The California State Auditor released the following report today:

**Investigations of Improper Activities by State Agencies and Employees**

*Violations of State Law Including Failure to Seek Competitive Bids, Increase Rental Rates, Properly Dispose of Surplus Property, and Adequately Supervise*

**BACKGROUND**

The California Whistleblower Protection Act (whistleblower act) empowers the state auditor to investigate complaints that state agencies and employees have engaged in improper governmental activities. The whistleblower act defines an “improper governmental activity” as any action by a state agency or employee relating to state government that violates state or federal law, is wasteful, or involves gross misconduct, incompetence, or inefficiency.

**KEY FINDINGS**

In regards to allegations of improper governmental activities pursuant to the whistleblower act, the state auditor:

- Received 1,207 calls or inquiries through the Whistleblower Hotline, mail, the state auditor’s website, or walk-in contact and conducted analyses, reviews, and investigations of 2,931 cases from July 2014 through June 2015.

- Completed and reported on six investigations—some performed independently and some performed with other state agencies—with substantiated improper governmental activities, including the following:
  - California Correctional Health Care Services (Correctional Health Care) improperly used a master agreement when it procured $17 million in goods and services to upgrade the electrical infrastructure within state prisons beginning in 2011—it wasted at least $3.2 million in state funds and improperly paid $1.6 million in advance payments.
  - The California Department of Transportation did not increase rental rates to reflect the fair market value for state land rented by wireless communications companies that cost the State over $880,000 in foregone rental revenue from July 2012 through September 2014.
  - The California Department of Corrections and Rehabilitation and Correctional Health Care made improper payments of nearly $100,000 when they allowed three chief psychologists to earn extra compensation for working extra hours in conflict with their bargaining agreement in effect at the time.

This report also outlines the investigative results from investigations that were best suited for other state agencies to investigate on our behalf. State departments must report to the state auditor any corrective or disciplinary action taken in response to the recommendations made by the state auditor no later than 60 days after we notify the agency or authority of the improper activity and monthly thereafter until corrective action is completed.

**Report: I2015-1**