluate tax expenditures, including exemptions and exclusions to the Bradley-Burns tax and general sales and use taxes, by performing annual reviews of existing tax expenditures and eliminating those that no longer serve their intended purposes.	*	Legislature

RECOMMENDATION	STATUS OF RECOMMENDATION	ENTITY
3. To increase budgetary control and ensure that it has the information necessary to make decisions that reflect the State's best interests, the Legislature should regularly review and evaluate tax expenditures, including exemptions and exclusions to the Bradley-Burns tax and general sales and use taxes, by reviewing tax expenditures that have no stated legislative purpose and either adding clarifying language to those statutes or eliminating them.	*	Legislature
4. To increase budgetary control and ensure that it has the information necessary to make decisions that reflect the State's best interests, the Legislature should regularly review and evaluate tax expenditures, including exemptions and exclusions to the Bradley-Burns tax and general sales and use taxes, by requiring the Franchise Tax Board and the Department of Finance to include in their annual reports on tax expenditures the estimated costs of those expenditures before implementation compared to actual forgone revenues to date.	*	Legislature
5. To increase the tax bases for the general sales and use taxes and the Bradley-Burns tax, the Legislature should amend state law to specify that digital goods are taxable.	*	Legislature
6. To help address California's e-commerce tax gap and further ensure out-of-state retailers' compliance with state law regarding nexus, the California Department of Tax and Fee Administration should implement a two-year pilot of its authorized reward program for information resulting in the identification of unreported sales and use taxes.	*	Department of Tax and Fee Administration

Report Number 2017-103

Workers' Compensation Insurance: The State Needs to Strengthen Its Efforts to Reduce Fraud (December 2017)

RECOMMENDATION	STATUS OF RECOMMENDATION	ENTITY
1. To better ensure that the payments insurers issue to providers for workers' compensation claims are based on valid services, the Legislature should require workers' compensation insurers to periodically provide explanation of benefits statements to injured employees.	*	Legislature
2. To reduce insurers' potential underreporting of workers' compensation fraud, California Department of Insurance (CDI) should, by June 30, 2018, create a public report that ranks workers' compensation insurers based on the effectiveness of their antifraud efforts, including the rate at which they submit fraud referrals.	*	Department of Insurance
3. To reduce insurers' potential underreporting of workers' compensation fraud, CDI should, by June 30, 2018, add a requirement that it consider rates of fraud claim referrals when selecting insurers to audit and that it give priority to those insurers with high volumes of premiums and very low numbers of referrals.	*	Department of Insurance
4. To ensure the growth and effectiveness of its data analytics efforts to identify provider fraud, the Department of Industrial Relations should better document its data analytics effort within its protocol manual by June 30, 2018.	*	Department of Industrial Relations
5. To better address vacancies in its fraud investigator positions, CDI should, by June 30, 2018, develop and implement a retention plan. This plan should be based on the results of in-person exit interviews with separating staff or similar tools, such as satisfaction surveys, to identify and address potential causes for separation other than pay. CDI should share the results of any trends arising from its exit interviews as well as its analyses of survey responses with the appropriate units as it deems necessary.	*	Department of Insurance
6. To better address vacancies in its fraud investigator positions, CDI should, by June 30, 2018, revise its recruiting plan to include the recruitment and hiring of retired local law enforcement officers.	*	Department of Insurance
7. To better enable the Fraud Commission to determine an appropriate amount for the total annual fraud assessment, CDI should, within 60 days and periodically thereafter, meet with the Fraud Commission and agree upon specific information to include in the Fraud Division's report to the Fraud Commission. Additional information could, for example, include a comparison of proposed, projected, and actual expenditures by category for a specific fiscal year, calculated using a consistent methodology.	*	Department of Insurance

RECOMMENDATION	STATUS OF RECOMMENDATION	ENTITY
8. To better ensure the timely and effective use of fraud assessment funds to fight workers' compensation fraud in California, CDI should, by June 30, 2018, develop and implement a process to use its unspent funds to augment funding to district attorneys' offices rather than to offset collections from employers for subsequent years.	*	Department of Insurance

* The status of recommendations for audits issued between November and December 2017 is based on the entity's initial response, which is included in the original audit report, available on the California State Auditor's (State Auditor) website: www.auditor.ca.gov.

† As of December 31, 2017, the entity has not provided a response to the State Auditor.