

The California State Auditor released the following report today:

California Department of Corrections and Rehabilitation
It Must Improve Legal Compliance and Administrative Oversight of Its Employment of Retired Annuitants and Use of State-Owned Vehicles

BACKGROUND

To carry out its duties in enhancing public safety, the California Department of Corrections and Rehabilitation (Corrections) employs thousands of individuals to carry out operations at its headquarters and its many facilities. In addition to permanent employees, Corrections also employs state retirees who return to work as retired annuitants. Retirees with specialized skills can perform limited-duration work and cannot work more than 960 hours per fiscal year. Further, Corrections uses state-owned vehicles and either assigns them to individual employees, designates them as pooled vehicles, or uses them for facilities and transportation purposes. In 2011 the governor ordered all state agencies to determine whether the use of the vehicles in their fleets was cost-effective or essential.

KEY FINDINGS

During our review of Corrections' use of retired annuitants and state-owned vehicles, we noted the following:

- Corrections did not always comply with state laws and its own policies in hiring retirees. In our review of 20 retired annuitants hired in managerial positions, we found that Corrections:
 - ✓ Lacked sufficient documentation justifying the hiring of nine managerial retired annuitants—two had no justification and seven did not demonstrate the limited duration of the work.
 - ✓ Allowed nine managerial retired annuitants to begin working before obtaining the necessary approvals.
 - ✓ Employed some managerial retired annuitants to work indefinitely in certain positions—to manage ongoing operations or work on projects year after year rather than for limited durations as state law requires.
 - ✓ Did not consistently verify that the retirees it hired were eligible for employment and did not seek a permanent employee before hiring a retired annuitant for at least one managerial position.
- Corrections did not adequately monitor retired annuitants' work hours and paid some for more work hours per fiscal year than the state law allows.
- Corrections did a poor job in assigning and monitoring the state-owned vehicles driven by its managerial employees and retired annuitants.
 - ✓ It did not sufficiently document the cost-effective or essential nature of the permits it issued for the majority of the 21 vehicle home storage permits we reviewed—we determined that the justifications for 14 were inadequate.
 - ✓ It issued 19 of 21 permits before obtaining all the approvals and thus, some employees used vehicles and took them home between six and eight months before receiving official approval to use the vehicles.
 - ✓ Employees failed to submit required monthly reports and travel logs on vehicle usage—only three of 28 managerial employees and retired annuitants whose records we reviewed submitted all the required monthly certifications about personal use of a state-owned vehicle and none submitted travel logs with their certifications.

KEY RECOMMENDATIONS

We made several recommendations, including that Corrections take the following actions:

- Provide its hiring managers and staff with guidance on including an adequate justification for hiring retired annuitants and for obtaining proper approvals.
- Develop and implement a policy for monitoring the number of hours retired annuitants work to ensure they do not go over the limit required by law.
- Ensure that vehicle home storage permits are properly justified and receive prompt and appropriate approval.
- Strengthen its oversight of its employees' use of state-owned vehicles, ensure staff complete travel logs, and require regular review of the travel logs for pooled vehicles.