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**Table 1**  
Recommendation Status Summary

## Assembly Budget Subcommittee 4 on State Administration

*Report Number 2018-112*

*California Department of Veterans Affairs and Department of General Services: The Departments' Mismanagement of the Veterans Home Properties Has Not Served the Veterans' Best Interests and Has Been Detrimental to the State (January 2019)*

RECOMMENDATION	ENTITY	STATUS OF RECOMMENDATION
1. To prevent future leases of veterans home property that obligate the property to third parties for unnecessarily extended periods of time, the Legislature should amend state law to clarify that leases of veterans home property may not exceed five years unless a statutory exception applies.	Legislature	Legislation Enacted
2. To ensure that future leases of veterans home property are established in accordance with state requirements, the California Department of Veterans Affairs (CalVet) should implement its property use policy when considering all proposed leases of veterans home property.	California Department of Veterans Affairs	Fully Implemented
3. To ensure that it protects the State and the best interests of the Yountville Veterans Home, by March 2019 CalVet should complete its review of the four entities that do not have leases and should begin either evicting the entities or obtaining lease agreements with them through the Department of General Services (DGS).	California Department of Veterans Affairs	Fully Implemented
4. To ensure that its employee housing lease agreements are sufficient to protect the State, by June 2019 CalVet should revise its existing employee housing leases in accordance with the guidance the California Department of Human Resources (CalHR) has provided to agencies to protect the State's interests, including making sure that they include terms that fully indemnify the State against damages and require rental insurance.	California Department of Veterans Affairs	Fully Implemented
5. To avoid the appearance of impropriety and ensure proper management of employee housing, CalVet should implement its new housing policy and ensure that employee housing decisions are made by its headquarters office in a clear and consistent manner.	California Department of Veterans Affairs	Fully Implemented
6. To ensure that leases of veterans home property comply with state law and are consistent with the veterans homes' mission to serve the veteran residents, by June 2019 DGS should adopt, in consultation with CalVet, a definition of what constitutes the best interests of the veterans homes and begin incorporating that definition into the State Administrative Manual. DGS should deny any requests for leases that do not meet that standard. When leasing veterans home property, DGS should document its reasons for determining that the terms of the lease are in the best interests of the home.	Department of General Services	Fully Implemented
7. To ensure that all leases of veterans home property protect the interests of the State and the homes, DGS should review the current lease that is void under state law and any that do not meet its criteria for being in the best interests of the veterans homes. DGS should attempt to reach new agreements with these lessees that address any areas of noncompliance and concern.	Department of General Services	Fully Implemented
8. To remind state entities about the requirements for agreements that convey an interest in state property, by June 2019 DGS should issue guidance about its approval authority for such agreements.	Department of General Services	Fully Implemented
9. To improve the effectiveness of lease payment collection, the Legislature should amend state law beginning in fiscal year 2019–20 to require that DGS receive lease payments for all veterans home property leases, except those for employee housing and those that are required to be deposited into the morale fund.	Legislature	No Action Taken
10. To ensure that the veterans homes receive all of the funding to which they are entitled, by the May 2019 budget revision, CalVet should seek an augmentation to its appropriation for the homes equal to the lease revenues it generated from July 2015 through June 2018. If CalVet believes the state law requiring lease proceeds to augment its appropriation is outdated, it should seek a change to state law.	California Department of Veterans Affairs	Will Not Implement

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11. To monitor whether lessees are current on payments, CalVet should track payment compliance for all lease payments that it receives and promptly follow up with lessees that do not pay as required. This should include collecting sufficient records from lessees that pay rent based on a percentage of sales to calculate the amount that each is required to pay to ensure that the lessees are making the correct rent payments.	California Department of Veterans Affairs	Partially Implemented
12. To better manage its employee housing, beginning in June 2019 CalVet should comply with CalHR requirements by annually reviewing the rental rates for its employee housing units to ensure their consistency with market value and adjusting the rental rates accordingly.	California Department of Veterans Affairs	Fully Implemented
13. To ensure that it can justify the rental rates it approves, DGS should document its assessment of market value and market rent for all veterans home property leases before leasing the property. It should set rental rates equivalent to fair market rent in all cases except those in which it accepts improvements to the property or services to the veterans in exchange for reduced or waived rent. In the cases of reduced or waived rent, DGS should document a calculation of the value of the property improvements or services and reduce the rent by an amount equal to the calculated values.	Department of General Services	Fully Implemented
14. To comply with state law, DGS should begin depositing lease payments from leases of veterans home property into the General Fund so that those funds may be used to augment the appropriation of the veterans homes, and it should reimburse the General Fund for the amounts it inappropriately deposited into the property acquisition law money account. DGS should also annually notify the Department of Finance and the Legislature of the amount of lease payments it collects to ensure that those proceeds are appropriately directed to the veterans homes.	Department of General Services	Fully Implemented
15. To protect the interests of the State and veterans homes, the Legislature should amend state law to require CalVet to promulgate regulations that define what types of short-term uses of veterans home property are in the best interests of the homes, including the interests of the residents of the homes, and to include in all short-term use agreements conditions that protect the State's best interests; prohibit CalVet from approving any short-term uses of the veterans home property that do not meet its definition of the best interests of the home; require CalVet to develop and implement a fee schedule for short-term third-party uses of veterans home property.	Legislature	Legislation Proposed But Not Enacted
16. To prevent unauthorized use of its property, CalVet should regularly monitor the use of the leased properties and take action to cease any activity that is not allowed by the terms of the lease agreements. Further, it should take action to cease the balloon launches from the golf course or amend its lease with the lessee to identify balloon launches as an approved use of the property.	California Department of Veterans Affairs	Partially Implemented
17. To inform the Legislature about all sources of General Fund revenue, beginning with its May 2019 report CalVet should include lease payments in its required report until such a time as the Legislature centralizes receipt of these lease payments at DGS.	California Department of Veterans Affairs	Fully Implemented

### Report Number 2018-114

#### Disabled Veteran Business Enterprise Program: The Departments of General Services and Veterans Affairs Have Failed to Maximize Participation and to Accurately Measure Program Success (February 2019)

RECOMMENDATION	ENTITY	STATUS OF RECOMMENDATION
1. To increase the number of disabled veteran business enterprise (DVBE) firms that awarding departments can contract with when required to use Leveraged Procurement Agreements (LPAs), DGS should develop and implement a plan to encourage DVBE firms to participate in LPAs.	Department of General Services	Fully Implemented
2. To ensure that a greater number of DVBE firms benefit from the DVBE program, DGS should work with awarding departments to understand why only a few DVBE firms receive a large number of contract awards. Based on its findings, DGS should take the necessary steps to remedy this situation.	Department of General Services	Fully Implemented
3. To ensure that awarding departments can effectively identify DVBE firms that provide needed products and services, DGS should work with these departments to continue to narrow the codes available to those commonly used by awarding departments to more precisely identify what the State purchases and streamline search criteria in Cal eProcure.	Department of General Services	Fully Implemented

4. To ensure that awarding departments can effectively identify DVBE firms that provide needed products and services, DGS should ensure that by October 2019 departments identify their contracting needs and then post these needs prominently on their websites as a resource for DVBE firms.	Department of General Services	Fully Implemented
5. To ensure that awarding departments can effectively identify DVBE firms that provide needed products and services, DGS should continue to provide outreach services to DVBE firms on how to create effective keywords and choose appropriate codes.	Department of General Services	Fully Implemented
6. To ensure that awarding departments can effectively identify DVBE firms that provide needed products and services, DGS should explore other options for making the Cal eProcure search engine more effective for awarding departments.	Department of General Services	Fully Implemented
7. To ensure that awarding departments that fail to meet the 3 percent goal receive the assistance necessary to achieve the goal, the Legislature should amend state law to transfer the responsibility for monitoring and assisting underachieving departments from CalVet to DGS.	Legislature	No Action Taken
8. To minimize the occurrence of program abuse involving DVBE subcontractors, the Legislature should amend state law to require awarding departments to notify those DVBE subcontractors when they are named on an awarded contract.	Legislature	Legislation Proposed But Not Enacted
9. To ensure that its outreach efforts are effective and result in a greater number of DVBE firms available that can provide the necessary goods and services awarding departments are seeking, CalVet should assess, at least annually, the effectiveness of its past outreach efforts in increasing the number of DVBE firms that become certified.	Department of Veterans Affairs	Pending
10. To ensure that its outreach efforts are effective and result in a greater number of DVBE firms available that can provide the necessary goods and services awarding departments are seeking, DGS should assess, at least annually, the effectiveness of its past outreach efforts in increasing the number of DVBE firms that become certified.	Department of General Services	Fully Implemented
11. To ensure that its outreach efforts are effective and result in a greater number of DVBE firms available that can provide the necessary goods and services awarding departments are seeking, CalVet should work with awarding departments to identify the types of goods and services for which they struggle to find a DVBE contractor or subcontractor.	Department of Veterans Affairs	Pending
12. To ensure that its outreach efforts are effective and result in a greater number of DVBE firms available that can provide the necessary goods and services awarding departments are seeking, DGS should work with awarding departments to identify the types of goods and services for which they struggle to find a DVBE contractor or subcontractor.	Department of General Services	Fully Implemented
13. To ensure that its outreach efforts are effective and result in a greater number of DVBE firms available that can provide the necessary goods and services awarding departments are seeking, CalVet should develop an outreach plan to include outreach activities found to be effective in the past based on its assessment. This plan should also emphasize outreach to increase the number of DVBE firms that provide the types of goods and services that awarding departments struggle to obtain from DVBE firms.	Department of Veterans Affairs	Pending
14. To ensure that its outreach efforts are effective and result in a greater number of DVBE firms available that can provide the necessary goods and services awarding departments are seeking, DGS should develop an outreach plan to include outreach activities found to be effective in the past based on its assessment. This plan should also emphasize outreach to increase the number of DVBE firms that provide the types of goods and services that awarding departments struggle to obtain from DVBE firms.	Department of General Services	Fully Implemented
15. To ensure that its outreach efforts are effective and result in a greater number of DVBE firms available that can provide the necessary goods and services awarding departments are seeking, CalVet should develop better tracking of the businesses owned by disabled veterans that attend its outreach events and review certification data to determine whether these businesses obtained their certifications.	Department of Veterans Affairs	Pending
16. To ensure that its outreach efforts are effective and result in a greater number of DVBE firms available that can provide the necessary goods and services awarding departments are seeking, DGS should develop better tracking of the businesses owned by disabled veterans that attend its outreach events and review certification data to determine whether these businesses obtained their certifications.	Department of General Services	Fully Implemented

17. To ensure that its outreach efforts are effective and result in a greater number of DVBE firms available that can provide the necessary goods and services awarding departments are seeking, CalVet should conduct periodic surveys of businesses owned by disabled veterans that attended its outreach events but chose not to become DVBE certified to determine the reasons for not applying for the certification. The department should use this information to improve its outreach and any other areas of the program.	Department of Veterans Affairs	Pending
18. To ensure that its outreach efforts are effective and result in a greater number of DVBE firms available that can provide the necessary goods and services awarding departments are seeking, DGS should conduct periodic surveys of businesses owned by disabled veterans that attended its outreach events but chose not to become DVBE certified to determine the reasons for not applying for the certification. The department should use this information to improve its outreach and any other areas of the program.	Department of General Services	Fully Implemented
19. Until the Legislature amends the law to transfer its responsibility for assisting underachieving departments to DGS, CalVet should develop and follow policies and procedures to identify and assist awarding departments that fail to meet, or are at risk of not meeting, the 3 percent DVBE participation goal.	Department of Veterans Affairs	Pending
20. To minimize the occurrence of program abuse and ensure that program abuse cases are handled appropriately and consistently, DGS should remind the awarding departments about preventive measures, including contract award notification to all subcontractors listed on the winning contractor's bid and providing the subcontractors with the name of the prime contractor, the role of the DVBE firm in the contract, the amount of the contract dollars designated for each subcontractor, and contact information that subcontractors can use if they encounter any issues on the project.	Department of General Services	Fully Implemented
21. To minimize the occurrence of program abuse and ensure that program abuse cases are handled appropriately and consistently, DGS should develop procedures for awarding departments to help them identify whether a complaint constitutes program abuse, document and track all complaints, and take appropriate steps when investigating program abuse complaints.	Department of General Services	Fully Implemented
22. To strengthen the enforcement of DVBE laws, regulations, and guidelines, DGS should track program abuse complaints, including the type of program abuse, how it was reported or discovered, and the dates specific actions were taken on the case. This tracking will enable the awarding departments to identify weaknesses within their processes and provide insight into how to address these issues, improving the DVBE program overall.	Department of General Services	Fully Implemented
26. To ensure that DVBE participation data are reported accurately and consistently, DGS should implement or strengthen a review process to ensure that DVBE participation amounts entered into its data systems or the Financial Information System for California (FI\$Cal) are accurate. This review process should include verification, on a sample basis, of the amounts awarded to, and the certification status of, the DVBE contractor or subcontractor for high-value contracts that include DVBE participation.	Department of General Services	Fully Implemented
28. Until it begins generating DVBE activity reports using FI\$Cal, DGS should issue a policy to require awarding departments to implement or strengthen a secondary review process to ensure that the DVBE activity reports are accurate and supported by departments' data systems.	Department of General Services	Fully Implemented
29. To ensure that it can create accurate annual DVBE participation reports, DGS should complete the programming necessary to include DVBE subcontractor information by June 30, 2019.	Department of General Services	Fully Implemented



**Report Number 2018-117**

**City and County Contracts With U.S. Immigration and Customs Enforcement: Local Governments Must Improve Oversight to Address Health and Safety Concerns and Cost Overruns (February 2019)**

RECOMMENDATION	ENTITY	STATUS OF RECOMMENDATION
<p>1. To ensure that significant health and safety problems are avoided, minimized, or at the very least addressed promptly, the Legislature should consider urgency legislation amending state law to require the cities that contract with U.S. Immigration and Customs Enforcement (ICE) to house detainees implement oversight policies and practices that include reviewing all federal inspection reports and ensuring that private operators develop and implement timely corrective actions for any identified noncompliance; obtaining and reviewing the quality control plan for the detention facility and ensuring that the private operators implement and follow the plan; at least quarterly reviewing detainee complaints and any incident reports and following up with private operators on any pervasive or persistent problems; at least quarterly inspecting the services provided and conditions at the detention facility as allowed by the detention subcontract; and formally approving all invoices and maintaining copies of invoices and supporting documentation.</p>	Legislature	No Longer Necessary
<p>2. To ensure that significant health and safety problems are avoided, minimized, or at the very least addressed promptly, by May 1, 2019, the cities that contract with ICE to house detainees should implement oversight policies and practices for their private operators that include the following: Review all federal inspection reports and ensure that private operators develop and implement timely corrective actions for any identified noncompliance.</p>	City of Adelanto	Resolved
<p>3. To ensure that significant health and safety problems are avoided, minimized, or at the very least addressed promptly, by May 1, 2019, the cities that contract with ICE to house detainees should implement oversight policies and practices for their private operators that include reviewing all federal inspection reports and ensuring that private operators develop and implement timely corrective actions for any identified noncompliance.</p>	City of Holtville	Resolved
<p>4. To ensure that significant health and safety problems are avoided, minimized, or at the very least addressed promptly, by May 1, 2019, the cities that contract with ICE to house detainees should implement oversight policies and practices for their private operators that include the following: Obtain and review the quality control plan for the detention facility and ensure that the private operators implement and follow the plan.</p>	City of Adelanto	Resolved
<p>5. To ensure that significant health and safety problems are avoided, minimized, or at the very least addressed promptly, by May 1, 2019, the cities that contract with ICE to house detainees should implement oversight policies and practices for their private operators that include obtaining and reviewing the quality control plan for the detention facility and ensuring that the private operators implement and follow the plan.</p>	City of Holtville	Resolved
<p>6. To ensure that significant health and safety problems are avoided, minimized, or at the very least addressed promptly, by May 1, 2019, the cities that contract with ICE to house detainees should implement oversight policies and practices for their private operators that include the following: At least quarterly review detainee complaints and any incident reports and follow up with private operators on any pervasive or persistent problems.</p>	City of Adelanto	Resolved
<p>7. To ensure that significant health and safety problems are avoided, minimized, or at the very least addressed promptly, by May 1, 2019, the cities that contract with ICE to house detainees should implement oversight policies and practices for their private operators that, at least quarterly, review detainee complaints and any incident reports and follow up with private operators on any pervasive or persistent problems.</p>	City of Holtville	Resolved
<p>8. To ensure that significant health and safety problems are avoided, minimized, or at the very least addressed promptly, by May 1, 2019, the cities that contract with ICE to house detainees should implement oversight policies and practices for their private operators that include the following: At least quarterly inspect the services provided and conditions at the detention facility as allowed by the detention subcontract.</p>	City of Adelanto	Resolved

9. To ensure that significant health and safety problems are avoided, minimized, or at the very least addressed promptly, by May 1, 2019, the cities that contract with ICE to house detainees should implement oversight policies and practices for their private operators that, at least quarterly, inspect the services provided and conditions at the detention facility as allowed by the detention subcontract.	City of Holtville	Resolved
10. To ensure that significant health and safety problems are avoided, minimized, or at the very least addressed promptly, by May 1, 2019, the cities that contract with ICE to house detainees should implement oversight policies and practices for their private operators that include the following: Formally approve all the invoices and maintain copies of invoices and supporting documentation.	City of Adelanto	Resolved
11. To ensure that significant health and safety problems are avoided, minimized, or at the very least addressed promptly, by May 1, 2019, the cities that contract with ICE to house detainees should implement oversight policies and practices for their private operators that include formally approving all the invoices and maintaining copies of invoices and supporting documentation.	City of Holtville	Resolved

### Report Number 2018-110

#### City of Lincoln: Financial Mismanagement, Insufficient Accountability, and Lax Oversight Threaten the City's Stability (March 2019)

RECOMMENDATION	ENTITY	STATUS OF RECOMMENDATION
1. To ensure that it complies with state law, the City of Lincoln (Lincoln) should immediately review all of its outstanding interfund loans to determine whether the borrowing funds can repay the loans according to the terms. For any loan that is from a restricted fund and that does not have the capacity to be repaid, Lincoln should develop a plan that ensures repayment within a reasonable time frame, including seeking possible alternative financing or revenue sources, such as the general fund, bonds, one-time revenue, or a tax increase, to address the obligation.	City of Lincoln	Pending
2. To ensure that city staff provides the city council adequate information to make its decisions regarding interfund loans and transfers, the city council should immediately collaborate with the city manager and department directors to establish formal expectations regarding the content of staff reports, and it should hold the city manager accountable for ensuring all staff reports meet those expectations.	City of Lincoln	Fully Implemented
3. To ensure that it avoids accumulating surpluses, Lincoln should establish policies and procedures by August 2019 requiring it to review its fund balances at least annually and, if necessary, reduce its fees within a reasonable time frame.	City of Lincoln	Fully Implemented
4. To comply with state law, Lincoln should immediately discontinue its practice of using restricted funds to subsidize other funds that have year-end deficits and that lack the ability to permanently repay the transfers within 90 days of the close of the fiscal year.	City of Lincoln	Fully Implemented
5. To ensure that it complies with the state constitution, Lincoln should establish and adhere to procedures that account for revenue and expenditures in each landscaping and lighting zone separately, and it should discontinue its use of surplus revenue from one zone to offset a deficit in another zone. It should take these actions by June 2019.	City of Lincoln	Fully Implemented
6. By June 2019, Lincoln should establish accounting procedures to ensure that it records all costs of city maintenance from the appropriate funds, including apportioning the general benefit costs to the general fund.	City of Lincoln	Fully Implemented
7. Lincoln should immediately commence a fee study that ensures its fees for water capacity are commensurate with the costs of current and planned future water capacity needs. To the extent that Lincoln has previously overcharged for water capacity fees, it should develop a plan to provide equitable consideration to those who overpaid such fees, and it should eliminate any unnecessary surplus in the water connections fund.	City of Lincoln	Fully Implemented
8. To ensure that its fees are commensurate with the cost of providing services, Lincoln should develop and follow a timeline by June 2019 for conducting periodic fee studies for each of its services, including updating its staff rates annually.	City of Lincoln	Fully Implemented
9. To the extent allowable by law, the city council should develop a plan by August 2019 to provide equitable consideration to ratepayers for the utility costs they incurred that were higher than necessary because of the city's practice of not paying for its own water, sewer, and solid waste services.	City of Lincoln	Fully Implemented



10. To ensure transparency to the public, beginning with its fiscal year 2019–20 budget, Lincoln should specify in its annual budget the amount that it intends to spend for the use of municipal utilities—water, sewer, and solid waste—and the funds that it intends to use to pay for these costs.	City of Lincoln	Fully Implemented
11. By August 2019, Lincoln should establish and follow policies and procedures for budgeting, preparing its financial statements at the end of each fiscal year, and approving expenditures based on the Government Finance Officers Association guidelines and other best practices.	City of Lincoln	Fully Implemented
12. To help ensure that the city manager fully informs the city council of all relevant information before the council approves the annual budget, the city should specify by July 2019 the supporting information that it expects staff to provide with the proposed budget. Lincoln should then update its duty statements to require the city manager and department directors to provide the city council with this information as part of the city’s budget process.	City of Lincoln	Fully Implemented
13. To ensure that the city complies with its purchasing policy, the city manager should immediately develop and implement procedures for staff to obtain and document the required approval from the city manager or the city council before committing city resources. Beginning immediately, the city manager should also report to the city council on a regular basis all purchases that the city manager approves.	City of Lincoln	Fully Implemented
14. To ensure that city management holds city staff accountable for resolving deficiencies identified in its annual audits, Lincoln’s city council should immediately require the city manager to track and report progress in addressing outstanding audit recommendations at least quarterly.	City of Lincoln	Fully Implemented
15. By June 2019, Lincoln should develop and follow a process to ensure that it accurately and promptly records all year-end closing entries in its general ledger and issues its comprehensive annual financial report within the period that state law requires.	City of Lincoln	Fully Implemented
16. To ensure transparency in providing accurate fee information to the public, Lincoln should immediately update and publicly disclose its master fee schedule to reflect the fees that it actually charges. In addition, Lincoln should periodically review its fee schedule to identify outdated fees that do not accurately reflect the cost of providing services. It should revise those fees to incorporate the costs commensurate with those services and update its master fee schedule accordingly.	City of Lincoln	Fully Implemented
17. To ensure that it applies the correct fee credits to developers, Lincoln should develop policies and procedures by September 2019 for establishing fee credits and maintaining adequate documentation to justify modifications to fee credits, including credits it awards based on changes in fee schedules and updated development agreements.	City of Lincoln	Pending

**Report Number I2019-1**

***Investigation of Improper Activities by a State Agency and Its Employees: A Director Committed Gross Misconduct When She Repeatedly Violated Merit-Based Employment Principles and Attempted to Retaliate Against Suspected Whistleblowers (March 2019)***

RECOMMENDATION	ENTITY	STATUS OF RECOMMENDATION
1. Given the totality of the director’s improper conduct, the oversight agency should work with the Governor’s office to take appropriate steps to ensure that the director, and any other individual who may occupy her position, cannot take similar actions.	State of California	Fully Implemented
2. The oversight agency should require the director, the HR chief, and the senior staff member to undergo CalHR or State Personnel Board (SPB) training on the requirements for making good faith appointments.	State of California	Partially Implemented
3. The oversight agency should ensure that the department strengthens its nepotism policy so that it prohibits employees with personal relationships from having any involvement in the selection, appointment, promotion, retention, supervision, and discipline of one another.	State of California	Fully Implemented
4. The oversight agency should discipline the director’s daughter for her improper activities and document the actions in her official personnel file.	State of California	Fully Implemented

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5. The oversight agency should collect \$129,329 from the director's daughter for her fraudulent claims of time worked.	State of California	Partially Implemented
6. The oversight agency should suspend the director's daughter's telecommuting agreement.	State of California	Resolved
7. The oversight agency should require the IT manager and the new supervisor to attend external training related to the proper supervision of staff and, in particular, of staff who work remotely.	State of California	Resolved
8. The oversight agency should require the director, IT manager, and the new supervisor to undergo training by CalHR related to the proper procedures to formalize and manage reasonable accommodations.	State of California	Fully Implemented
9. The oversight agency should ensure that all staff who are currently permitted to telecommute full time have the proper documentation and justification on file and require that telecommuting agreements be reevaluated annually.	State of California	Fully Implemented
10. Given the totality of the director's improper conduct, the oversight agency should work with the Governor's office to take appropriate steps to ensure that the director, and any other individual who may occupy her position, cannot take similar actions. (Duplicate of Recommendation 1)	State of California	Fully Implemented
11. The oversight agency should require the director, HR chief, and the senior staff member to undergo CalHR or SPB training on the requirements for making good-faith appointments, permissible reinstatements, leaves of absences, and pay differentials.	State of California	Partially Implemented
12. Given the totality of the director's improper conduct, the oversight agency should work with the Governor's office to take appropriate steps to ensure that the director, and any other individual who may occupy her position, cannot take similar actions. (Duplicate of Recommendation 1)	State of California	Fully Implemented

### Report Number 2018-129

#### Employment Development Department: Its Practice of Mailing Documents Containing Social Security Numbers Puts Californians at Risk of Identity Theft (March 2019)

RECOMMENDATION	ENTITY	STATUS OF RECOMMENDATION
<p>1. Because other state agencies may mail full social security numbers (SSNs) to Californians, and because this practice—regardless of the agency involved—exposes individuals to the risk of identity theft, the Legislature should amend state law to require all state agencies to develop and implement plans to stop mailing documents that contain full SSNs to individuals by no later than December 2022, unless federal law requires the inclusion of full SSNs. To ensure that state agencies sufficiently prepare to implement this new law, the Legislature should also require that, by September 2019, they submit to it a report that identifies the extent to which their departments mail any documents containing full SSNs to individuals.</p> <p>If any agency determines that it cannot reasonably meet the December 2022 deadline to stop including full SSNs on mailings to individuals, the Legislature should require that, starting in January 2023, the agency submit to it and post on the agency's website an annual corrective action plan that contains, at a minimum, the following information:</p> <ul style="list-style-type: none"> <li>• The steps it has taken to stop including full SSNs on mailed documents.</li> <li>• The number of documents from which it has successfully removed full SSNs and the approximate mailing volume that corresponds to those documents.</li> <li>• The remaining steps that it plans to take to remove or replace full SSNs it includes on mailed documents.</li> <li>• The number of documents and approximate mailing volume that it has yet to address.</li> <li>• The expected date by which it will stop mailing documents that contain full SSNs to individuals.</li> </ul> <p>Finally, if a state agency cannot remove or replace full SSNs that it includes on documents that it mails to individuals by January 2023, the Legislature should require the agency to provide access to and pay for identity theft monitoring for any individual to whom it mails documents containing SSNs.</p>	Legislature	Partially Implemented

<p>2. To reduce the risk of identity theft for its claimants before it completes its modernization project, the Employment Development Department (EDD) should, by December 2021, implement one or more of our proposed solutions or another viable solution to discontinue its use of full SSNs as unique identifiers on all documents that it mails to claimants. Further, it should prioritize addressing documents with the highest mail volumes, and it should make changes to these documents by March 2020. When providing us with the status of its implementation of this recommendation at 60 days, six months, and one year after the issuance of this report, and annually thereafter, EDD should note which documents it has addressed since the release of our report, how it has addressed them, and the dates by which it expects to address the remaining documents containing full SSNs that it mails to claimants.</p>	<p>Employment Development Department</p>	<p>Pending</p>
<p>3. To ensure that it eliminates any unnecessary uses of personal information in its external communications and to ensure that it fully protects its claimants' privacy, EDD should, by May 2019, implement its recently developed plan for reviewing new, revised, and existing documents. EDD should provide documents to us indicating the progress it has made to implement this recommendation at 60 days, six months, and one year following the release of this report. Finally, it should, by December 2021, complete its full review of existing documents and remove any unnecessary instances of personal information.</p>	<p>Employment Development Department</p>	<p>Pending</p>

**Report Number I2019-2**

**Investigations of Improper Activities by State Agencies and Employees: Inefficient Management of State Resources, Misuse of State Time and Inaccurate Attendance Records, and Inadequate Supervision (April 2019)**

RECOMMENDATION	ENTITY	STATUS OF RECOMMENDATION
<p>1. The California Department of Tax and Fee Administration (CDTFA) should recover overpayments or adjust leave balances for the 25 exempt employees that this report identifies.</p>	<p>California Department of Tax and Fee Administration</p>	<p>Fully Implemented</p>
<p>2. CDTFA should review attendance records for these 25 exempt employees to determine whether the State owes them any holiday credits or other leave credits because the employees may have unnecessarily charged leave time on days that they were scheduled to be off.</p>	<p>California Department of Tax and Fee Administration</p>	<p>Fully Implemented</p>
<p>3. CDTFA should survey or otherwise determine leave use for all exempt employees who worked alternate schedules during the past three years to ascertain whether and by how much those employees were overpaid and to recover any overpayments as state law requires.</p>	<p>California Department of Tax and Fee Administration</p>	<p>Fully Implemented</p>
<p>21. The State Controller's Office (SCO) should immediately recover overpayments made to the employee or adjust her leave balances by 23 hours to account for her missed work time.</p>	<p>State Controller's Office</p>	<p>Fully Implemented</p>
<p>22. By April 2019, the SCO should review attendance for the employee for the time period that she worked an alternate schedule to determine whether she owes the State any additional hours as a result of informally switching her regular day off (RDO). If she does, the SCO should recover any overpayments or adjust her leave balances accordingly.</p>	<p>State Controller's Office</p>	<p>Partially Implemented</p>
<p>23. By June 2019, the SCO should review the attendance records of the manager's other staff to determine whether the other employees also failed to account for any missed work time.</p>	<p>State Controller's Office</p>	<p>Partially Implemented</p>
<p>24. The SCO should determine whether other managers or supervisors at the SCO also allowed employees to informally switch their RDOs. If so, the SCO should review the attendance records for the relevant employees to verify that they accurately recorded their time off and hours worked. To the extent that the SCO determines other employees improperly accounted for their time, the SCO should recover any overpayments or adjust their leave balances accordingly.</p>	<p>State Controller's Office</p>	<p>Partially Implemented</p>
<p>25. The Department of Industrial Relations (DIR) should provide instruction to all supervisors to maintain an accurate record of subordinate staff's daily work hours by either requiring all hourly employees to record the hours worked on their timesheet or using another reliable and consistent system to record daily hours worked by subordinate staff.</p>	<p>Department of Industrial Relations</p>	<p>Fully Implemented</p>
<p>26. DIR should provide training to the two supervisors regarding proper time and attendance procedures.</p>	<p>Department of Industrial Relations</p>	<p>Fully Implemented</p>

**Report Number I2019-3****Investigations of Improper Activities by State Agencies and Employees: Wasteful and Improper Travel Payments, Improper Promotion and Hiring Practices, and Misuse of State Resources (May 2019)**

RECOMMENDATION	ENTITY	STATUS OF RECOMMENDATION
16. The Department of Business Oversight (Business Oversight) should ensure that it collects the salary the employee improperly received during her unlawful tenure as an analyst.	Department of Business Oversight	Fully Implemented
17. Business Oversight should take appropriate corrective or disciplinary action against the employee for her dishonesty during her interview with investigators.	Department of Business Oversight	Fully Implemented

**Report Number 2018-611****Gaps in Oversight Contribute to Weaknesses in the State's Information Security (July 2019)**

RECOMMENDATION	ENTITY	STATUS OF RECOMMENDATION
1. To strengthen the information security practices of nonreporting entities, the Legislature should amend state law to require all nonreporting entities to adopt information security standards comparable to those in Chapter 5300 of the State Administrative Manual.	Legislature	Legislation Proposed But Not Enacted
2. To strengthen the information security practices of nonreporting entities, the Legislature should amend state law to require all nonreporting entities to obtain or perform comprehensive information security assessments no less frequently than every three years to determine compliance with the entirety of their adopted information security standards.	Legislature	Legislation Proposed But Not Enacted
3. To strengthen the information security practices of nonreporting entities, the Legislature should amend state law to require all nonreporting entities to confidentially submit certifications of their compliance with their adopted standards to the Assembly Privacy and Consumer Protection Committee and, if applicable, to confidentially submit corrective action plans to address any outstanding deficiencies.	Legislature	Legislation Proposed But Not Enacted

**Report Number 2018-133****Fallen Leaf Lake Community Services District: Its Billing Practices and Small Electorate Jeopardize Its Ability to Provide Services (July 2019)**

RECOMMENDATION	ENTITY	STATUS OF RECOMMENDATION
1. To ensure that the Fallen Leaf Lake Community Services District (Fallen Leaf Lake) has an electorate of sufficient size from which it can elect members to its board, the Legislature should enact legislation to allow landowners and holders of Forest Service permits within Fallen Leaf Lake, along with otherwise domiciled registered voters in Fallen Leaf Lake, to vote on district matters and serve on the board.	Legislature	Legislation Proposed But Not Enacted
2. To help voters in special districts elect full-size boards of directors and to help special district boards avoid quorum issues and service disruptions, the Legislature should amend state law to require a local agency formation commission to assess whether an electorate is of sufficient size when it considers creating or modifying a special district.	Legislature	No Action Taken
6. To ensure that Fallen Leaf Lake complies with the reimbursement terms of the fire agreement and does not claim excessive reimbursement amounts, the Fallen Leaf Lake board, by September 15, 2019, should create and implement a policy governing the reimbursement rate the fire chief claims for paid and recruit firefighters who participate on strike team assignments under the fire agreement. Additionally, the Fallen Leaf Lake board should review and approve the annual salary form before the fire chief submits it to the California Office of Emergency Services (Cal OES).	Fallen Leaf Lake Community Services District	Resolved

7. To rectify the excessive reimbursement amounts it received for strike team assignments, Fallen Leaf Lake should, by December 31, 2019, develop and implement a plan for returning to the paying agencies the excessive reimbursements it received for 2016 through 2018.	Fallen Leaf Lake Community Services District	Pending
8. To rectify the excessive reimbursement amounts it received for strike team assignments, Fallen Leaf Lake should, by December 31, 2019, work with Cal OES to identify the amounts of excess reimbursements Fallen Leaf Lake received for 2013 through 2015 and then develop and implement a plan for returning those amounts to the paying agency.	Fallen Leaf Lake Community Services District	Pending
9. To ensure that it complies with all applicable labor and wage laws, Fallen Leaf Lake should, by September 15, 2019, seek advice from appropriate experts, such as legal counsel and tax advisors, regarding the proper characterization and compensation of its recruit firefighters. It should develop and implement a policy in this area that meets all applicable requirements.	Fallen Leaf Lake Community Services District	Fully Implemented
10. To improve its financial viability and safeguard its ability to continue providing services to the Fallen Leaf Lake community, Fallen Leaf Lake should, by December 31, 2019, monitor the financial risks it may face in the future, forecast their impact on its finances and budget, and plan and implement appropriate changes to its budget as necessary throughout the fiscal year.	Fallen Leaf Lake Community Services District	Pending
11. To improve its financial viability and safeguard its ability to continue providing services to the Fallen Leaf Lake community, Fallen Leaf Lake should, by December 31, 2019, limit the extent to which it relies on volatile revenue sources to balance its budget.	Fallen Leaf Lake Community Services District	Pending
12. To improve its financial viability and safeguard its ability to continue providing services to the Fallen Leaf Lake community, Fallen Leaf Lake should, by December 31, 2019, develop and implement a budget plan that realistically estimates changes in revenues and expenditures, and identifies approaches to address such changes.	Fallen Leaf Lake Community Services District	Fully Implemented
13. To improve its financial viability and safeguard its ability to continue providing services to the Fallen Leaf Lake community, Fallen Leaf Lake should, by December 31, 2019, develop a five-year forecast of estimated revenues and expenditures and a plan to guide its decisions and actions in the event of fluctuations.	Fallen Leaf Lake Community Services District	Pending

**Report Number 2019-102**

**Department of Industrial Relations: Its Failure to Adequately Administer the Qualified Medical Evaluator Process May Delay Injured Workers' Access to Benefits (November 2019)**

RECOMMENDATION	ENTITY	STATUS OF RECOMMENDATION
1. To ensure that the DIR Division of Workers Compensation (DWC) maintains a sufficient supply of qualified medical evaluators (QMEs) and appropriately compensates these individuals, the Legislature should amend state law to specify that DWC review and, if necessary, update the medical-legal fee schedule at least every two years based on inflation. DWC's review of the medical-legal fee schedule should be separate from its review of the Official Medical Fee Schedule.	Legislature	Legislation Proposed But Not Enacted
2. To reduce the delays that replacement panels cause in resolving workers' compensation claims, the Legislature should revise state law to increase the number of QMEs on the panels DWC provides. Specifically, unrepresented employees should continue to choose from a panel of three QMEs, and represented employees should be provided with a panel of five QMEs, of whom the employee and the employer can each strike one, leaving both parties with the same number of QMEs to choose from as unrepresented employees. The party—the worker or the employer—that did not request the panel would select the final QME. If the selected QME is unavailable, the parties would then select from among the two remaining QMEs until they find one that is available.	Legislature	No Action Taken

3. To ensure that DWC appoints enough QMEs to keep up with the demand for QME services, it should, by April 2020, develop and implement a plan to increase the number of QMEs commensurate with demand. The plan should describe how DWC will actively recruit for and increase the pool of QMEs, prioritizing specialties with the greatest shortages relative to demand. It should also use QME data trends to project the necessary QME supply to meet demand. The plan should include continuing negotiation with medical groups to allow their physicians to become QMEs, as well as establishing goals for recruiting new QMEs in specific specialties.	Department of Industrial Relations	Fully Implemented
4. To ensure consistency and transparency in overseeing QMEs, DWC should, by April 2020, develop and implement written policies and procedures that define and specify its internal processes for disciplining QMEs, including timelines for taking disciplinary action and for scheduling hearings or responding to settlement proposals.	Department of Industrial Relations	Partially Implemented
5. To ensure consistency and transparency in overseeing QMEs, DWC should, by April 2020, develop and implement written policies and procedures that define its internal process for reappointing QMEs and how that process should proceed if any disciplinary investigations are pending.	Department of Industrial Relations	Partially Implemented
6. To ensure that DWC monitors and reviews QME report quality and timeliness and to ensure the efficient resolution of workers' compensation claims, DWC should, by April 2020, create and implement a plan to continuously review the quality and timeliness of QME reports, including time frames for review, methodology for selecting reports to review, and the minimum number of reports to be reviewed annually.	Department of Industrial Relations	Fully Implemented
7. To ensure that DWC monitors and reviews QME report quality and timeliness and to ensure the efficient resolution of workers' compensation claims, DWC should, by April 2020, develop and implement a process for annually reporting to DWC's administrative director its findings on the quality and timeliness of QME reports and recommended improvements to the QME system.	Department of Industrial Relations	Fully Implemented
8. To ensure that DWC monitors and reviews QME report quality and timeliness and to ensure the efficient resolution of workers' compensation claims, DWC should, by April 2020, create written policies and implement a consistent process for ensuring that workers' compensation judges and the Appeals Board inform DWC of QME reports they rejected for not meeting minimum standards.	Department of Industrial Relations	Fully Implemented
9. To ensure that DWC monitors and reviews QME report quality and timeliness and to ensure the efficient resolution of workers' compensation claims, DWC should, by April 2020, create written policies and implement a process for tracking QME reports rejected by workers' compensation judges and the Appeals Board for not meeting minimum standards. DWC should consider and include these reports in its annual review of report quality and recommend improvements to the QME system.	Department of Industrial Relations	Fully Implemented

### Report Number 2019-106

#### Workers' Compensation Insurance: Some State Agencies Are Paying Millions of Dollars More Than Necessary to Provide Benefits to Their Employees (November 2019)

RECOMMENDATION	ENTITY	STATUS OF RECOMMENDATION
1. To ensure that all state agencies provide workers' compensation in the most cost-effective manner, CalHR should provide each agency that purchases workers' compensation insurance with a cost-benefit analysis every five years that compares the cost of purchasing this insurance through State Fund with the cost of obtaining coverage through the master agreement. It should begin providing these analyses to state agencies no later than six months after the Legislature gives it authority to request the necessary information from these agencies.	California Department of Human Resources	Fully Implemented



2. To ensure that state agencies have adequate time to review settlement requests and provide settlement authority, the State Compensation Insurance Fund (State Fund) should create and follow a policy by May 2020 to provide settlement authorization requests to agencies at least 30 days before settlement conferences.	State Compensation Insurance Fund	Fully Implemented
3. To ensure CalHR has the data necessary to compare insurance and master agreement costs for agencies using State Fund insurance policies, the Legislature should give CalHR the authority to obtain that information.	Legislature	No Action Taken

**Report Number 2019-103**

**California Is Not Adequately Prepared to Protect Its Most Vulnerable Residents From Natural Disasters (December 2019)**

RECOMMENDATION	ENTITY	STATUS OF RECOMMENDATION
2. To best prepare to protect and care for people with access and functional needs, the county should revise its emergency plans by following the best practices that we included in our report. The county should begin implementing these practices as soon as possible. By no later than March 2020, the county should develop a schedule for completing updates to its emergency plans.	Butte County	*
3. To best prepare to protect and care for people with access and functional needs, the county should revise its emergency plans by following the best practices that we included in our report. The county should begin implementing these practices as soon as possible. By no later than March 2020, the county should develop a schedule for completing updates to its emergency plans.	Sonoma County	*
4. To best prepare to protect and care for people with access and functional needs, the county should revise its emergency plans by following the best practices that we included in our report. The county should begin implementing these practices as soon as possible. By no later than March 2020, the county should develop a schedule for completing updates to its emergency plans.	Ventura County	Partially Implemented
5. To ensure that the county maintains updated emergency plans that are consistent with current best practices, the county should adopt ordinances establishing requirements for the frequency with which the county must update its emergency plans and should set that frequency at no greater than five years.	Butte County	*
6. To ensure that the county maintains updated emergency plans that are consistent with current best practices, the county should adopt ordinances establishing requirements for the frequency with which the county must update its emergency plans and should set that frequency at no greater than five years.	Sonoma County	Fully Implemented
7. To ensure that the county maintains updated emergency plans that are consistent with current best practices, the county should adopt ordinances establishing requirements for the frequency with which the county must update its emergency plans and should set that frequency at no greater than five years.	Ventura County	Pending
8. To ensure that the county's emergency planning efforts more fully account for people with access and functional needs in the future, the county should adopt county ordinances that require the county's emergency managers to do the following during each update to the county's emergency plans: <ul style="list-style-type: none"> <li>• When planning to protect people with access and functional needs, adhere to the best practices and guidance that the Federal Emergency Management Agency (FEMA), Cal OES, and other relevant authorities have issued.</li> <li>• Report publicly to the boards of supervisors during emergency planning about the steps they have taken to address access and functional needs.</li> <li>• Consult periodically with a committee of community groups that represent people with a variety of access and functional needs. Further, the county should require that representatives of the community group committees present to the board of supervisors their review of the adequacy of the emergency plans.</li> </ul>	Butte County	*

<p>9. To ensure that the county's emergency planning efforts more fully account for people with access and functional needs in the future, the county should adopt county ordinances that require the county's emergency managers to do the following during each update to the county's emergency plans:</p> <ul style="list-style-type: none"> <li>• When planning to protect people with access and functional needs, adhere to the best practices and guidance that FEMA, Cal OES, and other relevant authorities have issued.</li> <li>• Report publicly to the boards of supervisors during emergency planning about the steps they have taken to address access and functional needs.</li> <li>• Consult periodically with a committee of community groups that represent people with a variety of access and functional needs. Further, the county should require that representatives of the community group committees present to the board of supervisors their review of the adequacy of the emergency plans.</li> </ul>	Sonoma County	*
<p>10. To ensure that the county's emergency planning efforts more fully account for people with access and functional needs in the future, the county should adopt county ordinances that require the county's emergency managers to do the following during each update to the county's emergency plans:</p> <ul style="list-style-type: none"> <li>• When planning to protect people with access and functional needs, adhere to the best practices and guidance that FEMA, Cal OES, and other relevant authorities have issued.</li> <li>• Report publicly to the boards of supervisors during emergency planning about the steps they have taken to address access and functional needs.</li> <li>• Consult periodically with a committee of community groups that represent people with a variety of access and functional needs. Further, the county should require that representatives of the community group committees present to the board of supervisors their review of the adequacy of the emergency plans.</li> </ul>	Ventura County	Pending

### Report Number 2019-112

#### California State Lottery: The Lottery Has Not Ensured That It Maximizes Funding for Education (February 2020)

RECOMMENDATION	ENTITY	STATUS OF RECOMMENDATION
<p>5. To ensure that the California State Lottery (Lottery) is subject to oversight of its procurement practices, the Legislature should amend the Lottery Act to direct the SCO to conduct audits of the Lottery's procurement process at least once every three years.</p>	Legislature	No Action Taken
<p>8. To ensure effective oversight of the Lottery, the SCO should immediately begin taking steps to improve its audits of the Lottery by doing the following:</p> <ul style="list-style-type: none"> <li>• Develop and follow procedures that ensure that objections to audit findings are addressed by the audit team that worked on the audit. The procedures should provide the audit team sufficient time to interact directly with the Lottery about its objections and should direct the audit team to fully document its rationale for making any adjustments to the audit's findings before the audit report is published.</li> <li>• Revise its risk assessment of the Lottery to include issues of efficiency and effectiveness of the Lottery's operations.</li> <li>• Select high-risk areas of the Lottery's operations and conduct performance audits to assess the effectiveness and efficiency of those areas. In all audits of the Lottery, consider how the audit findings relate to the Lottery's purpose of providing education with the maximum possible funding.</li> </ul>	State Controller's Office	Pending

**Report Number I2020-1**

**Investigation of Improper Activities by State Agencies and Employees: Waste of State Funds, Misuse of Bereavement Leave, Misuse of State Resources, Dishonesty, and Supervisory Neglect of Duty (April 2020)**

RECOMMENDATION	ENTITY	STATUS OF RECOMMENDATION
8. CalVet should determine the best option to recoup whatever funds it can of the nearly \$38,000 it spent on the equipment, such as submitting it to DGSs' state surplus property auction.	Department of Veterans Affairs	Fully Implemented
9. CalVet should train receiving staff at the home on applicable contracting manual requirements for the receipt of purchased goods.	Department of Veterans Affairs	Fully Implemented
10. CalVet should determine whether the home needs a bedbug oven and, if so, ensure that it is properly stored in accordance with its specifications.	Department of Veterans Affairs	Fully Implemented
13. EDD should recoup or correct all overpayments made to the employee we determined to have taken inappropriate bereavement leave.	Employment Development Department	Fully Implemented
14. DGS should recoup or correct all overpayments made to the employees we determined to have taken inappropriate bereavement leave.	Department of General Services	Fully Implemented
18. EDD should notify all employees of bereavement leave requirements and where they can find additional information specific to bereavement leave.	Employment Development Department	Fully Implemented
19. DGS should notify all employees of bereavement leave requirements and where they can find additional information specific to bereavement leave.	Department of General Services	Fully Implemented
23. EDD should remind supervisors of their responsibilities to ensure that employees charge leave properly, including bereavement leave, and to not allow employees to exceed the allowable limits that the bargaining agreements and state law provide.	Employment Development Department	Fully Implemented
24. DGS should remind supervisors of their responsibilities to ensure that employees charge leave properly, including bereavement leave, and to not allow employees to exceed the allowable limits that the bargaining agreements and state law provide.	Department of General Services	Fully Implemented
26. To address inconsistent bereavement leave policies, CalHR should revise its policy to mirror the requirements of Government Code section 19859.3, which requires unrepresented employees to submit substantiation for each leave request.	California Department of Human Resources	Partially Implemented
27. To address inconsistent bereavement leave policies, EDD should revise its policy to mirror the requirements of Government Code section 19859.3, which requires unrepresented employees to submit substantiation for each leave request.	Employment Development Department	Fully Implemented
28. To ensure that represented employees properly claim bereavement leave, CalHR should work with labor unions to change the bargaining agreements' provision to require represented employees to submit substantiation for each claim of bereavement leave as state law requires for unrepresented employees. In addition, the Legislature should require any represented employees who use bereavement leave to submit substantiation for each leave request.	California Department of Human Resources	Partially Implemented
29. To prevent further misuse of bereavement leave, CalHR should proactively issue guidance to all state entities reminding them of the bereavement leave requirements and how they differ between represented and unrepresented employees.	California Department of Human Resources	Partially Implemented
44. The Franchise Tax Board (FTB) should require the administrator to repay the State for the three days that she reported working but did not work.	Franchise Tax Board	Fully Implemented
45. The FTB should ensure that FTB staff members who telework have an approved telework agreement on file and follow all the requirements set forth in the agreement, including pre-approval on telework days, if required.	Franchise Tax Board	Fully Implemented
46. The FTB should ensure that managerial employees know the work schedules of their staff members and require those staff members to adhere to their expected work schedules.	Franchise Tax Board	Fully Implemented

**Report Number I2020-0027****Board of Registered Nursing: Executives Violated State Law When They Falsified Data to Deceive the State Auditor's Office (June 2020)**

RECOMMENDATION	ENTITY	STATUS OF RECOMMENDATION
1. Within 90 days, the Board of Registered Nursing (BRN) should take appropriate corrective action against Executives B and C, and consider placing a notice of the investigation in Executive A's personnel file, as that individual has left BRN.	Board of Registered Nursing	Fully Implemented
2. Within 30 days, BRN should reassess investigator caseloads and determine the maximum number of cases that investigators should be assigned based on clear criteria.	Board of Registered Nursing	Fully Implemented
3. Within 90 days, BRN should work with the audit team to develop a satisfactory approach for fully implementing the 2016 audit recommendation.	Board of Registered Nursing	Partially Implemented

**Report Number 2019-120****Board of Registered Nursing: It Has Failed to Use Sufficient Information When Considering Enrollment Decisions for New and Existing Nursing Programs (July 2020)**

RECOMMENDATION	ENTITY	STATUS OF RECOMMENDATION
1. To better ensure that California has an appropriate number of nurses in the future, BRN should do the following by January 1, 2021: revise the scope of work of its contract for workforce forecasting services to direct the contractor to incorporate regional analyses.	Board of Registered Nursing	Pending
2. To better ensure that California has an appropriate number of nurses in the future, BRN should do the following by January 1, 2021: ensure that the governing board's enrollment decisions and other actions adequately take into consideration the regional analyses in BRN's future workforce forecasts. Specifically, it should amend its policies to require that when its staff present information to the education committee and the governing board to inform them on pending enrollment decisions, staff should include relevant information related to BRN's most recent forecast of the nursing workforce.	Board of Registered Nursing	*
3. To ensure that nursing education staff members provide complete information to the governing board when it is considering enrollment decisions, by January 1, 2021, BRN should establish in policy the specific information that its staff should present to the education committee and governing board, including data about clinical facilities that nursing programs use for placements, the content areas for which the programs use those facilities, and the total number of available placement slots and the risk of clinical displacements at the facilities.	Board of Registered Nursing	*
4. To ensure that BRN is using up-to-date, accurate, and objective information to inform the governing board's enrollment decisions and to assess clinical capacity for student placements, by April 1, 2021, BRN should do the following: update its clinical facility approval form to capture annual capacity estimates from clinical facilities, as well as annual clinical placement needs of programs.	Board of Registered Nursing	*
5. To ensure that BRN is using up-to-date, accurate, and objective information to inform the governing board's enrollment decisions and to assess clinical capacity for student placements, by April 1, 2021, BRN should do the following: revise its regulations to require nursing programs to report any changes they make to their use of clinical facilities within 90 days of making a change and report annually if the program has made no changes.	Board of Registered Nursing	*
6. To ensure that BRN is using up-to-date, accurate, and objective information to inform the governing board's enrollment decisions and to assess clinical capacity for student placements, by April 1, 2021, BRN should do the following: compile and aggregate the information from the facility approval forms into a database and take reasonable steps to ensure that the information is accurate and current.	Board of Registered Nursing	*
7. To ensure that BRN is using up-to-date, accurate, and objective information to inform the governing board's enrollment decisions and to assess clinical capacity for student placements, by April 1, 2021, BRN should do the following: annually publish clinical capacity information on its website for public use.	Board of Registered Nursing	*

8. To ensure that BRN is using up-to-date, accurate, and objective information to inform the governing board's enrollment decisions and to assess clinical capacity for student placements, by April 1, 2021, BRN should do the following: immediately discontinue its practice of having nursing programs seek statements of support or opposition from neighboring nursing programs when considering requests for new programs or increased enrollment at existing programs.	Board of Registered Nursing	Fully Implemented
9. To identify additional facilities that might offer clinical placement slots, by October 1, 2021, and annually thereafter, BRN should compare its nursing program database with the Office of Statewide Health Planning and Development's list of health care facilities. BRN should share the results of its comparison with nursing programs by publishing this information on its website.	Board of Registered Nursing	*
10. To better inform stakeholders and the governing board's decision making, the Legislature should amend state law to do the following: require BRN to incorporate regional forecasts into its biennial analyses of the nursing workforce.	Legislature	No Action Taken
11. To better inform stakeholders and the governing board's decision making, the Legislature should amend state law to do the following: require BRN to develop a plan to address regional areas of shortage identified by its nursing workforce forecast. BRN's plan should include identifying additional facilities that might offer clinical placement slots.	Legislature	No Action Taken
12. As part of BRN's sunset review in 2021, the Legislature should consider whether the State would be better served by having BRN revise its regulations to leverage portions of the accreditors' reviews to reduce duplication and more efficiently use state resources. For example, it could consider restructuring continuing approval requirements for nursing programs that are accredited and maintain certain high performance standards for consecutive years (for example, licensure exam pass rates, program completion rates, and job placement rates). Additionally, the Legislature should consider whether and how BRN could coordinate its reviews with accreditors to increase efficiency.	Legislature	No Action Taken
13. To ensure that BRN and stakeholders have an understanding of clinical placement capacity in California, the Legislature should amend state law to require BRN to annually collect, analyze, and report information related to the number of clinical placement slots that are available and the location of those clinical placement slots within the State.	Legislature	No Action Taken

**Report Number 2019-111**

**Mobile Home Park Inspections: The Department of Housing and Community Development Must Improve Its Inspection Processes to Better Protect Park Residents (April 2020)**

RECOMMENDATION	ENTITY	STATUS OF RECOMMENDATION
1. To reduce the risk of unidentified health and safety violations, the Department of Housing and Community Development (HCD) should by January 2021 use its existing authority to develop written policies and procedures for selecting parks for its park inspections that consider for all parks the number and severity of recent complaints as well as the length of time since HCD conducted any type of park visit.	Department of Housing and Community Development	Fully Implemented
2. To reduce health and safety risks in parks, HCD should by September 2020 develop written guidance that specifies what constitutes a field monitoring visit, how inspectors should choose parks for field monitoring, and how inspectors will document these visits.	Department of Housing and Community Development	Fully Implemented
3. To reduce health and safety risks in parks, HCD should by September 2020 document facility IDs and dates for all inspections and field monitoring visits in the Codes and Standards Automated System (CSAS) so that staff can readily determine the length of time since each park's last inspection or field monitoring visit and the type of inspection or visit that HCD conducted.	Department of Housing and Community Development	Partially Implemented
4. To improve consistency in inspections, HCD should by July 2021 develop and implement procedures to specify the factors that inspectors should consider when deciding whether to cite common types of violations.	Department of Housing and Community Development	Pending

5. To improve consistency in inspections, HCD should by July 2021 develop and implement procedures to implement and begin providing periodic refresher training to its inspectors to reinforce inspection policies.	Department of Housing and Community Development	Pending
6. To improve consistency in inspections, HCD should by July 2021 develop and implement procedures to require a secondary review of a selection of inspection reports to ensure that staff members follow key legal and HCD policy requirements. These procedures should specify how often secondary reviewers will review reports, how many reports they will review, what to look for during these reviews, and how to document the secondary review.	Department of Housing and Community Development	Pending
7. To ensure that park owners and residents have sufficient information to understand HCD's inspection process, HCD should by September 2020 establish procedures for promptly mailing notices to park owners and residents and consistently document when it mails notices.	Department of Housing and Community Development	Fully Implemented
8. To ensure that park owners and residents have sufficient information to understand HCD's inspection process, HCD should by September 2020 establish a process to document its reviews of compliance with time frames for mailing required notices.	Department of Housing and Community Development	Fully Implemented
9. To ensure that park owners and residents have sufficient information to understand HCD's inspection process, HCD should by September 2020 establish procedures to ensure that it invites residents to all live preinspection conferences it conducts.	Department of Housing and Community Development	Pending
10. To ensure that complaints alleging potential health and safety violations are inspected in a timely manner, HCD should by September 2020 begin periodically monitoring its compliance with time requirements for conducting complaint inspections.	Department of Housing and Community Development	Fully Implemented
11. To demonstrate that it is making reasonable efforts to consult with complainants before inspectors perform complaint inspections, HCD should by January 2021 develop procedures to require inspectors to document a reasonable number of attempts to contact complainants before conducting the inspection of the complaint.	Department of Housing and Community Development	Pending
12. To demonstrate that it is making reasonable efforts to inform complainants of the results, HCD should by January 2021 develop procedures to require staff to notify complainants in writing of the results of the inspection and document the notification.	Department of Housing and Community Development	Pending
13. To demonstrate that it is making reasonable efforts to notify complainants of options available if their allegations are not health and safety violations or fall outside HCD jurisdiction, HCD should by January 2021 develop procedures to verify that inspectors include information about complainants' right to pursue private civil or other action when applicable.	Department of Housing and Community Development	Pending
14. To ensure that HCD promptly communicates all required information to park owners and residents, HCD should by September 2020 review and revise the notices it issues to ensure that they comply with statutory requirements, such as providing information regarding the right to appeal inspectors' decisions and a list of local agencies that offer home rehabilitation or repair programs.	Department of Housing and Community Development	Fully Implemented
15. To ensure that HCD promptly communicates all required information to park owners and residents, HCD should by September 2020 establish a process to review notifications annually for compliance with any changes in its inspection procedures.	Department of Housing and Community Development	Fully Implemented
16. To ensure that HCD appropriately uses the revenue from fees it collects for the parks program activities only for the fees' intended purposes, HCD should by September 2020 require staff, including inspectors, in the codes and standards division to charge hours that accurately reflect the work they perform.	Department of Housing and Community Development	Fully Implemented
17. To ensure that HCD appropriately tracks the time inspectors spend on each program activity, HCD should by September 2020 rescind the time reporting guidance in the August 2015 memorandum and issue new guidance in accordance with HCD policy. It should then require managers to verify the accuracy of inspector timesheets.	Department of Housing and Community Development	Fully Implemented
18. To ensure that HCD is able to determine its anticipated workload needs, HCD should by September 2020 establish procedures that ensure that staff accurately record each inspector's time spent on program activities in CASAS.	Department of Housing and Community Development	Fully Implemented



19. To prevent misuse of state time and state vehicles by inspectors, HCD should by September 2020 establish a formal process to routinely monitor vehicle usage, including specifics on how and when managers should review inspectors' GPS data, such as information on location and mileage use, to ensure that inspectors use state vehicles and state time only for their official duties.	Department of Housing and Community Development	Fully Implemented
20. To ensure that it is aware of any potential conflicts of interest that its inspectors may have, HCD should by September 2020 develop procedures to review the annual and assuming-position Form 700s of all inspectors with reportable financial interests to identify potential conflicts of interest.	Department of Housing and Community Development	Pending
21. To ensure that it is aware of any potential conflicts of interest that its inspectors may have, HCD should by September 2020 develop procedures to ensure that staff promptly notify the Form 700 filing officer of all inspectors hired or leaving HCD employment.	Department of Housing and Community Development	Pending
22. To ensure that it is aware of any potential conflicts of interest that inspectors may have involving real property, HCD should by January 2021 amend its conflict-of-interest code to require inspectors to disclose financial interests in real property.	Department of Housing and Community Development	Pending
23. To ensure that it complies with state law regarding reporting requirements for Form 700s, by August 2020 HCD should notify inspectors with missing Form 700s of their responsibility to file and the potential penalties that may be assessed if they fail to do so. HCD should notify the Fair Political Practices Commission about any inspectors who do not submit the forms as required after notification was sent as well as those who should have submitted Form 700s but who cannot be located as of August 2020.	Department of Housing and Community Development	Pending
24. To demonstrate that it appropriately addresses all complaints alleging inspector misconduct, HCD should by September 2020 establish policies to document all complaints against inspectors and the steps it takes to address those complaints.	Department of Housing and Community Development	Fully Implemented
25. To demonstrate that it appropriately addresses all complaints alleging inspector misconduct, HCD should by September 2020 refer all complaints against inspectors alleging misconduct to its equal employment opportunity officer or other individual specified in policy.	Department of Housing and Community Development	Fully Implemented
26. To ensure that HCD evaluates local enforcement agency oversight of mobile home parks effectively, by January 2021 HCD should continue its efforts to finalize its policies and procedures for evaluating local enforcement agencies and ensure that staff members follow its procedures for handling complaints it forwards to those local enforcement agencies.	Department of Housing and Community Development	Pending
27. To ensure that HCD evaluates local enforcement agency oversight of mobile home parks effectively, by January 2021 HCD should develop a formalized schedule to evaluate an adequate number of local enforcement agencies each year. HCD could establish a risk-based approach for selecting local enforcement agencies to evaluate.	Department of Housing and Community Development	Pending
28. To ensure that HCD evaluates local enforcement agency oversight of mobile home parks effectively, by January 2021 HCD should develop formal training for its inspectors in the use of its inspection checklist when conducting local enforcement agency evaluations.	Department of Housing and Community Development	Pending

**Report Number I2020-2**

**Investigation of Improper Activities by State Agencies and Employees: Waste of State Funds, Misuse of Bereavement Leave, Misuse of State Resources, Dishonesty, and Supervisory Neglect of Duty (October 2020)**

RECOMMENDATION	ENTITY	STATUS OF RECOMMENDATION
10. Within the next 60 days, DIR should complete the process of voiding the candidate's appointments to the SSM I, SSM II, and SSM III positions.	Department of Industrial Relations	Partially Implemented
11. Within the next 60 days, DIR should initiate an accounts receivable to collect the overpayments given to the candidate to prevent additional funds from exceeding the statute of limitations.	Department of Industrial Relations	Partially Implemented
12. DIR should take corrective action against any civil servant who facilitated the candidate's unlawful appointment.	Department of Industrial Relations	Partially Implemented

13. DIR should work with the executive official's current employer to take appropriate steps to ensure she is prevented from taking similar actions. In addition, DIR should work with her current employer to ensure she undergoes CalHR or SPB training on the requirements for making good-faith appointments.	Department of Industrial Relations	Fully Implemented
14. Within 60 days, CalVet should work with the Governor's Office to take corrective action against the senior executive for his decisions related to the improper emergency justifications.	Department of Veterans Affairs	Fully Implemented
15. Within 60 days, CalVet should request that DGS provide training to the senior executive, the Homes Division's management, and the veteran homes' management regarding the appropriate use of emergency exceptions for contracts.	Department of Veterans Affairs	Fully Implemented
16. Within 60 days, CalVet should implement written procedures within the emergency justification approval process to require (1) an evaluation of whether another procurement option is viable for each proposed emergency justification request and (2) a legal review of whether the situation described in the justification meets the elements of an emergency as defined by state law.	Department of Veterans Affairs	Fully Implemented
20. The department for which the attorney worked should document in the attorney's personnel file that he was under investigation for misuse of state time and resources when he retired.	California Business, Consumer Services and Housing Agency	Pending
27. FTB should take appropriate corrective or disciplinary action against the staff trainer for improperly reporting hours worked and misusing her state-issued computer.	Franchise Tax Board	Fully Implemented
28. FTB should recover overpayments made to the staff trainer or adjust the staff trainer's leave balances to account for the missed work time.	Franchise Tax Board	Partially Implemented

### Report Number 2020-108

#### California's Housing Agencies: The State Must Overhaul Its Approach to Affordable Housing Development to Help Relieve Millions of Californians' Burdensome Housing Costs (November 2020)

RECOMMENDATION	ENTITY	STATUS OF RECOMMENDATION
<p>1. To ensure that the State can identify the extent to which its financial resources are supporting its mission to provide a home for all Californians, the Legislature should require HCD to prepare an annual addendum to the State's housing plan and report to the Legislature, beginning January 2022. The addendum should include up-to-date information and identify the following:</p> <ul style="list-style-type: none"> <li>All financial resources for each housing agency for the development of affordable housing.</li> <li>The number of affordable units those resources are expected to build annually compared to the annual units needed, including units for individuals experiencing homelessness, those with special needs, seniors, and farmworkers.</li> <li>The amount of financial resources the State will need to obtain from other sources, such as federal, local, and private sources, to meet the remaining gap in needed units.</li> <li>Where the State's financial resources will have the most impact based on geographic distribution, population, and indicators of need.</li> <li>Outcomes to measure how well the State is maximizing the impact of its financial resources to meet the annual units needed, including measuring whether it has reduced cost burden and overcrowding, and increased housing availability.</li> </ul>	Legislature	†

<p>2. To ensure that the State has sufficient data to determine how much affordable housing it has supported and to maximize the impact of its funds, the Legislature should require HCD to develop the housing data strategy component of its housing plan with input from the California Tax Credit Allocation Committee (Tax Committee) and the California Housing Finance Agency (CalHFA). At a minimum, the housing data strategy should include the following:</p> <ul style="list-style-type: none"> <li>• A strategy for assigning a unique identifier to state-funded affordable housing projects so that multiple funding sources can be tracked for each project, such as all agencies using a single application process for multifamily housing programs.</li> <li>• An evaluation of data priorities to measure the distribution and impact of state-awarded funds for affordable housing, such as number of applications, type and amount of funding awarded, number of units created, and project location.</li> </ul>	Legislature	†
<p>3. To ensure that the State awards financial resources for housing in a more timely and efficient manner, the Legislature should create a workgroup including HCD, the Tax Committee, CalHFA, and other industry representatives such as private lenders and developers, and require it to do the following:</p> <ul style="list-style-type: none"> <li>• Develop consistent program requirements for determining eligibility for awarding financial resources to multifamily housing projects, to the extent feasible.</li> <li>• Align application deadlines for multifamily housing programs.</li> <li>• Design the requirements and deadlines to best accomplish the goals outlined in the state housing plan and addendum, with the intent to maximize affordable housing built and to remove administrative barriers.</li> <li>• Update their respective regulations to reference the new program requirements and deadlines.</li> </ul>	Legislature	†
<p>4. To reduce administrative redundancy and streamline a portion of the funding process, the Legislature should eliminate the California Debt Limit Allocation Committee and transfer its responsibilities to the Tax Committee, including reviewing applications and allocating bond resources. To ensure a thorough application review process, the Legislature should also require the Tax Committee to develop a sufficient quality control process for reviewing applications for bond resources, including multiple levels of review.</p>	Legislature	†
<p>5. To ensure that the allocation of bonds aligns with the State’s housing priorities and that its awards process is sufficiently transparent, the Tax Committee should, by May 2021, establish regulations to do the following:</p> <ul style="list-style-type: none"> <li>• Consistently allocate bonds based on factors including demand for bond resources, use of previously allocated bonds, documented legislative priorities, and risk of allocated bonds being lost.</li> <li>• Document and disclose annually in its public meetings and on its website the extent of any bonds lost, the purpose for which the bonds were allocated, and the rationale for the allocation.</li> </ul>	California Tax Credit Allocation Committee	†
<p>6. To ensure that tax credit awards are targeted to areas that require the most support from the State to finance affordable housing, the Tax Committee should immediately identify areas from which it has not received applications or areas with fewer awards per population and use that information to inform regulatory changes to attract more affordable housing developers to those areas.</p>	California Tax Credit Allocation Committee	†

<p>7. To help ensure that all local jurisdictions mitigate key barriers to affordable housing in the near term, the Legislature should amend state law to do the following:</p> <ul style="list-style-type: none"> <li>• Increase the existing default densities for affordable housing, currently set at up to 30 units per acre, to a level that ensures that local jurisdictions make every reasonable effort to accommodate needed affordable housing units on sites they identify in their housing plans. Because other standards, such as maximum building height, can also limit density, the Legislature should also require that local jurisdictions' development standards allow developers to build the densities that jurisdictions specify for each potential affordable housing site in their housing plans.</li> <li>• Require that local jurisdictions allow a streamlined review process with limited discretionary action for affordable housing projects on a site that a local jurisdiction has identified in its housing plan to accommodate affordable housing units.</li> </ul>	Legislature	†
<p>8. To ensure that local jurisdictions make sufficient efforts to facilitate the development of needed affordable housing in the long term, the Legislature should require HCD to develop and submit to the Legislature specific and objective standards—for example, a maximum number of parking spaces required per housing unit—for how local jurisdictions can mitigate barriers to lower-income housing development across all the potential barriers they control, such as zoning and parking. HCD should tailor these standards to ensure that local jurisdictions implementing them have made it feasible for developers to build the housing necessary to meet lower-income housing goals. The Legislature should also require that HCD consult with local jurisdictions; regional governments; and affordable housing developers, advocates, and researchers in determining these standards. The Legislature should consider this information when developing legislation to mitigate additional affordable housing barriers: for instance, it could require local jurisdictions to adopt the standards for all potential affordable housing sites in their housing plans unless they provide reasonable justifications for using different standards.</p>	Legislature	†
<p>9. To facilitate timely and needed affordable housing development in local jurisdictions that are not approving it, the Legislature should amend state law and consider the constitutionality of establishing an effective appeals process for developers of affordable housing projects. For example, it could consider doing the following:</p> <ul style="list-style-type: none"> <li>• Create an appeals board within HCD to resolve disputes over affordable housing projects in a timely and fair manner. The Legislature should specify that the appeals board include at least one representative from local jurisdictions.</li> <li>• Allow a developer of an affordable housing project to appeal to the appeals board if the local jurisdiction in which the developer has proposed the project is not on track to provide its needed lower-income units, if the project would contribute significantly to the local jurisdiction meeting that need, and if the local jurisdiction has unreasonably denied or delayed the project.</li> <li>• Require the appeals board to render decisions on appeals in a timely manner and to approve an appeal for a project if it meets the criteria above and is consistent with state and local standards.</li> <li>• Specify parameters for any subsequent litigation that challenges or enforces the state appeals board's decisions so that these decisions are enforceable and developers of affordable projects meeting reasonable standards can build as soon as is feasible.</li> </ul>	Legislature	†
<p>10. To better leverage local and private resources and develop more affordable housing, the Legislature should consider amending state law to award a significant amount of nonhousing or flexible funds, such as existing transportation funds, to local jurisdictions based on the number of lower-income housing units they have approved relative to their needs allocation.</p>	Legislature	†

<p>11. To ensure that all local jurisdictions make sufficient efforts to provide affordable housing, HCD should, by June 2021, develop and implement procedures for actively monitoring local jurisdictions that are not on track to provide the needed lower-income housing units included in their housing plans. Specifically, HCD should identify local jurisdictions with severe underdevelopment of affordable housing and indications of high need for that housing, and it should initiate reviews of those local jurisdictions that include steps to identify why they are not developing needed affordable housing. HCD should then provide technical assistance or take enforcement actions as necessary to help resolve any issues it identifies.</p>	<p>Department of Housing and Community Development</p>	<p>†</p>
<p>12. To ensure stronger enforcement that encourages project owners to keep housing affordable and habitable, the Tax Committee should amend its regulations to take more meaningful disciplinary action against housing project owners that show patterns of noncompliance across multiple inspections. These changes may include but are not limited to the following actions:</p> <ul style="list-style-type: none"> <li>• Develop clearer guidance for penalizing project owners who have a history of noncompliance when applying for tax credits for future projects; the guidance should establish the specific conditions that would warrant imposing penalties on a housing project.</li> <li>• Include in its regulations procedures for imposing fines and change guidance to permit the committee to impose fines if a housing project shows a pattern of certain types of noncompliance, regardless of whether the noncompliance is corrected during the correction period.</li> </ul>	<p>California Tax Credit Allocation Committee</p>	<p>†</p>
<p>13. To ensure that it complies with federal law, the Tax Committee should report all instances of noncompliance to the IRS unless federal law or guidance provides an exception.</p>	<p>California Tax Credit Allocation Committee</p>	<p>†</p>

\* As of December 31, 2020, the entity has not provided a response to the California State Auditor (State Auditor) or the State Auditor has not assessed the entity's response.

† The status of recommendations for audits issued between late October and December 2020 is based on the entities' initial response, which is included in the original audit report, available on the State Auditor's website: [www.auditor.ca.gov](http://www.auditor.ca.gov).