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Recommendation Status Summary

## Senate Budget & Fiscal Review Subcommittee 4 on State Administration and General Government

### *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	ENTITY	STATUS OF RECOMMENDATION
12. The Board of Equalization (Equalization) should work with the first tax technician's current employing agency to place appropriate documentation about the investigation in her official personnel file.	Board of Equalization	Fully Implemented
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.	Board of Equalization	Fully Implemented

### *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	ENTITY	STATUS OF RECOMMENDATION
1. If the Legislature appropriates funding from the distribution fund for mitigation grants in the future, to comply with state law, the benefit committee for Fresno County 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.	Fresno County	Not Currently Feasible
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.	Fresno County	Not Currently Feasible
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.	Fresno County	Fully Implemented
4. If the Legislature appropriates funding from the distribution fund for mitigation grants in the future, to comply with state law, the benefit committee for San Diego County 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.	San Diego County	Not Currently Feasible

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

RECOMMENDATION	ENTITY	STATUS OF RECOMMENDATION
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 Social Services on a monthly basis.	Office of Systems Integration	Fully Implemented
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 and support the In-Home Supportive Services (IHSS) 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.	Office of Systems Integration	Fully Implemented

**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	ENTITY	STATUS OF RECOMMENDATION
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.	Legislature	No Longer Necessary
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.	Legislature	No Longer Necessary
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.	State Assistance Fund for Enterprise, Business, and Industrial Development Corporation (SAFE-BIDCO)	Resolved
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.	SAFE-BIDCO	Resolved
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.	SAFE-BIDCO	Resolved
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.	SAFE-BIDCO	Resolved
7. Regardless of whether the Legislature establishes SAFE-BIDCO as a program within a state entity, it should do the following: <ul style="list-style-type: none"> <li>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.</li> </ul>	SAFE-BIDCO	Resolved

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.	SAFE-BIDCO	Resolved
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.	SAFE-BIDCO	Resolved
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.	SAFE-BIDCO	Resolved
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.	SAFE-BIDCO	Resolved

**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	ENTITY	STATUS OF RECOMMENDATION
1. To improve its oversight of the State's noncompetitive contracts, the Department of General Services (General Services) should immediately ensure that agencies enter accurate and complete contract information into the Financial Information System for California (FI\$Cal). For example, General Services should regularly select contracts from agencies and verify the accuracy and completeness of the related entries in FI\$Cal.	Department of General Services	Fully Implemented
2. To improve its oversight of the State's noncompetitive contracts, General Services should, within 90 days, modify FI\$Cal 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 FI\$Cal. 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.	Department of General Services	Fully Implemented
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.	Department of General Services	Will Not Implement
4. To improve its oversight of the State's noncompetitive contracting related to reportable information technology projects and telecommunication procurements, the California Department of Technology (Technology Department) should create plans within 90 days for regularly performing statewide analyses of FI\$Cal 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.	California Department of Technology	Fully Implemented

<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"> <li>• Contracting agency.</li> <li>• Original contract value (if applicable).</li> <li>• Noncompetitive request value.</li> <li>• Numbers and values of noncompetitive amendments (if applicable).</li> <li>• Mechanisms applied to enforce compliance.</li> </ul>	Legislature	Legislation Proposed But Not Enacted
<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>	Department of General Services	Fully Implemented
<p>7. To ensure that the State receives the best value for its contracts, General Services should immediately begin performing the following:</p> <ul style="list-style-type: none"> <li>• 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.</li> </ul>	Department of General Services	Fully Implemented
<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>	Department of General Services	Fully Implemented
<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>	Department of General Services	Fully Implemented
<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>	Department of General Services	Fully Implemented

<p>11. To ensure that the State receives the best value for its noncompetitive requests, Technology 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, Technology should require agencies to quantify and substantiate their cost savings or averted costs.</p>	<p>California Department of Technology</p>	<p>Fully Implemented</p>
<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>	<p>California Department of Technology</p>	<p>Fully Implemented</p>
<p>13. To ensure that agencies do not repeatedly submit inappropriate noncompetitive requests after receiving a warning, Technology should track and follow up on instances in which it has issued a warning letter. Further, when appropriate, Technology should follow through with the consequences it includes in its warning letters.</p>	<p>California Department of Technology</p>	<p>Fully Implemented</p>

**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	ENTITY	STATUS OF RECOMMENDATION
<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>	<p>Santa Clara County Registrar of Voters</p>	<p>Fully Implemented</p>
<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>	<p>Santa Clara County Registrar of Voters</p>	<p>Fully Implemented</p>
<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>	<p>Santa Clara County Registrar of Voters</p>	<p>Pending</p>
<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>	<p>Santa Clara County Registrar of Voters</p>	<p>Fully Implemented</p>
<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>	<p>Santa Clara County Registrar of Voters</p>	<p>Fully Implemented</p>
<p>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.</p>	<p>Santa Clara County Registrar of Voters</p>	<p>Pending</p>

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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.	Santa Clara County Registrar of Voters	Pending
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.	Santa Clara County Registrar of Voters	Fully Implemented
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.	Santa Clara County Registrar of Voters	Fully Implemented
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.	Santa Clara County Registrar of Voters	Fully Implemented
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.	California Secretary of State	Pending
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.	California Secretary of State	Pending
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.	California Secretary of State	Pending

### 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	ENTITY	STATUS OF RECOMMENDATION
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	Legislation Proposed But Not Enacted
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	No Action Taken
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	No Action Taken



<p>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.</p>	<p>Legislature</p>	<p>No Action Taken</p>
<p>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.</p>	<p>Legislature</p>	<p>No Action Taken</p>
<p>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.</p>	<p>California Department of Tax and Fee Administration</p>	<p>Pending</p>

**Report Number 2017-103**

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

RECOMMENDATION	ENTITY	STATUS OF RECOMMENDATION
<p>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.</p>	<p>Legislature</p>	<p>No Action Taken</p>
<p>2. To reduce insurers' potential underreporting of workers' compensation fraud, the 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.</p>	<p>Department of Insurance</p>	<p>Fully Implemented</p>
<p>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.</p>	<p>Department of Insurance</p>	<p>Fully Implemented</p>
<p>4. To ensure the growth and effectiveness of its data analytics efforts to identify provider fraud, Industrial Relations should better document its data analytics effort within its protocol manual by June 30, 2018.</p>	<p>Department of Industrial Relations</p>	<p>Fully Implemented</p>
<p>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.</p>	<p>Department of Insurance</p>	<p>Fully Implemented</p>
<p>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.</p>	<p>Department of Insurance</p>	<p>Fully Implemented</p>
<p>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.</p>	<p>Department of Insurance</p>	<p>Fully Implemented</p>
<p>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.</p>	<p>Department of Insurance</p>	<p>Fully Implemented</p>

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**Report Number 2018-037****California Department of Housing and Community Development: Its Oversight of Housing Bond Funds Remains Inconsistent (September 2018)**

RECOMMENDATION	ENTITY	STATUS OF RECOMMENDATION
<p>1. Given the California Department of Housing and Community Development's (HCD) long-standing history of inadequate monitoring for some of its programs and the additional funds HCD could receive for CalHome under the November 2018 ballot measure, the Legislature should require HCD to disclose information about such monitoring in its annual report, which it should submit to the Assembly Committee on Housing and Community Development and the Senate Committee on Transportation and Housing. The report should identify all of the awards that HCD monitors for the CalHome and CalHome and Building Equity and Growth in Neighborhoods (BEGIN) programs and should include performance metrics such as the amount of funds awarded but not disbursed to recipients and therefore not issued to potential homeowners. The Legislature should also require HCD to disclose in its annual report—at a minimum—the following information for all awards that HCD is responsible for monitoring in the BEGIN programs:</p> <ul style="list-style-type: none"> <li>• The amount of the original awards to recipients, the portions not yet disbursed to recipients, and an estimate of how many individuals could benefit from the remaining balance.</li> <li>• Any extensions HCD granted to the standard agreement and the number of and reason for those extensions.</li> <li>• The total balance of all recipients' CalHome and BEGIN reuse accounts, detailing the loan repayments recipients are required to reissue for program purposes and an estimate of how many households could benefit from the balance.</li> <li>• A section describing HCD's monitoring efforts, including the collection of performance reports and the results of the risk assessments and on-site monitoring.</li> </ul>	Legislature	No Action Taken
<p>2. The Legislature should require the Business, Consumer Services and Housing Agency to monitor HCD's efforts and to submit a report annually to the Legislature demonstrating that HCD is continuing to implement our recommendations.</p>	Legislature	No Action Taken
<p>3. To ensure that it appropriately monitors CalHome as required by statute, regulation, and program guidelines, HCD should, by January 1, 2019, develop an annual plan for its CalHome on-site visits, which should be based on its risk assessments. The risk assessments should consider, among other things, which recipients have not submitted required performance reports.</p>	Department of Housing and Community Development	Fully Implemented
<p>4. To ensure that it appropriately monitors CalHome as required by statute, regulation, and program guidelines, HCD should perform the on-site visits it proposes in its annual plan.</p>	Department of Housing and Community Development	Pending
<p>5. To ensure that it appropriately monitors CalHome as required by statute, regulation, and program guidelines, HCD should immediately collect all required reports and follow up with recipients to obtain missing reports. Staff should withhold fund disbursements from recipients that have not submitted required reports. If the submitted reports reveal a problematic trend, such as a recipient not disbursing funds, HCD should take appropriate corrective action with the recipient.</p>	Department of Housing and Community Development	Pending
<p>6. To ensure that it appropriately monitors CalHome as required by statute, regulation, and program guidelines, HCD should immediately stop providing extensions to standard agreements to recipients if those extensions would cause HCD to not spend the full award within the 36-month term and therefore violate its regulations.</p>	Department of Housing and Community Development	Fully Implemented
<p>7. To ensure that HCD appropriately monitors BEGIN as required by statute, regulations, and program guidelines, HCD should immediately collect and review all required reports, and it should follow up with recipients to obtain any missing reports. If the reports reveal a problematic trend, such as a recipient not disbursing funds, HCD should take appropriate corrective action with the recipient.</p>	Department of Housing and Community Development	Pending

<p>8. To ensure that the IIG program award funds benefit the target population, HCD should develop and use a tool by December 1, 2018, to track which awards are monitored by local jurisdictions or by other HCD programs and which are not monitored at all. HCD should then immediately obtain monitoring reports from the local jurisdictions and other HCD programs to verify monitoring and review the results of such monitoring. HCD should follow up on any noted deficiencies. Further, HCD should, by January 1, 2019, develop a plan to perform on-site visits for those recipients that do not receive adequate monitoring from another source, and it should perform the planned on-site monitoring.</p>	<p>Department of Housing and Community Development</p>	<p>Pending</p>
<p>9. To ensure that single-family farmworker housing program recipients continue to qualify for housing, HCD should implement policies and procedures by December 1, 2018, to ensure that the information the recipients provide in the self-certification letters is accurate and complete by requiring that they include documentation as proof. HCD should also follow up to ensure that it receives responses to its annual compliance letters from all recipients.</p>	<p>Department of Housing and Community Development</p>	<p>Fully Implemented</p>
<p>10. To ensure that it maximizes the benefit of the funds it has invested in the Consolidated Automated Program Enterprise System's (CAPES) development and to support its ongoing efforts to improve CAPES's usability, HCD should, by January 1, 2019, perform an assessment of those programs that do not fully use CAPES.</p>	<p>Department of Housing and Community Development</p>	<p>Pending</p>
<p>11. To ensure that it maximizes the benefit of the funds it has invested in CAPES's development and to support its ongoing efforts to improve CAPES's usability, HCD should, by January 1, 2019, determine to what extent the programs could be using CAPES at its current level of development to capture information.</p>	<p>Department of Housing and Community Development</p>	<p>Pending</p>
<p>12. To ensure that it maximizes the benefit of the funds it has invested in CAPES's development and to support its ongoing efforts to improve CAPES's usability, HCD should, by January 1, 2019, formally direct staff working on those programs to enter data into CAPES and then use those data to manage the contracts and staff workloads associated with the programs.</p>	<p>Department of Housing and Community Development</p>	<p>Fully Implemented</p>
<p>13. To ensure that it maximizes the benefit of the funds it has invested in CAPES's development and to support its ongoing efforts to improve CAPES's usability, HCD should, by January 1, 2019, develop a remediation plan to augment CAPES in the specific ways required by any HCD programs that are currently unable to use the system for their operational needs. Concurrent with the remediation plan, HCD should develop realistic project management plans, including project milestones, for completing the necessary system upgrades.</p>	<p>Department of Housing and Community Development</p>	<p>Pending</p>
<p>14. To ensure that it maximizes the benefit of the funds it has invested in CAPES's development and to support its ongoing efforts to improve CAPES's usability, HCD should, by January 1, 2019, develop a documented process to ensure that all data in CAPES are accurate and complete. This process should include all phases of contract management, including monitoring. HCD should implement a routine periodic review of this process and update the process as necessary.</p>	<p>Department of Housing and Community Development</p>	<p>Pending</p>
<p>15. In conjunction with the planning efforts outlined above and to ensure that it can most efficiently manage its limited resources related to information, HCD should develop a cost-benefit analysis by March 1, 2019, that addresses the costs of continuing to maintain and enhance CAPES in the long term versus the acquisition and maintenance costs of an off-the-shelf database product. At a minimum, it should include the following:</p> <ul style="list-style-type: none"> <li>• All costs associated with CAPES's enhancement, support, and future maintenance.</li> <li>• A documented methodology, including all assumptions, and thorough documentation of the sources for the underlying data.</li> </ul>	<p>Department of Housing and Community Development</p>	<p>Pending</p>

<p>16. To ensure that it is able to meet its administrative monitoring obligations and that it uses housing bond funds in compliance with state law, regulations, and program guidelines, HCD should develop a long-term plan by January 1, 2019, for how it will avoid exceeding the administrative cost limits of those programs in the most immediate danger of overage and for how it will address instances when it has exceeded administrative cost limits. The plan should identify the programs at risk of exceeding the limit; the actions HCD will take for each program to gain efficiencies; its plan for moving staff between programs; a request for more money or legislative changes such as modifying the statutory limit on administrative spending, if necessary; and an evaluation of the consequences of not fulfilling its monitoring obligations.</p>	<p>Department of Housing and Community Development</p>	<p>Pending</p>
<p>17. To ensure that it complies with state law, prudently uses administrative funding, and promotes transparency, HCD should obtain a legal opinion on whether it can use CalHome funding to monitor BEGIN awards. If it cannot, it should cease doing so.</p>	<p>Department of Housing and Community Development</p>	<p>Fully Implemented</p>
<p>18. To ensure that it complies with state law, prudently uses administrative funding, and promotes transparency, HCD should calculate and retain only funds equal to its actual administrative costs in instances when it does not disburse awarded funds to a recipient and subsequently grants the funds to another recipient.</p>	<p>Department of Housing and Community Development</p>	<p>Pending</p>
<p>19. To ensure that it does not exceed administrative cost restrictions and that it maximizes the funds intended to address target populations' housing needs, HCD should estimate when it will run out of administrative funds for any specific program, document its projection methodology, and provide underlying data and support for its estimates. The projections should include, but not be limited to, actual staff time spent on the program, the number of awards being monitored, and the length of monitoring. Staff should provide these projections and methodologies to management for review and approval by December 1, 2018, and then at least biannually thereafter.</p>	<p>Department of Housing and Community Development</p>	<p>Pending</p>