

Report 2015-701

# Recommendations for the Legislature From Audits Issued During 2014 and 2015

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January 5, 2016

2015-701

Dear Governor and Legislative Leaders:

The State Auditor's Office aims to provide oversight and to ensure the accountability of government operations. As such, my office conducts independent audits as mandated by the Legislature through statute or the budget process, or through requests directed by the Joint Legislative Audit Committee. While our recommendations are typically directed to the agencies we audit, we also make recommendations for the Legislature to consider in the interest of more efficient and effective government operations. This special report summarizes those recommendations we made during calendar years 2014 and 2015 for the Legislature to consider.

In this special report we include recommendations intended to improve the cost-effectiveness of state programs. For example, our audit of the Department of Health Care Services (Health Care Services) School-Based Medi-Cal Administrative Activities programs identified weaknesses in the contracts between the local educational consortia or local governmental agencies and their claiming units that effective Health Care Services' oversight should have prevented. We recommend that the Legislature enact legislation as soon as possible that requires Health Care Services to prepare a report annually for the administrative activities program in order to help improve and maximize the benefits of the program, as well as to provide enhanced transparency to stakeholders.

In some instances, we make recommendations intended to enhance the safety of California's citizens. For example, our follow-up audit of the Department of Justice (Justice) Armed Prohibited Persons System found that Justice has not fully implemented a recommendation from our initial report regarding backlogs in its two processing queues. We recommend that the Legislature require Justice to complete an initial review of cases in the daily queue within seven days and periodically reassess whether Justice can complete these reviews more quickly.

The Appendix that starts on page 57 includes a listing of legislation chaptered or vetoed during the first half of the 2015-16 Regular Legislative Session that was related to the subject matter discussed in our audit reports.

If you would like more information or assistance regarding any of the recommendations or the background provided in this report, please contact Paul Navarro, Chief of Governmental and Legislative Affairs, at (916) 445-0255.

Respectfully submitted,



ELAINE M. HOWLE, CPA  
State Auditor

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# California Department of Consumer Affairs BreEZe System

## Require an Annual Report on the Status of the BreEZe Project

### Recommendations

To ensure that it receives timely and meaningful information regarding the status of the BreEZe project, the Legislature should enact legislation that requires the California Department of Consumer Affairs (Consumer Affairs) to submit a statutory report annually, beginning on October 1, 2015, that will include the following:

- Consumer Affairs' plan for implementing BreEZe at those regulatory entities included in the project's third phase, including a timeline for the implementation.
- The total estimated costs through implementation of the system at the remaining 19 regulatory entities and the results of any cost-benefit analysis it conducted for phase 3.
- A description of whether and to what extent the system will achieve any operational efficiencies resulting from implementation by the regulatory entities.

**Status:** Not implemented.

**Note:** The following legislation addressing issues related to the audit was vetoed during the 2015–16 Regular Legislative Session:

Assembly Bill 522 (Burke) would have required the Director of Technology by January 1, 2017, to develop a standardized contractor performance assessment report system to evaluate the performance of a contractor on any information technology contract or project reportable to the Department of Technology. This bill would also have required the Director of Technology to implement that evaluation system for all reportable information technology contracts and projects, and would have required that system to be used in addition to any other procurement procedures when evaluating or awarding those contracts or projects. In his veto message, the Governor stated that this bill is not necessary because it duplicates what the Department of Technology is already doing.

### Background

Consumer Affairs encompasses 40 boards, bureaus, committees, and a commission (regulatory entities) that regulate and license professional and vocational occupations to protect the health, safety, and welfare of the people of California. Historically, the regulatory entities have used multiple computer systems to fulfill their required duties and meet their business needs. However, significant issues with these systems reportedly resulted in excessive turnaround times for licensing and enforcement activities, impeding the ability of the regulatory entities to meet their goals and objectives. In 2009 the California Department of Technology approved BreEZe—a system Consumer Affairs envisioned would support all of the primary functions and responsibilities of its regulatory entities.

However, our audit found that Consumer Affairs failed to adequately plan, staff, and manage the project for developing BreEZe. In fact, as of January 2015 only 10 regulatory entities had transitioned to BreEZe, eight more intend to transition in March 2016, and it is unknown if the remaining 19 regulatory entities will implement BreEZe. Although the director of Consumer Affairs maintains that the department intends to implement BreEZe at those 19 regulatory entities, it lacks a plan to do so. Furthermore, the director acknowledged that the department has not assessed the extent to which the business needs of the 19 regulatory entities will require changes to the system. Moreover, Consumer Affairs has not conducted a formal cost-benefit analysis to determine whether BreEZe is the most cost-beneficial solution for meeting those needs.

Finally, most of the executive officers of the 10 phase 1 regulatory entities are generally dissatisfied with their BreEZe experience because it has not met their expectations. We interviewed the executive officers of each of the regulatory entities that have implemented the system regarding various aspects of their experience with the project, and most executive officers reported that BreEZe has decreased their regulatory entity's operational efficiency.

### **Report**

**2014-116** *California Department of Consumer Affairs' BreEZe System: Inadequate Planning and Oversight Led to Implementation at Far Fewer Regulatory Entities at a Significantly Higher Cost* (February 2015)

## Bureau for Private Postsecondary Education

### Improve the State's Ability to Protect the Public Through Effective Regulation of Postsecondary Institutions

#### Recommendation

To address ongoing issues at the Bureau for Private Postsecondary Education (bureau) and improve the State's ability to protect the public through effective regulation of postsecondary educational institutions (institutions), the Legislature may want to consider the following options for regulating private postsecondary education:

- Continue the bureau in its current form but increase the level of oversight it receives from the California Department of Consumer Affairs (Consumer Affairs) and the Legislature.
- Reduce the bureau's responsibilities by reassigning some of them to other entities in Consumer Affairs.
- Transfer the powers and duties set forth in the California Private Postsecondary Education Act of 2009 (act) from the director of Consumer Affairs to another state entity or entities.

**Status:** Not implemented.

**Note:** The following legislation addressing issues related to the audit was enacted during the 2013–14 Regular Legislative Session:

Senate Bill 1247 (Lieu, Chapter 840, Statutes of 2014) requires the board, beginning July 1, 2015, to: 1) contract with the Office of the Attorney General to establish a process for board staff to be trained to investigate complaints filed with the board; 2) post specified information on its Internet website; 3) establish a task force to identify standards for specified educational and training programs and provide a report to the Legislature regarding those programs; and, 4) adopt minimum operating standards for an institution that ensure, among other things, that an institution offering a degree is accredited and that an unaccredited institution offering a degree satisfies certain requirements. The bill also requires the board to submit a report to the Legislature, on or before October 1, 2015, relating to an independent review of its staffing resources.

#### Background

One of 40 regulatory entities within the Consumer Affairs, the bureau has been responsible for regulating private institutions in California since 2010. The long and troubled past of the entities that previously performed the same functions as the bureau have been well documented in reports by the California State Auditor and others. In fact, the problems these reports identified were so severe that a former governor vetoed a bill that would have extended the sunset date of the immediate predecessor to the bureau—the Bureau for Private and Postsecondary and Vocational Education—in 2007.

Unfortunately, during our current audit of the bureau, we found that many of the problems of the past persist today, four years after the Legislature reestablished the bureau to fill the regulatory void left by the sunset of its predecessor.

As of July 2013 the bureau regulated 1,047 institutions. Although its statutory responsibilities include licensing institutions, conducting inspections, and investigating complaints, it has struggled to meet these and other responsibilities designed to protect the public and students. The bureau has struggled to identify proactively and sanction effectively unlicensed institutions, thereby exposing the public to potential risk from institutions that operate illegally. The bureau has further placed the public at risk because it has performed compliance inspections for far fewer institutions than state law requires and it failed to identify violations during the inspections that it did perform. Moreover, the bureau failed to respond appropriately to complaints against institutions, even when students' safety was allegedly at risk.

### **Report**

*2013-045 Bureau for Private Postsecondary Education: It Has Consistently Failed to Meet Its Responsibility to Protect the Public's Interests (March 2014)*

# Inglewood Unified School District

## Require the Superintendent to Document the State Administrator Appointment Process

### Recommendation

To ensure a transparent and accountable process, any future state emergency funding for a school district appropriated by the Legislature should specifically require the State Superintendent of Public Instruction (state superintendent) to document the selection and appointment process of a state administrator, including the rationales for progressing certain candidates once screened or reasons that particular individuals were ultimately selected to serve as state administrator. Additionally, it should define the county superintendent's role in the appointment process for a state administrator.

**Status:** Not implemented.

### Background

The Inglewood Unified School District (district) began the process of placing itself under state control when its five-member school board requested emergency funding from the State in July 2012. In September 2012 the governor signed Senate Bill 533 (Wright, Chapter 325, Statutes of 2012) that authorized up to \$55 million in emergency funding. This action also required the state superintendent to assume control of the district—through his appointed state administrator—until such time that both he and his state administrator conclude that the district can sustain the improvements made in its finances and operations to warrant its return to local control. Since assuming control just over three years ago, the state superintendent has appointed three individuals to serve as state administrator, not including an interim administrator, and the district has yet to demonstrate significant improvements to its finances or operations.

The state superintendent has great discretion on who he appoints as a state administrator. Our review noted that the state superintendent appointed qualified individuals to lead the district and took steps to advertise the state administrator position, attracting numerous candidates having prior experience as a superintendent at other school districts. However, our ability to fully evaluate the appointment process was limited since the California Education Code (education code) does not require the state superintendent to document the basis for his appointment decisions. The education code and SB 533 also require the state superintendent to consult with the Los Angeles County Superintendent of Schools (county superintendent) on the appointment of a state administrator. According to the county superintendent, the state superintendent called him regarding all three state administrator appointments. The county superintendent told us that he expressed some reservations about the appointment of the first state administrator, and that he did not know the two individuals who ultimately became the district's second and third administrators. Although the state superintendent spoke with the county superintendent about the three state administrators he appointed, it is unclear whether his efforts fully satisfied the Legislature's intent, because neither the education code nor SB 533 defines what the county superintendent's consultative role should entail.

### Report

*2015-101 Inglewood Unified School District: The State Superintendent of Public Instruction Needs to Better Communicate His Approach for Reforming the District* (November 2015)

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# California Department of Toxic Substances Control

## Allow the Department to Assess a Higher Interest Rate for Late Payments and Require Financial Information From Potentially Responsible Parties

### Recommendations

1. To improve the Department of Toxic Substances Control's (department) efforts to recover its costs promptly, the Legislature should revise state law to allow the department to use a higher interest rate for late payments. For example, the department could be allowed to use an interest rate similar to that used by the Board of Equalization (BOE).

**Status:** Implemented. Assembly Bill 273 (Alejo, Chapter 456, Statutes of 2015) until June 30, 2021, requires a monetary obligation owed to the department to be subject to an interest rate of 7 percent per annum. After that date, the monetary obligation is subject to an interest rate of 10 percent per annum, except that, in the case of obligations of local governments, the rate after that date will remain at 7 percent per annum. The statute also allows the department to waive the interest if the obligation is satisfied within 60 days or if the person, within 45 days of receiving the notice, provides notice to the department disputing the obligation.

2. To improve its ability to more effectively recover costs, the Legislature should give the department the authority to require financial information from potentially responsible parties.

**Status:** Implemented. Assembly Bill 276 (Alejo, Chapter 459, Statutes of 2015) authorizes the department or a local officer or agency to require specified persons to furnish and transmit any information relating to those persons' ability to pay for or perform a response action. The statute also permits the department or a local officer or agency authorized to enforce the Hazardous Waste Control Law to require any person who has information regarding the activities of a person specified above relating to hazardous substances, hazardous wastes, hazardous materials, and the ability of the specified person to pay for or perform a response action to furnish and transmit that information.

**Note:** The following legislation addressing issues related to the audit was enacted during the 2015–16 Regular Legislative Session:

Assembly Bill 274 (Alejo, Chapter 457, Statutes of 2015), until January 1, 2019, defines the term "uncollectible account" as it relates to the recovery of oversight costs for corrective action taken pursuant to hazardous waste control laws or for removal or remedial actions taken. This statute also authorizes the department not to pursue an uncollectible account and to write off or write down that uncollectible account.

Assembly Bill 275 (Alejo, Chapter 458, Statutes of 2015) applies a specified state law regarding a person's liability for cost recovery to response and corrective actions pertaining to hazardous substances, and deletes the requirement that a portion of a judgment for costs and expenditures imposed for hazardous substances removal or remedial actions be paid from a specified state fund. This statute also allows a response or corrective action to be commenced either within a 3-year

period or, if operation and maintenance is required as part of the response or corrective action, within three years after completion of operation and maintenance has been certified by the department or a regional board.

### **Background**

State law provides the department with the authority, procedures, and standards to investigate, remove, and remediate contamination at sites; to issue and enforce a removal or remedial action order to any responsible party; and to impose administrative or civil penalties for noncompliance with an order. Federal and state law also authorizes the department to recover costs and expenses it incurs in carrying out these activities.

However, long-standing shortcomings with the department's recovery of costs have resulted in unbilled and billed but uncollected cleanup costs (outstanding costs) incurred between July 1987 and December 2013. As of March 2014 the department has 1,661 projects totaling almost \$194 million in outstanding costs. Nearly \$142 million was unbilled and almost \$52 million was billed but uncollected.

The department uses various methods to facilitate its recovery of cleanup costs associated with contaminated sites, such as entering into payment plans with the responsible parties or working with the California Office of the Attorney General to pursue litigation. However, the department has not consistently used some of these methods to ensure that it maximizes the recovery of costs from responsible parties. Additionally, State law requires the department to charge interest for invoices not paid within 60 days at a rate equal to the rate of return earned on investments in the State's Surplus Money Investment Fund (SMIF). However, the SMIF interest rate is substantially lower than the interest rate charged for late payments by other state entities, such as the BOE. Increasing the interest rate charged on billed but delinquent unpaid amounts may improve the timeliness of collections from responsible parties.

The department is also limited in its ability to recover costs effectively because it lacks the authority to require a potentially responsible party to provide information related to the financial ability to pay cleanup costs. Having the authority to compel parties to submit pertinent financial information would allow the department to identify those potentially responsible parties who genuinely lack the ability to pay for cleanup and no longer require the department to first sue these parties to obtain financial information. The ability to require this type of information could better inform the department's decision making about whether to file cost recovery actions because it could better differentiate between parties capable of paying for cleanup costs, thus increasing the department's ability to recover costs effectively.

### **Report**

*2013-122 California Department of Toxic Substances Control: Its Lack of Diligence in Cost Recovery Has Contributed to Millions in Unbilled and Uncollected Costs (August 2014)*



# Beverage Container Recycling Program

## Enact Statutory Changes That Increase Revenue and/or Reduce Costs

### Recommendation

To better ensure the Beverage Container Recycling Program (beverage program) is financially sustainable, the Legislature should consider enacting statutory changes that increase revenue, reduce costs, or a combination of both.

**Status:** Not implemented.

### Background

The beverage program, created in 1986 by the California Beverage Container Recycling and Litter Reduction Act (act), is intended to encourage and increase consumer recycling: it has a goal of recycling 80 percent of the qualified beverage containers sold in California. Beverage distributors are required to make a redemption payment to the Beverage Container Recycling Fund (beverage fund) for every qualified beverage container sold or offered for sale in the State. The California Department of Resources Recycling and Recovery (CalRecycle) is responsible for enforcing and administering the act. Because not all beverage containers are recycled—CalRecycle reported that 85 percent of the containers sold in the State were recycled in 2013—funds not used to ultimately pay consumers are used instead to support the beverage program’s operational costs as well as other expenses mandated in state law.

The principal source of revenue comes into the beverage program through redemption payments beverage distributors make based on the number of beverages sold or offered for sale in the State. The beverage program can become financially unstable once recycling rates become too high and required recycling refund payments—those paid to consumers when they recycle their empty beverage containers—and other statutorily mandated payments cannot both be satisfied. In 2013 CalRecycle reported recycling rates were at 85 percent and had increased beyond what it calls its “break-even” point—currently a 75 percent recycling rate; based on that recycling rate, the revenue collected from beverage distributors is no longer adequate to cover the recycling refund payments and other mandated spending. Based on the recent financial condition of the beverage program— where combined expenditures exceeded combined revenues by \$100 million in three of the last four fiscal years—immediate action is needed to ensure the continued viability of the beverage program. A variety of revenue enhancements and expenditure reductions are available that the Legislature may want to consider.

### Report

*2014-110 California Department of Resources Recycling and Recovery: The Beverage Container Recycling Program Continues to Face Deficits and Requires Changes to Become Financially Sustainable* (November 2014)

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## High Risk: State Department Succession Planning

### Authorize an Agency to Provide Oversight to State Departments for Workforce and Succession Planning

#### Recommendation

The Legislature should consider amending state law to expressly authorize the California Department of Human Resources (CalHR) to oversee efforts across state departments for workforce and succession planning, such as by monitoring the development and implementation of plans, and to compel departments to provide it with information concerning such planning. Further, the Legislature should consider requiring that CalHR update it on an annual basis, beginning in fiscal year 2016–17, on the status of the workforce and succession planning at state departments.

**Status:** Not implemented.

#### Background

California state departments are not required to develop workforce and succession plans, and no state department has express statutory authority and responsibility for overseeing such planning across state government. Nevertheless, according to its website, CalHR works collaboratively with departments to develop and implement successful workforce planning and succession planning strategies. Although it does not have express statutory authority and responsibility for overseeing such planning across state government, CalHR has developed resources to aid state departments in their workforce and succession planning efforts and has taken some steps to work with departments to improve these efforts. However, CalHR can do more to help departments prepare for staff retirements and needs to better assess the value of the guidance it provides to departments.

#### Report

*2015-608 High Risk: State Departments Need to Improve Their Workforce and Succession Planning Efforts to Mitigate the Risks of Increasing Retirements (May 2015)*

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# California State Government Websites Accessibility Standards

## Maximize Usage and Maintain Standards for State Government Website Accessibility

### Recommendations

1. To maximize the accessibility of California's websites, the Legislature should amend state law to require that all state websites conform to Web Content Accessibility Guidelines (WCAG) 2.0 standards at compliance level AA in addition to Section 508 of the federal Rehabilitation Act of 1973 (Section 508) standards.

**Status:** Not implemented.

2. To help ensure that California's accessibility standards remain current, the Legislature should amend state law to require the California Department of Technology (technology department) to monitor commonly accepted accessibility standards and apprise the Legislature of any changes to those standards that California should adopt.

**Status:** Not implemented.

3. To ensure that state governmental entities have a clearly identified resource for web accessibility training, the Legislature should amend state law to name the technology department as the lead agency responsible for providing training to state governmental entities on web accessibility issues, in consultation with the California Department of Rehabilitation (Rehabilitation) and other state departments as it determines necessary.

**Status:** Not implemented.

4. To ensure that governmental entity personnel have the information and tools necessary to develop and maintain accessible websites, the Legislature should require governmental entities to provide or obtain web accessibility training at least once every three years for staff involved in the procurement or development of websites or web-based services.

**Status:** Not implemented.

5. To help ensure that all state governmental entities appropriately test their websites for accessibility, the Legislature should direct all state governmental entities to report every other year to the technology department regarding the frequency and method of their web accessibility testing and their efforts to resolve accessibility issues they identify. Such reporting should include signed certifications from the highest-ranking technology officer at the governmental entity and documentation that supports the claimed testing as well as the entity's effort to fix identified issues. Further, the Legislature should direct the technology department to assess the sufficiency of each governmental entity's testing and remediation approach and publicize the results of its review online.

**Status:** Not implemented.

## Background

To ensure access to online government services for persons with disabilities, California has adopted standards that address the needs of users who may have one or more of a range of disabilities, including those with visual impairments, hearing impairments, and impairments to mobility. Since January 2003 state law has required California websites to meet requirements stemming from Section 508. Subsequently, in July 2006, California added the World Wide Web Consortium's (W3C) WCAG version 1.0 as additional state web accessibility standards for departments that report to the governor and the state chief information officer.

The California State Auditor's Office reviewed the accessibility of key online services offered by four departments and found that, despite the growing use of government services online and the State's accessibility requirements, the websites reviewed are not fully accessible to persons with disabilities. Furthermore, some of the accessibility violations are so severe that, under certain circumstances, they may prevent persons with disabilities from accessing online services.

Updated standards are available that could help California make its websites more accessible. In 2008, shortly after California adopted WCAG 1.0, the W3C issued WCAG 2.0. When it did so, the W3C stated that the WCAG 2.0 standards apply more broadly to different types of web technologies and allow for more effective testing of websites' accessibility. However, California has not adopted these updated standards. Further, it is important for the technology department to monitor commonly accepted accessibility standards going forward to help ensure that California's standards do not again become outdated in the future.

Although best practice guidance suggests that departments provide specific training on web accessibility to staff involved in the procurement or development of websites and web-based services, there is no statewide requirement for web accessibility training. As the lead agency in California for matters related to information technology, the technology department could provide this training in consultation with other departments, such as Rehabilitation. Further, because the departments we reviewed were not consistent in their approach to web accessibility testing, we believe it is important for the Legislature to direct all state government entities to report to the technology department about their web accessibility testing approach. The technology department would then assess each entity's approach, determine whether it is adequate, and publish the results of that assessment online.

## Report

**2014-131** *California State Government Websites: Departments Must Improve Website Accessibility So That Persons With Disabilities Have Comparable Access to State Services Online* (June 2015)

## High Risk Update—Information Security

### Mandate an Independent Security Assessment of Each Reporting Entity, and Authorize the Redirection of Funds to Remediate Information Security Weaknesses

#### Recommendations

To improve reporting entities' level of compliance with the State's security standards, the Legislature should consider enacting the following statutory changes:

1. Mandate that the California Department of Technology (technology department) conduct, or require to be conducted, an independent security assessment of each reporting entity at least every two years. This assessment should include specific recommendations, priorities, and time frames within which the reporting entity must address any deficiencies. If a third party vendor conducts the independent security assessment, it should provide the results to the technology department and the reporting entity.

**Status:** Implemented. Assembly Bill 670 (Irwin, Chapter 518, Statutes of 2015) requires the technology department to conduct, or require to be conducted, no fewer than 35 independent security assessments of state agencies, departments or offices annually.

2. Authorize the technology department to require the redirection of a reporting entity's legally available funds, subject to the California Department of Finance's approval, for the remediation of information security weaknesses.

**Status:** Not implemented.

#### Background

The technology department is responsible for ensuring that state entities that are under the direct authority of the governor (reporting entities) maintain the confidentiality, integrity, and availability of their information systems and protect the privacy of the State's information. As part of its efforts to protect the State's information assets, the technology department requires reporting entities to comply with the information security and privacy policies, standards, and procedures in the *State Administrative Manual* (security standards). However, when we performed reviews at five reporting entities to determine their compliance with the security standards, we found deficiencies at each. Despite the pervasiveness and seriousness of the issues we identified, the technology department has failed to take sufficient action to ensure that reporting entities address these deficiencies. In fact, until our audit, it was not aware that many reporting entities had not complied with its requirements. Further, even when the technology department has known that reporting entities were not compliant with security standards, it failed to provide effective oversight of their information security and privacy controls.

As a result of the outstanding weaknesses in reporting entities' information system controls and the technology department's failure to provide effective oversight and assist noncompliant entities in meeting the security standards, we determined that some of the State's information, and its critical information systems, are potentially vulnerable and continue to pose an area of significant risk to the State.

#### Report

**2015-611 High Risk Update: Information Security: Many State Entities' Information Assets Are Potentially Vulnerable to Attack or Disruption** (August 2015)

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## High Risk Update: Employee Leave Credits

### Clarify the Statute of Limitations for Recovering the Overpayment of Leave Credits

#### Recommendation

The Legislature should amend state law to clarify the statute of limitations for recovering the overpayment of leave credits. For example, it could require state agencies to provide notice to the employee that he or she was inappropriately credited leave hours within three years from the date the employee was credited the hours or three years from the date the employee separated from state service and, in instances of fraud, three years from the date the State discovered the fraud.

**Status:** Not implemented.

#### Background

State agencies have credited their employees with millions of dollars worth of unearned leave because the State has weak controls over its accounting of employees' leave records. The California State Auditor performed a statewide electronic analysis of the leave accounting system maintained by the State Controller's Office and found that state agencies credited employees with roughly 197,000 hours of unearned leave between January 2008 and December 2012. As of December 2013 the value of these erroneous leave hours was nearly \$6.4 million, an amount that will likely increase over time as employees receive raises or promotions. These errors also include nearly 16,000 hours of sick leave, which state employees can convert to state service credit when they retire, ultimately increasing the State's pension payments.

Additionally, unclear guidance in state law puts the State at risk of additional costs. Specifically, state agencies must initiate collection efforts on overpayments within three years from the date of overpayment. However, state law does not explicitly define when an overpayment occurs. Because of the absence of clear statutory language, in the event of litigation the State is at risk of not recovering the funds that represent inappropriately credited leave hours.

#### Report

*2012-603 High Risk Update: State Agencies Credited Their Employees With Millions of Dollars Worth of Unearned Leave* (August 2014)

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# California Department of Public Health Diabetes Programs

## Provide State Funding for Diabetes Prevention Programs

### Recommendation

If state lawmakers desire the California Department of Public Health (Public Health) to increase its efforts to address diabetes, they should consider providing state funding to aid in those efforts. For instance, the Legislature could provide funding to establish a grants specialist position to identify and apply for federal and other grants.

**Status:** Not implemented.

### Background

Public Health, whose mission is to optimize the health and well-being of Californians, is responsible for administering the State's diabetes prevention programs. Through grants, the Centers for Disease Control and Prevention (CDC)—a federal agency focused on reducing health problems in America—has funded all of Public Health's diabetes prevention efforts to date. However, Public Health's spending on diabetes prevention has declined over time due to reductions in its federal funding. In fiscal year 2013–14, its federal funding for diabetes prevention decreased from more than \$1 million in previous fiscal years to \$817,000. In fact, in fiscal year 2012–13—the most recent year for which nationwide data is available—California had the lowest per capita funding for diabetes prevention in the nation. One reason for this is that California does not provide any state funding for diabetes prevention. Furthermore, Public Health does not have a process to proactively search for diabetes-related grant opportunities nor does it have staff dedicated to doing so—the audit identified two grants worth up to \$500,000 each for which Public Health was eligible to apply but did not.

### Report

*2014-113 California Department of Public Health: Even With a Recent Increase in Federal Funding, Its Efforts to Prevent Diabetes Are Focused on a Limited Number of Counties* (January 2015)

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# California Department of Developmental Services— Parental Fees

## Require Fee Determinations to Be Based Upon Consistent Information

### Recommendation

To help ensure that fees under the California Department of Developmental Services' (Developmental Services) Parental Fee Program are fair, the Legislature should require that the department's initial fee assessments, redeterminations, and its appeal-related evaluations be based upon the same information. It should also require that parents have the opportunity to challenge Developmental Services' previous calculations for accuracy and completeness on appeal, and that any adjusted fee should be based on the approved fee schedule and not simply on the judgment of department staff. Before enacting this legislation, state lawmakers should verify that Developmental Services has reviewed and revised its initial fee assessment and redetermination process to clarify what expenses will be considered when determining whether parents qualify for fee reductions.

**Status:** Implemented. Assembly Bill 564 (Eggman, Chapter 500, Statutes of 2015), effective July 1, 2016, calculates monthly parental fees based on a percentage of the parents' annual income and authorizes a credit of the equivalent of one day of the monthly parental fee for each day a child spends six or more consecutive hours in a 24-hour period on a home visit. The statute also specifies that appeals of a parental fee may be made only to dispute the family income used and the denial or amount of a credit. The statute further requires, for parents of children placed in 24-hour out-of-home care prior to July 1, 2016, the monthly parental fee to be calculated at the time of the parents' annual fee recalculation or within 60 days of a parental request for review by the department and receipt of the family's completed family financial statement.

### Background

Developmental Services is responsible for administering the Parental Fee Program, which assesses a fee to parents of children under the age of 18 who receive 24-hour out-of-home care. Developmental Services assesses parental fees based upon a fee schedule that takes into account adjusted gross income, family size, and the age of the child in placement. Although Developmental Services includes a requirement to submit documentation for all income and expenses in its initial letter to parents, parents do not always provide this information, and the department often does not enforce this requirement. In addition, the process used by Developmental Services to assess the parental fee is riddled with unnecessary delays, lack of documentation, incorrect calculations, and inconsistent staff interpretations. Further, Developmental Services staff do not use any sort of standardized fee schedule to guide the subsequent reassessment of the fee – the reassessment is based on the judgment of a four-member committee. As a result, parents with similar financial circumstances may be assessed substantially different levels of fees.

### Report

*2014-118 California Department of Developmental Services: Its Process for Assessing Fees Paid by Parents of Children Living in Residential Facilities Is Woefully Inefficient and Inconsistent* (January 2015)

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## Follow-Up—California Department of Social Services Oversight of CalWORKs and CalFresh Programs

### Require Social Services to Annually Report on the Statewide Fingerprint Imaging System and Determine the Cost-Effectiveness of Any Proposed Alternative

#### Recommendations

1. Because the California Department of Social Services (Social Services) will not implement our recommendation to gauge the cost-effectiveness of the Statewide Fingerprint Imaging System (SFIS), the Legislature should require Social Services to annually report on the cost of SFIS and the fraud that it helps detect. Specifically, the Legislature should require Social Services to annually report to the Legislature the following metrics:

- The annual cost to maintain and operate SFIS
- The total instances of duplicate-aid fraud that counties detect as a result of SFIS and the total amount of overpayments that they recover
- The total backlog of unprocessed SFIS matches as of December 31 of each year.

**Status:** Not implemented.

2. The Legislature should require Social Services to determine the cost-effectiveness of any proposed alternative to SFIS in advance of Social Services adopting any such alternative method or tool to detect and prevent duplicate-aid fraud.

**Status:** Not implemented.

#### Background

In November 2009 the California State Auditor released an audit report titled *Department of Social Services: For the CalWORKs and Food Stamp Programs, It Lacks Assessments of Cost-Effectiveness and Misses Opportunities to Improve Counties' Antifraud Efforts*, Report 2009-101. The audit recommended that Social Services identify cost-effective antifraud practices and replicate these practices among all counties. In addition, the audit recommended that Social Services gauge the cost-effectiveness of SFIS.

Despite the 2009 audit findings and recommendations to improve Social Services' oversight of counties' antifraud efforts, this follow-up found that more than five years later Social Services has fully implemented only one of the 15 recommendations, and that it either has not fully implemented, taken no action, or will not implement the other 14 recommendations. For example, Social Services still has not developed a formula that enables it to analyze the cost-effectiveness of counties' antifraud

efforts and to subsequently work to replicate the most cost-effective practices among all the counties. Social Services also has not determined whether SFIS is cost-effective, despite the fact that SFIS cost \$12 million to maintain in 2014 and resulted in only 57 instances of fraud being found.

**Report**

*2015-503 Follow-Up—California Department of Social Services: It Has Not Corrected Previously Recognized Deficiencies in Its Oversight of Counties' Antifraud Efforts for the CalWORKs and CalFresh Programs (June 2015)*



# Follow-Up—California Department of Developmental Services Regional Centers

## Strengthen Cost-Containment Measures in Current Law

### Recommendations

1. If the Legislature wishes to better guard against future cost increases under the Lanterman Developmental Disabilities Services Act (Lanterman Act), it should amend existing law to require that planning teams document, and that regional centers retain documentation of, vendor cost considerations when they offer comparable services that meet the consumer's needs. Specifically, for consumer needs that the planning team decides will be addressed by a vendor, the Legislature should require the planning team to document the following:

- Whether multiple vendors offer comparable services needed by the particular consumer.
- Whether any particular vendor was deemed unacceptable by the planning team and why.
- Whether the least costly vendor offering comparable services was ultimately selected, and if not, why.

**Status:** Not implemented.

2. To further ensure that the planning team consistently chooses the least costly vendor when required under state law, the Legislature should direct the Department of Developmental Services (Developmental Services) to audit compliance with the documentation requirements suggested in the previous recommendation.

**Status:** Not implemented.

3. To ensure that regional centers and their planning teams are using consistent criteria when determining whether multiple vendors offer comparable services, the Legislature should define the phrase “comparable service” for the purpose of the 2009 amendment to the Lanterman Act. One way the Legislature could do this would be to define “comparable service” as a service of the type required in the consumer's treatment plan and that the planning team has reviewed and found as meeting the needs of the consumer.

**Status:** Not implemented.

### Background

During the State's fiscal crisis, the Legislature enacted cost-containment measures in several state programs to help balance the State's annual budgets. Among the numerous cost-containing measures adopted, the Legislature and the governor focused on reducing costs under the Lanterman Act by enacting an indefinite rate freeze and adjustable rate ceilings, which became effective in February 2008, on what regional centers could pay vendors. They also subsequently required in July 2009 that regional centers procure services from the least costly vendor of comparable service that can meet the needs of the consumer. However, neither the July 2009 Lanterman Act amendment nor other state law or

regulation defines comparable service for use in the vendor selection process. In 2010 the California State Auditor (state auditor) issued a report titled *Department of Developmental Services: A More Uniform and Transparent Procurement and Rate-Setting Process Would Improve the Cost-Effectiveness of Regional Centers*, Report 2009-118, which found that neither state law nor Developmental Services required planning teams to document their cost analyses when selecting among multiple vendors. As a result, the 2010 audit noted there is no way to determine whether planning teams are selecting the lowest cost vendor when state law requires that they do so. The state auditor recommended that Developmental Services require regional centers and their planning teams to document how they chose the least costly vendor, when required under state law, and then review a sample of this documentation as a part of the department's biennial audits of the State's regional centers. Developmental Services declined to implement these recommendations, stating it believes that it does not have the authority to do so.

**Report**

**2015-501** *Follow-Up—California Department of Developmental Services: It Can Do More to Ensure That Regional Centers Comply With the Legislature's Cost-Containment Measures Under the Lanterman Act* ( July 2015)

## California Department of Health Care Services

### Allow Reimbursement Claims to Be Directly Submitted to Health Care Services and Require an Annual Report for the Administrative Activities Program

#### Recommendations

1. To streamline the organizational structure of the Department of Health Care Services' (Health Care Services) School-Based Medi-Cal Administrative Activities program (administrative activities program) and to improve the program's cost-effectiveness, the Legislature should amend state law to allow claiming units to submit reimbursement claims directly to Health Care Services.

**Status:** Not implemented.

2. To help improve and maximize the benefits of the administrative activities program, as well as to provide enhanced transparency to stakeholders, the Legislature should enact legislation as soon as possible that requires Health Care Services to prepare a report annually for the administrative activities program similar to the annual report state law requires for the Local Educational Agency Medi-Cal Billing Option Program (billing option program).

**Status:** Not implemented.

#### Background

Health Care Services is the single state agency responsible for administering Medi-Cal—the State's Medicaid program—which is a jointly funded federal-state health insurance program for low-income and needy individuals. Health Care Services provides Medi-Cal services in school settings through school-based Medi-Cal programs, which provide direct medical services through its billing option program and which perform program-related administrative activities through its administrative activities program. Through this latter program, Health Care Services allows claiming units to file claims for federal reimbursement for 50 percent of the cost for certain types of administrative activities.

Local educational consortia and local governmental agencies contract with Health Care Services to review administrative activities program claims that claiming units submit and, if the claims meet the established criteria, they forward the claims to Health Care Services for final review and payment. The audit identified weaknesses in the contracts between the local educational consortia or local governmental agencies and their claiming units that effective Health Care Services' oversight should have prevented. In addition, some contracts between local educational consortia or local governmental agencies and their claiming units contain provisions whereby the local educational consortia or local governmental agencies retain a percentage of the approved reimbursement amounts as payment. Such payment provisions may create an unnecessary incentive for local educational consortia and local governmental agencies to approve otherwise unallowable claims to increase their revenues.

Furthermore, Health Care Services has not filed a required annual report for the billing option program, thus failing to provide the Legislature and other stakeholders with timely and relevant information regarding program successes and barriers. These legislative reports present information useful to stakeholders and reporting similar information for the administrative activities program is important.

**Report**

*2014-130 California Department of Health Care Services: It Should Improve Its Administration and Oversight of School-Based Medi-Cal Programs (August 2015)*

# Postsecondary Education Sexual Harassment and Sexual Violence

## Require Universities to Annually Train Employees On and Provide Information to Students About Sexual Harassment and Sexual Violence Prevention

### Recommendations

1. To ensure that all universities provide sufficient training, the Legislature should amend state law to require universities to train all of their employees annually, consistent with their role, on their obligations in responding to and reporting incidents of sexual harassment and sexual violence involving students.

**Status:** Not implemented.

2. To ensure that students are provided the education at the most ideal time, the Legislature should amend state law to expressly require that incoming students be provided education on sexual harassment and sexual violence as close as possible to when they arrive on campus but no later than the first few weeks of their first semester or quarter.

**Status:** Not implemented.

3. To ensure that all students are reminded of and know how to access their university's sexual harassment policies, the Legislature should amend state law to require universities to provide this information in additional prominent locations frequented by students, such as residence halls and other university housing and athletic facilities. Further, to reflect evolving technology, the Legislature should consider the most effective means of providing this information to students and that it may not be effective to post the policy in its entirety. An alternative would be to post summary information that explains how students can access the full policy.

**Status:** Not implemented.

**Note:** The following legislation addressing issues related to the audit was enacted during the 2015–16 Regular Legislative Session:

Assembly Bill 636 (Medina, Chapter 697, Statutes of 2015) requires a report by specified post-secondary educational institutions to a local law enforcement agency to identify the alleged assailant of a Part 1 violent crime, sexual assault, or hate crime, even if the victim does not consent to being identified, if the institution determines that the alleged assailant represents a serious and ongoing threat to the safety of students, employees or the institution and the immediate assistance of the local law enforcement agency is necessary to contact or detain the assailant. This statute also requires the institution in such cases, as a condition of participation in a specified financial aid program, to disclose the identity of the alleged assailant to the local law enforcement agency and to immediately inform the victim of that disclosure.

## Background

Sexual harassment and sexual violence are forms of discrimination prohibited by Title IX of the Education Amendments of 1972 (Title IX). The issue of sexual violence was highlighted in January 2014 when the president of the United States announced the creation of a White House task force to develop a coordinated federal response to campus rape and sexual assault. The task force issued its initial report in April 2014. In May 2014 the U.S. Department of Education published a list of 55 universities, including the University of California, Berkeley (UC Berkeley), that it is investigating for their handling of sexual violence complaints.

The California State Auditor (state auditor) reviewed four universities—UC Berkeley; University of California, Los Angeles; California State University, Chico; and San Diego State University—and found that they do not ensure that all faculty and staff are sufficiently trained on responding to and reporting student incidents of sexual harassment and sexual violence to appropriate officials. In addition, although the Title IX coordinators and staff involved in key roles of the incident-reporting process receive adequate training, certain other university employees who are likely to be the first point of contact, such as resident advisors and athletic coaches, are not sufficiently trained on responding to and reporting these incidents. By not ensuring that all university employees are adequately and routinely trained on responding to and reporting incidents of sexual harassment and sexual violence, and by not providing practical information on how to identify incidents, universities risk having their employees mishandle student reports of the incidents. Further, when they are not sufficiently trained, employees may not know how to interact appropriately with students in these situations and may do something that would discourage students from engaging in the reporting process.

In addition, the universities must do more to appropriately educate students on sexual harassment and sexual violence. State law requires universities within the California State University system and requests those within the University of California system to provide educational and preventive information about sexual violence to all incoming students as part of established campus orientations, although it does not specify exactly when new student orientations must occur. The state auditor believes that the universities should provide this education to incoming students near the time that they arrive on campus, as they may be the most vulnerable to experiencing an incident of sexual harassment or sexual violence in their first weeks on campus. Additionally, universities should ensure that all continuing students receive periodic refresher training, at least annually, on this subject. The audit also noted that the content of the education did not always cover the topics outlined in statute. Finally, the universities did not post relevant policies in certain places on campus where they might be seen by large numbers of students.

## Report

*2013-124 Sexual Harassment and Sexual Violence: California Universities Must Better Protect Students by Doing More to Prevent, Respond to, and Resolve Incidents (June 2014)*

# Post-Secondary Educational Institutions Campus Crime Reporting

## Require the Department of Justice to Provide Guidance on Campus Crime Reporting

### Recommendation

The Legislature should require the California Department of Justice (Justice) to provide guidance to California's public and private institutions and systemwide offices regarding compliance with the requirements of the federal Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act (Clery Act) and the Violence Against Women Reauthorization Act of 2013 (Reauthorization Act).

**Status:** Not implemented.

**Note:** The following legislation addressing issues related to the audit was vetoed during the 2015–16 Regular Legislative Session:

Assembly Bill 340 (Weber) would have required the California Community Colleges Board of Governors and the California State University Trustees, and encouraged the University of California Regents, to each generate a report once every biennium of the legislative session, beginning with the 2017–2018 Regular Session that would have included, but not be limited to, new and recent administrative efforts intended to affect campus climate; recent campus program developments that impact campus climate related to specified demographics; and specified crime data. In his veto message, the Governor stated that he believes the leaders of these institutions are committed to providing updates on current and future developments and codifying the biennial report is unnecessary.

### Background

The federal Clery Act requires postsecondary educational institutions (institutions) that participate in certain federal financial aid programs to publish annual security reports that disclose specified campus crime statistics and campus security policies. Crimes reportable under the Clery Act include assaults, arsons, robberies, and sex offenses occurring in certain locations. The Reauthorization Act, which took effect in March 2014, added specific policy statements that institutions must include in their annual security reports. If institutions do not make all required disclosures, students and other stakeholders may not have the information necessary to make informed decisions about their personal security, for example, regarding the prevention of crime and the actions they should take in the event of emergencies. None of the six California institutions reviewed in the audit completely complied with all of the federal reporting requirements. In fact, five of the institutions inaccurately reported crime statistics, and only one institution disclosed all of the campus policies in its annual security report—the most frequently incomplete or missing disclosures were for policies related to the Reauthorization Act.

The California State Auditor (state auditor) is statutorily required to audit compliance with the Clery Act and has conducted five audits of a selection of California's institutions. Because all of the state auditor's reviews have identified similar issues, we believe that compliance with the Clery Act could improve with additional guidance from the systemwide offices for the State's public institutions and from a state entity that provides guidance to all institutions. Justice is well positioned to advise institutions on which California criminal statutes align with what must be reported under the Clery Act, and could therefore provide additional guidance on the Clery Act to all institutions.

**Report**

*2015-032 California's Postsecondary Educational Institutions: More Guidance Is Needed to Increase Compliance With Federal Crime Reporting Requirements (July 2015)*



## Judicial Branch of California

### Redirect Compensation Savings to Trial Courts, Define Differences in Expenditures, and Require an Annual Independent Financial Audit

#### Recommendations

1. Once the Administrative Office of the Courts (AOC) has identified savings related to its compensation and business practices, the Legislature should consider ways to transfer this savings to the trial courts.

**Status:** Not implemented.

2. To determine the cost to the State of providing support to the trial courts, the Legislature should take steps to clearly define the difference between local assistance expenditures and state operations expenditures. One method of accomplishing this would be to make the necessary statutory changes to classify as local assistance only those appropriations that the AOC passes directly to the trial courts or that the AOC expends on behalf of the trial courts with their explicit authorization. All other appropriations would be classified as state operations.

**Status:** Not implemented.

3. To bring more transparency to the AOC's spending activities and to ensure that the AOC spends funds prudently, the Legislature should require an annual independent financial audit of the AOC. This audit should examine the appropriateness of the AOC's spending of any local assistance funds.

**Status:** Not implemented.

#### Background

California's judicial branch is the largest of its kind in the nation. Consisting of the State's courts and other judicial entities, its appropriations in fiscal years 2010–11 through 2012–13 totaled more than \$11.8 billion. The Judicial Council of California (Judicial Council) has policy and rule-making authority over the judicial branch and holds the ultimate responsibility to ensure it spends public funds in prudent ways. The California State Auditor's review of funds administered by the Judicial Council and the AOC, the Judicial Council's staff agency, found that Judicial Council did not adequately oversee the AOC in managing the judicial branch budget, which allowed the AOC to engage in questionable compensation and business practices. Of equal concern is the fact that the AOC has few policies, procedures, or controls in place to ensure that its employees expend funds appropriately, or for how they should charge expenditures to appropriations. Specifically, over the past four fiscal years, the AOC made about \$386 million in payments on behalf of trial courts using the trial courts' local assistance appropriations. We believe the AOC could have paid a portion of those payments from its own state operations appropriations instead. Furthermore, unlike the executive branch, the judicial branch is not subject to financial audit requirements; thus, the Judicial Council has never required the AOC to undergo an independent financial audit.

#### Report

*2014-107 Judicial Branch of California: Because of Questionable Fiscal and Operational Decisions, the Judicial Council and the Administrative Office of the Courts Have Not Maximized the Funds Available for the Courts (January 2015)*

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## State Bar of California—Disciplinary System

### Determine Cases to Include in Backlog, Limit Fund Balances, and Enact a Biennial Membership Fee Approval Process

#### Recommendations

1. To ensure that it consistently counts and reports its backlog of disciplinary cases, the State Bar of California (State Bar) and the Legislature should work together to determine what cases the State Bar should include in its backlog. For example, one method of calculating the backlog would be to include every case that affects public protection that the State Bar does not resolve within six months from the time it receives a complaint. The Legislature should then amend the state law that currently defines how the State Bar should present the backlog in its discipline report.

**Status:** Implemented. Senate Bill 387 (Jackson, Chapter 537, Statutes of 2015) provides that, in addition to written complaints received by the State Bar, its Annual Discipline Report on backlog of cases must include other matters opened in the Office of the Chief Trial Counsel and pending beyond six months after receipt without the filing of notices of disciplinary charges, or the initiation of other disciplinary proceedings in the State Bar Court for the purpose of seeking the imposition of discipline against a member of the State Bar. The statute also requires the State Bar's Annual Discipline Report to include the number, average pending time, and other specified information related to disciplinary cases and complaints.

2. To ensure that the State Bar's fund balances do not exceed reasonable thresholds, the Legislature should consider putting a restriction in place to limit its fund balances. For example, the Legislature could limit the State Bar's fund balances to the equivalent of two months of the State Bar's average annual expenditures.

**Status:** Not implemented.

3. To provide the State Bar with the opportunity to ensure that its revenues align with its operating costs, the Legislature should consider amending state law to, for example, a biennial approval process for the State Bar's membership fees rather than the current annual process.

**Status:** Not implemented.

#### Background

The State Bar is a public corporation within the judicial branch of California which regulates the professional and ethical conduct of its 226,000 members through an attorney discipline system. The State Bar's Office of the Chief Trial Counsel receives complaints, investigates attorneys, and prepares cases for prosecution, while the State Bar Court adjudicates disciplinary and regulatory matters involving attorneys in the State.

The State Bar has struggled historically to promptly resolve all the complaints it receives, potentially delaying the timely discipline of attorneys who engage in misconduct. One of the primary measurements of the effectiveness of the State Bar's discipline system is the number of complaints

it fails to resolve within six months of their receipt, which it refers to as its backlog. State law defines the backlog as the number of cases within the discipline system, including, but not limited to, the number of unresolved complaints as of December 31 that the State Bar had received more than six months earlier. However, even though the State Bar has met the law's minimum requirements related to reporting its backlog, it continues to report fewer cases than the law permits. Because state law defines the State Bar's highest priority as protecting the public, we believe the appropriate method of calculating the State Bar's backlog would be to include every case that affects public protection—a method that the State Bar does not currently use.

The audit also found that the State Bar's fund balances over the last six years indicate that the revenues from annual membership fees exceed the State Bar's operational costs. Although the purchase of a new building in Los Angeles in 2012 decreased the State Bar's available fund balances, the audit found that they are again beginning to increase. Maintaining a reasonable fund balance would allow the State Bar to ensure that it charges its members appropriately for the services that they receive. We believe the State Bar needs to evaluate the revenue it receives and the services it provides. For example, the State Bar could work with the Legislature to reassess its annual membership fee to better align with the State Bar's actual operating costs so that the fund balances do not continue to increase.

Furthermore, the State Bar needs to conduct a thorough analysis of its revenues, operating costs, and future operational needs to support its belief that it does not have excess available revenue, even though our analysis suggests otherwise. Because the Legislature must authorize the State Bar to collect membership fees on an annual basis, every year the State Bar risks losing its ability to collect the revenue that will fund more than one-half of its general operating activities, which makes long-term planning difficult. Thus, a funding cycle that gives the State Bar greater certainty—for example, a biennial funding cycle—might enhance the State Bar's ability to engage in long-term planning.

## **Report**

*2015-030 State Bar of California: It Has Not Consistently Protected the Public Through Its Attorney Discipline Process and Lacks Accountability* (June 2015)

# Indian Gaming Special Distribution Fund

## Designate an Agency to Provide Oversight and Technical Assistance to the Benefit Committees

### Recommendation

To improve compliance with state laws and provide technical assistance in administering the mitigation grant program, the Legislature should consider designating an agency such as the California Gambling Control Commission (gambling commission) or the Department of Justice (Justice) to provide oversight and technical assistance to the Indian gaming local community benefit committees (benefit committees).

**Status:** Not Implemented

### Background

In its third examination of the allocation and expenditure of grants from the Indian Gaming Special Distribution Fund (distribution fund), the California State Auditor found that the benefit committees responsible for distributing these funds did not always comply with state laws for the distribution fund grants they awarded. The distribution fund uses money that some tribal casinos contribute under agreements known as *gaming compacts* between the tribes and the State to mitigate the impact of tribal gaming on local governments. State law requires that the benefit committees award mitigation grant funds for priorities such as law enforcement and fire protection, public health, and roads. In addition, it requires that if a project provides other benefits to the local jurisdiction, the mitigation grant funds pay only for the proportionate share of the project that mitigates the casino's impact on that local jurisdiction.

However, our review of 12 grants that four counties—Butte, Lake, Riverside, and San Diego—awarded in fiscal years 2010–11 through 2012–13 found that benefit committees awarded nearly \$1.7 million in funds for seven of these grants without sufficient documentation from the grant applicants. Specifically, either the applicants did not sufficiently demonstrate that their project mitigated the effect of Indian gaming or the requested funding did not represent a proportionate share of the costs attributable to casino impacts.

State law does not identify any agency responsible for conducting oversight of or providing technical assistance to the benefit committees. Instead, State law places responsibility for selecting grants with the benefit committees, and makes the counties responsible for administering grants. However, the benefit committees and counties lack definitive guidance and technical assistance, especially on issues where state law is silent. State oversight and technical assistance from an agency such as the gambling commission or Justice could improve benefit committees' compliance with state laws for administering the mitigation grant program.

### Report

**2013-036** *Indian Gaming Special Distribution Fund: Counties' Benefit Committees Did Not Always Comply With State Laws for Distribution fund Grants* (March 2014)

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# California's Alternative Energy and Efficiency Initiatives

## Determine Whether to Continue Funding the Thermal Program and Require the Air Resources Board to Assess the Effectiveness of the Decal Program

### Recommendations

1. Because the California Solar Initiative Thermal Program (thermal program) has not been successful in meeting the goals outlined in state law, the Legislature should consider whether it wants to continue authorizing the collection of ratepayers' money to fund the program.

**Status:** Not implemented.

2. To learn whether the Clean Air Vehicle Decal Program (decal program) helps to reduce the State's air pollution, the Legislature should require the California Air Resources Board (Air Resources Board) to research whether there is a relationship between decal usage and a change in the State's air quality.

**Status:** Not implemented.

### Background

In 2006 Senate Bill 1 (Chapter 132, Statutes of 2006) established requirements for the California Solar Initiative (solar initiative) as part of a larger statewide effort to support the installation of solar energy systems that generate solar electricity. The California Public Utilities Commission (commission) oversees the solar initiative, but six program administrators administer it within the service areas of four investor-owned utilities. Customers of these utilities fund the program through a surcharge on ratepayers' bills. One of the solar initiatives' five programs is the thermal program, which provides incentives for installing solar water-heating systems. The commission found that the thermal program will not accomplish any of its goals due to low participation, which it attributes to falling natural gas prices and the high installation costs for solar water-heating systems.

The Legislature established the decal program to encourage Californians to drive clean air vehicles by allowing certain low-emission vehicles to travel in carpool lanes with just one occupant. State law divides the responsibility for administering the program among the California Department of Motor Vehicles, the Air Resources Board, the California Department of Transportation, and the California Highway Patrol. State law does not require any of these agencies to monitor the goals and objectives of the decal program and none perform such an analysis. Furthermore, the Air Resources Board has not studied the effect, if any, of the decal program on air quality nor is it required to do so. However, our review of available data found that some of the counties with the highest concentration of decals tend to be in areas that have poor air quality and in areas that possess a significant number of carpool lanes.

### Report

*2014-124 California's Alternative Energy and Efficiency Initiatives: Two Programs Are Meeting Some Goals, but Several Improvements Are Needed* (February 2015)

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## Central Basin Water District

### Preserve the District as an Independent Entity, But Modify the Governance Structure

#### Recommendation

To ensure the efficient and effective delivery of imported and recycled water in southeastern Los Angeles County, the Legislature should pass special legislation to preserve the Central Basin Municipal Water District (district) as an independent entity but modify the district's governance structure. In doing so, the Legislature should consider a governance structure that ensures the district remains accountable to those it serves; for example, by changing the district's board from one elected by the public at large to one appointed by the district's customers.

**Status:** Not implemented.

#### Background

The district wholesales imported water from the Metropolitan Water District of Southern California to cities, other water districts, mutual water companies, investor-owned utilities, and private companies in southeast Los Angeles County. In addition, it operates a system for obtaining and distributing recycled water. A publicly elected board of five directors (board) governs the district. The board appoints a general manager who oversees the district's day-to-day operations and its staff.

In recent years the district's actions have called into question the efficiency and effectiveness of its operations. News reports have focused public attention on a number of issues at the district. Because of these issues and others, the County of Los Angeles Department of Public Works published a report in October 2014 that outlined the concerns it identified with the district's operations. As a result of these concerns, the report explored the steps necessary to dissolve the district and transfer its work elsewhere. However, the report stopped short of making such a recommendation and instead recommended this audit. Our audit found that the board's poor leadership has impeded the district's ability to effectively meet its responsibilities.

#### Report

*2015-102 Central Basin Municipal Water District: Its Board of Directors Has Failed to Provide the Leadership Necessary for It to Effectively Fulfill Its Responsibilities* (December 2015)

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# Antelope Valley Water Rates

## Clarify the Level of Detail Contained in the Rate Increase Notice Required By Proposition 218

### Recommendations

To provide guidance to local public agencies in implementing the Proposition 218 notice requirements, the Legislature should enact a statute that specifies the level of detail required to satisfy the requirement that the notice specify the basis upon which the amount of the proposed fee or charge was calculated.

**Status:** Not Implemented

### Background

The Antelope Valley region occupies northeastern Los Angeles, southeastern Kern, and western San Bernardino counties, and its water customers are served, depending on location, by four main water utilities: Los Angeles County Waterworks, District 40, Palmdale Water District, Quartz Hill Water District (Quartz Hill), and California Water Service Company (Cal Water), and by several smaller utilities. Water rates differ considerably among these four water utilities. Although there are legal and other differences among the four water utilities, the primary explanation for the differences in rates and rate increases is the difference in the costs paid by each water utility.

Processes are in place to protect consumers from unreasonable rate increases, and each of the water utilities generally followed these processes. The investor-owned utility reviewed by the California State Auditor, Cal Water, must file a general rate case every three years with the California Public Utilities Commission for review and approval before adjusting rates. Additionally, the three public utilities reviewed also must adhere to an approval process. Specifically, Proposition 218, a constitutional provision that limits the authority of local government agencies to impose property-related assessments, fees, and charges, requires public utilities to provide parcel owners with written notice of any proposed rate increase at least 45 days in advance of a public hearing, and to explain the purpose for any increase.

However, although Quartz Hill included the basis for calculating its rate increase in this notice, we believe it could have included more detail for the basis of its fee methodology. The audit noted that the requirements for the level of detail contained in the notice could be clarified by the Legislature to provide further guidance to public utilities.

### Report

*2013-126 Antelope Valley Water Rates: Various Factors Contribute to Differences Among Water Utilities (July 2014)*

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# California Department of State Hospitals

## Allow State Hospitals Flexibility In Evaluating Whether Offenders Meet the Criteria of a Sexually Violent Predator

### Recommendation

To promote efficiency, the Legislature should change state law to allow the Department of State Hospitals (State Hospitals) the flexibility to stop an evaluation once the evaluator determines that the sex offender (offender) does not meet one of the sexually violent predator (SVP) criteria.

**Status:** Not implemented.

### Background

The Legislature created the Sex Offender Commitment Program (program) in 1996 to target a small but extremely dangerous subset of sexually violent offenders who present a continuing threat to society because their diagnosed mental disorders predispose them to engage in sexually violent criminal behavior. Through this program, the California Department of Corrections and Rehabilitation (Corrections) refers certain offenders to State Hospitals for psychological evaluations when those offenders are nearing their scheduled release dates.

State law requires State Hospitals' evaluators to determine whether the offenders that Corrections refers to it meet the criteria for the SVP designation. If State Hospitals determines that offenders meet the SVP criteria, it requests the county counsels to petition for the offenders' commitments to a state hospital. State Hospitals uses the following criteria in state law to determine whether an offender meets the criteria of an SVP: the offender has been convicted of a sexually violent predatory offense against one or more victims; the offender suffers from a diagnosed mental disorder; and the diagnosed mental disorder makes the person likely to engage in sexually violent, predatory criminal behavior in the future without treatment and custody.

Our audit found that evaluators did not always consider all three criteria for determining whether offenders might be recommended for commitment; however, this decision created some efficiency. Specifically, in three evaluations we reviewed the evaluators noted that they did not diagnose a mental disorder—the second of three criteria that must be met for commitment—and therefore chose not to evaluate the third criterion, which is whether the diagnosed mental disorder makes the offenders likely to engage in sexually violent, predatory criminal behavior in the future without treatment and custody. State Hospitals has directed evaluators to complete evaluation of all three criteria regardless of the outcome of one. However, if the evaluator determines that an offender will not meet the criteria, we believe stopping the evaluations is both appropriate and efficient.

### Report

*2014-125 California Department of State Hospitals: It Could Increase the Consistency of Its Evaluations of Sex Offenders by Improving Its Assessment Protocol and Training (March 2015)*

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# Follow-Up—California Department of Justice Armed Prohibited Persons System

## Require Completion of An Initial Case Review Within Seven Days

### Recommendation

To ensure that the Department of Justice (Justice) fairly balances competing responsibilities and avoids redirecting the Armed Prohibited Persons System (APPS) unit staff to conduct Dealers' Record of Sale background checks, the Legislature should require Justice to complete an initial review of cases in the daily queue within seven days and periodically reassess whether Justice can complete these reviews more quickly.

**Status:** Not implemented.

### Background

In October 2013 the California State Auditor issued a report titled *Armed Persons With Mental Illness: Insufficient Outreach From the Department of Justice and Poor Reporting From Superior Courts Limit the Identification of Armed Persons With Mental Illness*, Report 2013-103, that included recommendations aimed at ensuring Justice accurately and promptly identifies firearm owners in the State who are prohibited from owning or possessing a firearm due to a mental health-related event in their life. This follow-up audit focused on certain recommendations we made to Justice related to the accurate and timely identification of armed prohibited persons as well as its process for reaching out to courts and mental health facilities, and we found that Justice has not fully implemented certain recommendations from our initial report.

One of the findings in our previous report noted that Justice had backlogs in its two processing queues: a daily queue and a historical queue. During late 2012 and early 2013, Justice had a backlog of more than 1,200 matches pending initial review in its daily queue—the queue that contains the daily events from courts and mental health facilities that indicate a match and may trigger a prohibition for an individual to own a firearm. Because a backlog in this queue means that Justice is not reviewing these daily events promptly, we recommended that Justice establish a goal of no more than 400 to 600 cases in the daily queue. However, during this follow-up audit, we found that Justice's daily queue during the first quarter of 2015 was over 3,600 cases; this is six times higher than its revised goal of no more than 600 cases. Just as it did during the previous audit, Justice continues to cite its need to redirect staff to conduct Dealers' Record of Sale background checks, which has a statutory deadline, as the reason for this backlog. We believe that, if Justice had a statutory deadline on the initial processing of the matches in the APPS database, it would encourage Justice to avoid redirecting APPS unit staff. The chief of the Bureau of Firearms believes that seven days would be a reasonable time frame to complete an initial review of matches.

### Report

*2015-504 Follow-Up—California Department of Justice: Delays in Fully Implementing Recommendations Prevent It From Accurately and Promptly Identifying All Armed Persons With Mental Illness, Resulting in Continued Risk to Public Safety* (July 2015)

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## Sexual Assault Evidence Kits

### Direct Law Enforcement Agencies to Report the Number of Sexual Assault Evidence Kits Collected and Tested and Require Testing of Sexual Assault Evidence Kits in All Cases Where the Assailant's Identity Is Unknown

#### Recommendations

1. The Legislature should direct law enforcement agencies to report to the Department of Justice (Justice) annually how many sexual assault evidence kits they collect and the number of kits they analyze each year. The Legislature should also direct law enforcement agencies to report annually to Justice their reasons for not analyzing sexual assault evidence kits. The Legislature should require an annual report from Justice that details this information.

**Status:** Not implemented.

2. To ensure that agencies preserve the option to extend the statute of limitations in unknown assailant cases, the Legislature should require law enforcement agencies to submit sexual assault evidence kits to a crime lab for analysis in all cases where the identity of the assailant is unknown, and it should require the labs to complete analysis of those sexual assault evidence kits within two years of the date of the associated offense. The Legislature should exempt from this requirement all cases where victims specifically request that law enforcement not analyze their kit, as well as cases where investigators determine that no crime occurred.

**Status:** Not implemented.

**Note:** The following legislation addressing issues related to the audit was enacted during the 2013–14 Regular Legislative Session:

Assembly Bill 1517 (Skinner, Chapter 874, Statutes of 2014) encourages a law enforcement agency in whose jurisdiction a sexual assault offense occurred to submit sexual assault forensic evidence received by the agency on or after January 1, 2016, to the crime lab within 20 days of the date it is booked into evidence, or ensure that a rapid turnaround DNA program is in place to submit sexual assault forensic evidence collected to the crime lab within 5 days after the evidence is obtained from the victim. The bill also encourages the crime lab to process that evidence, create DNA profiles when able, and upload qualifying DNA profiles into the Combined DNA Index System (CODIS) as soon as practically possible, but no later than 120 days after initially receiving the evidence, or to transmit the sexual assault forensic evidence to another crime lab as soon as practically possible, but no later than 30 days after initially receiving the evidence.

#### Background

Victims of sexual assault can choose to provide the law enforcement agencies investigating their cases with biological evidence by undergoing a sexual assault examination. The evidence collected during this exam is stored in a sexual assault evidence kit, and local law enforcement keeps the kit as evidence in the investigation. The local law enforcement investigator (investigator) may request that a crime

lab analyze the sexual assault evidence kit in hopes of finding the DNA profile for a suspect in the investigation. The lab can then upload the profile to the CODIS, a network of local, state, and federal databases that allows law enforcement agencies (agencies) to match DNA profiles against one another. Through this process, labs will sometimes obtain the name of a previously unknown suspect or match multiple cases where the suspect remains unknown. However, there is no state or federal law that requires agencies to request analysis of every sexual assault evidence kit.

The California State Auditor reviewed three agencies—the Oakland Police Department, the San Diego Police Department, and the Sacramento County Sheriff’s Department (Sacramento Sheriff)—and found that these agencies and their associated crime labs analyzed varied proportions of the sexual assault evidence kits they collected from 2011 through 2013, the period we reviewed for this audit. The audit found that investigators at these agencies base their decisions about whether to request a kit analysis on the specific circumstances of an individual case, and we reviewed 45 cases in which investigators did not request analysis. The audit did not identify any negative effects on the investigation of those cases that resulted from the decisions not to request analyses. However, the audit noted that investigators rarely documented the reasons they decided not to request an analysis. With documented reasons for the decisions, agencies would be able to clearly demonstrate to victims, policy makers, and other interested parties why they did not request such analyses.

A state-run program has existed since 2011 that could provide more information about the benefits of analyzing all sexual assault evidence kits. According to the chief of Justice’s Bureau of Forensic Services, Justice’s Rapid DNA Service program tests every sexual assault evidence kit that hospitals collect in the nine counties that the program serves. However, Justice does not currently know the investigative outcomes for the cases associated with those kits such as the number of arrests or convictions. Such information would be valuable as the Legislature considers whether to require an increase in the number of sexual assault evidence kits analyzed in California. Additionally, no comprehensive information is currently available about the number of sexual assault evidence kits that local law enforcement agencies collect annually or how many of those kits are analyzed. Further, no comprehensive data exist about the reasons some sexual assault evidence kits in California are not analyzed. This information would also assist policy makers as they consider whether law enforcement agencies’ current approaches in this area need to change.

## Report

*2014-109 Sexual Assault Evidence Kits: Although Testing All Kits Could benefit Sexual Assault Investigations, the Extent of the Benefit is Unknown (October 2014)*

# California Public Utilities Commission

## Authorize the Commission to Collect VoIP Customer Information From Telephone Service Providers

### Recommendation

To ensure that the California Public Utilities Commission (commission) has the information it needs to better report on Voice over Internet Protocol (VoIP) -related complaints, the Legislature should give the commission the authority to collect information from providers regarding their VoIP customers and require VoIP providers to furnish this information to the commission.

**Status:** Not implemented.

### Background

The telecommunications industry has undergone a profound transformation in recent years with the advent of new technologies such as cable-based VoIP telephone services. While federal law specifies that the Federal Communications Commission maintains regulatory jurisdiction over interstate and international telecommunications, it generally gives the states jurisdiction over their intrastate telecommunications. With certain restrictions, California has designated responsibility for regulating its intrastate telecommunication services to the commission.

In part, the commission is responsible for helping consumers resolve issues with the industries it regulates, and its Consumer Affairs Branch (branch) helps consumers resolve disputes or informal complaints with certain utilities. The branch also provides the commission and other entities, such as the Legislature, with information about the complaints it receives from consumers regarding utilities.

The audit found that the commission's ability to identify VoIP complaints is limited because state law is ambiguous about whether VoIP providers must provide information to the commission that would assist it in responding informally to VoIP complaints. Not all VoIP providers are required to register with the commission and report information regarding their VoIP customers, and the commission staff do not believe they have the legal authority to compel VoIP providers to report this information.

### Report

*2014-120 California Public Utilities Commission: It Needs to Improve the Quality of Its Consumer Complaint Data and the Controls Over Its Information Systems* (April 2015)

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## Public Utilities Commission Balancing Accounts

### Require the Commission to Develop a Risk-Based Approach for Reviewing Balancing Accounts and Remove the Requirement that the Commission Provide Audit Reports to the Board of Equalization

#### Recommendations

1. To ensure proper oversight of balancing accounts to protect ratepayers from unfair rate increases, the Legislature should amend California Public Utilities Code (CPUC) § 792.5 to require the California Public Utilities Commission (commission) to develop a risk-based approach for reviewing all balancing accounts periodically to ensure that the transactions recorded in the balancing accounts are for allowable purposes and are supported by appropriate documentation, such as invoices.

**Status:** Not implemented.

2. The Legislature should amend CPUC § 314.5 to remove the requirement that the commission provide audit reports to California State Board of Equalization (Equalization).

**Status:** Not implemented.

#### Background

The commission has broad authority, including the authority to inspect and audit the records of regulated utilities. As such, it regulates the six electric, seven natural gas, and 116 water investor-owned utilities in California, and it is responsible for authorizing the rates these utilities may charge ratepayers. Because the rates are derived from projected costs and projected consumption of service, state law directs the commission to require utilities to establish *balancing accounts* to track the actual costs and the related revenues the utilities collect from ratepayers for certain activities. The purpose of a balancing account is to allow the utilities to recoup the costs the commission has authorized, while ensuring that ratepayers do not pay more than they should. The California State Auditor noted, however, that the commission lacks adequate processes to provide sufficient oversight of balancing accounts to protect ratepayers from unfair rate increases. Additionally the commission does not have a systematic process for selecting balancing accounts to review and does not periodically audit the accounting records of the utilities it regulates according to a schedule prescribed in law.

Finally, Equalization believes that state law requiring the commission to provide its audit reports on utilities' accounting records to Equalization for use in assessing taxes on those utilities is out of date. Equalization stated that the commission's general rate cases do not focus on the same components of a utility's operations and finances as assessment of taxes requires. Equalization has established its own process to audit all companies, including utilities, in the State and believes that it is in a better position to carry out this function than the commission. Further, Equalization believes that requiring the commission to do the work necessary to allow Equalization to assess taxes on utilities may not be cost-effective for the State.

#### Report

**2013-109 California Public Utilities Commission: Improved Monitoring of Balancing Accounts Would Better Ensure That Utility Rates Are Fair and Reasonable** (March 2014)

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## Disabled Veteran Business Enterprise Program

### Revise Program Reporting Requirements or Require Awarding Departments to Maintain Detailed Support for Program Activities and Increase the Number of Disabled Veteran Enterprises That Contract With the State

#### Recommendations

1. To provide a more meaningful measure of how well disabled veteran-owned businesses benefit financially from the Disabled Veteran Business Enterprise (DVBE) program, the Legislature should amend the DVBE reporting requirements in the Public Contract Code to require that all awarding departments take the following steps to report DVBE participation and ensure that data can be corroborated:

- For DVBE firms that contract directly with the State (prime contractors), require awarding departments to report on an annual basis DVBE participation based on amounts they paid the DVBE firms.
- For DVBE firms that work as a subcontractor (that do not directly contract with the awarding department), require the awarding departments to track and report on an annual basis DVBE participation based on amounts the subcontracting DVBE firms received, as certified by the subcontractors.
- Require awarding departments to maintain accounting records and certifications from DVBE subcontractors, as applicable, that support the DVBE participation data reported.

**Status:** Not implemented.

2. If the Legislature chooses not to amend the DVBE reporting requirements in the Public Contracting Code—to require awarding departments to report DVBE participation annually based on amounts paid, not amounts awarded—the Legislature should amend the Public Contracting Code to do the following:

- Require awarding departments to maintain detailed support for their DVBE activity and to establish review procedures to ensure the accuracy and completeness of the award amounts reported.
- Include specific instructions to awarding departments on how they should report multiyear contracts, either at the time of award or by an equal distribution of the award over the life of the contract.

**Status:** Not implemented.

3. For the DVBE program to benefit a broad base of disabled veteran-owned businesses financially, the Legislature should enact legislation aimed at increasing the number of DVBEs that contract with the State, including increasing the amount of the DVBE incentive that awarding departments can apply when considering bids on state contracts. Such an incentive could include additional preference points to certain bids when the bidder is a DVBE firm that the department has not previously used, and when the DVBE firm is the prime contractor

**Status:** Not implemented.

### Background

The DVBE program directs state governmental entities, such as state agencies and departments, to procure goods and services from DVBE firms that the California Department of General Services (General Services) has determined have met the eligibility criteria required by law to be a certified DVBE firm. The DVBE program requires that, collectively, state governmental entities that award contracts for goods and services (awarding departments) *expend* not less than 3 percent of the value of all their contracts on firms that are owned by disabled veterans. However, the performance reporting requirements established in the State's Public Contract Code require awarding departments to report their levels of DVBE participation based on the amount of the contracts *awarded* to DVBE firms. The use of the different terms *expended* and *awarded* raises significant questions as to whether the State is measuring the program's performance in a manner consistent with legislative intent.

The legislative intent of the DVBE program is to target DVBE firms and have them benefit financially from doing business with the State. DVBEs benefit financially when they are paid for their services. However, based on the performance reporting requirements specified in the Public Contract Code, the State currently measures the success of the DVBE program by the value of the contracts that state departments and agencies have awarded—and not necessarily the amount ultimately paid—to DVBE firms. This performance measure may distort an assessment of whether the program is meeting the legislative intent, because awarding departments can subsequently amend or cancel their contracts with a DVBE if their procurement needs change.

In addition to lacking a true measure for the extent to which DVBE firms benefit financially from the program, the data in the State Contract and Procurement Registrations System maintained by General Services provide a strong indicator that only a relatively small subset of DVBE firms enjoy the major part of the State's business. Specifically, the audit noted that during fiscal year 2012–13, 83 percent of the DVBE contract award amounts went to only 30 DVBE firms. Therefore, the State Auditor believes that the Legislature should enact additional legislation that promotes the use of more DVBE firms in state contracting. For example, the Legislature could expand on existing laws designed to increase the likelihood of contracting with a DVBE firm.

### Report

*2013-115 Disabled Veteran Business Enterprise Program: Meaningful Performance Standards and Better Guidance by the California Departments of General Services and Veterans Affairs Would Strengthen the Program* (February 2014)



## Appendix

### Legislation Chaptered or Vetoed During the 2015–16 Regular Legislative Session

The table below briefly summarizes bills that were chaptered or vetoed during the first year of the 2015–16 Regular Legislative Session and relate to the subject of a California State Auditor’s (state auditor) report, were based in part on recommendations in a state auditor’s report, or the analysis of the bill relied in part on a state auditor’s report.

**Table**  
**Legislation Chaptered or Vetoed in the 2015 Regular Session**

BILL NUMBER (CHAPTERED OR VETOED)	REPORT (ABBREVIATED TITLE)	SUMMARY OF LEGISLATION
<b>Business and Professions</b>		
AB 522 VETOED	2014-116 <i>Department of Consumer Affairs BreEZe System</i> (February 2015)	Would have required the Director of Technology by January 1, 2017, to develop a standardized contractor performance assessment report system to evaluate the performance of a contractor on any information technology contract or project reportable to the Department of Technology. This bill would also have required the Director of Technology to implement that evaluation system for all reportable information technology contracts and projects, and would have required that system to be used in addition to any other procurement procedures when evaluating or awarding those contracts or projects.
<b>Elections and Redistricting</b>		
AB 1461 Ch. 729, Stats 2015	2012-112 <i>Help America Vote Act</i> (August 2013)	Requires the Secretary of State (SOS) and the Department of Motor Vehicles (DMV) to establish the California New Motor Voter Program, under which the DMV is required to electronically provide to the SOS the records of each person who applies for a driver’s license or state identification card or makes a specified notice to the DMV. The SOS is required to establish procedures to protect the confidentiality of the information acquired from the DMV. Finally, this statute requires the SOS to adopt regulations to implement this program.
<b>Environmental Safety and Toxic Materials</b>		
AB 273 Ch. 456, Stats 2015	2013-122 <i>Department of Toxic Substances Control</i> (August 2014)	Until June 30, 2021, requires a specified monetary obligation owed to the Department of Toxic Substances Control to be subject to an interest rate of 7 percent per annum. After that date, the monetary obligation is subject to an interest rate of 10 percent per annum, except that, in the case of obligations of local governments, the rate after that date will remain at 7 percent per annum. The statute also allows the department to waive the interest if the obligation is satisfied within 60 days or if the person, within 45 days of receiving the notice, provides notice to the department disputing the obligation.
AB 274 Ch. 457, Stats 2015	2013-122 <i>Department of Toxic Substances Control</i> (August 2014)	Until January 1, 2019, defines the term “uncollectible account” as it relates to the recovery of oversight, response or corrective action costs taken pursuant to hazardous waste control laws. This statute also authorizes the Department of Toxic Substances Control not to pursue an uncollectible account and to write off or write down that uncollectible account.
AB 275 Ch. 458, Stats 2015	2013-122 <i>Department of Toxic Substances Control</i> (August 2014)	Applies a specified state law regarding a person’s liability for cost recovery to response and corrective actions pertaining to hazardous substances, and deletes the requirement that a portion of a judgment for costs and expenditures imposed for hazardous substances removal or remedial actions be paid from a specified state fund. This statute also allows a response or corrective action to be commenced either within a 3-year period or, if operation and maintenance is required as part of the response or corrective action, within three years after completion of operation and maintenance has been certified by the department or a regional board.

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BILL NUMBER (CHAPTERED OR VETOED)	REPORT (ABBREVIATED TITLE)	SUMMARY OF LEGISLATION
<b>AB 276</b> Ch. 459, Stats 2015	2013-122 <i>Department of Toxic Substances Control</i> (August 2014)	Authorizes the Department of Toxic Substances Control or a local officer or agency to require specified persons to furnish and transmit any information relating to those persons' ability to pay for or perform a response action. The statute also permits the department or a local officer or agency authorized to enforce the Hazardous Waste Control Law to require any person who has information regarding the activities of a person specified above relating to hazardous substances, hazardous wastes, hazardous materials, and the ability of the specified person to pay for or perform a response action to furnish and transmit that information.

#### Governmental Organization

<b>AB 670</b> Ch. 518, Stats 2015	2015-611 <i>High Risk Update: Information Security</i> (August 2015)	Requires the California Department of Technology to conduct, or require to be conducted, no fewer than 35 independent security assessments of state agencies, departments or offices annually.
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#### Health and Human Services

<b>AB 403</b> Ch. 773, Stats 2015	2011-101.1 <i>Child Welfare Services</i> (October 2011)	Effective January 1, 2017, repeals certain provisions regarding training and services provided by group homes and foster family agencies, and establishes interim provisions. This statute also provides for licensure of a new type of community care facility called short term residential treatment centers and requires the Department of Social Services to provide periodic updates to the Legislature regarding the statute's implementation.
<b>AB 564</b> Ch. 500, Stats 2015	2014-118 <i>Department of Developmental Services Parental Fee</i> (January 2015)	Effective July 1, 2016, calculates monthly parental fees based on a percentage of the parents' annual income and authorize a credit of the equivalent of one day of the monthly parental fee for each day a child spends six or more consecutive hours in a 24-hour period on a home visit. The statute also specifies that appeals of a parental fee may be made only to dispute the family income used and the denial or amount of a credit. The statute further requires, for parents of children placed in 24-hour out-of-home care prior to July 1, 2016, the monthly parental fee to be calculated at the time of the parents' annual fee recalculation or within 60 days of a parental request for review by the department and receipt of the family's completed family financial statement.

#### Higher Education

<b>AB 340</b> VETOED	2015-032 <i>Campus Crime Reporting</i> (July 2015)	Would have required the California Community Colleges Board of Governors and the California State University Trustees, and encouraged the University of California Regents, to each generate a report once every biennium of the legislative session, beginning with the 2017-2018 Regular Session that would have included, but not be limited to, new and recent administrative efforts intended to affect campus climate; recent campus program developments that impact campus climate related to specified demographics; and specified crime data.
<b>AB 404</b> Ch. 623, Stats 2015	2013-123 <i>Community Colleges Accreditation</i> (June 2014)	Requires the California Community Colleges Board of Governors to conduct a survey of the community colleges, including consultation with representatives of both faculty and classified personnel, to develop a report that reflects a system wide evaluation of the accrediting agency based on the criteria used to determine an accreditor's status.
<b>AB 636</b> Ch. 697, Stats 2015	2013-124 <i>California Universities: Sexual Harassment and Sexual Violence</i> (June 2014)	Requires a report by specified post-secondary educational institutions to a local law enforcement agency to identify the alleged assailant of a Part 1 violent crime, sexual assault, or hate crime, even if the victim does not consent to being identified, if the institution determines that the alleged assailant represents a serious and ongoing threat to the safety of students, employees or the institution and the immediate assistance of the local law enforcement agency is necessary to contact or detain the assailant. This statute also requires the institution in such cases, as a condition of participation in a specified financial aid program, to disclose the identity of the alleged assailant to the local law enforcement agency and to immediately inform the victim of that disclosure.
<b>AB 716</b> Ch. 252, Stats 2015	2012-113 <i>California State University's Extended Education</i> (December 2013)	Provides that supplanting occurs when an institution reduces the number of state-supported course offerings while increasing the number of self-supporting versions of that course. The statute also requires, to the extent possible, that each campus ensure that a state-supported course is offered for any course required as a condition of undergraduate degree completion for a state-supported matriculated student, and prohibits all campuses from requiring a state-supported matriculated student to enroll in a special session course in order to fulfill a graduation requirement for a state-supported degree program.

BILL NUMBER (CHAPTERED OR VETOED)	REPORT (ABBREVIATED TITLE)	SUMMARY OF LEGISLATION
AB 913 Ch. 701, Stats 2015	2013-124 <i>California Universities: Sexual Harassment and Sexual Violence</i> (June 2014)	Expands the existing written jurisdictional agreements between postsecondary educational institutions and local law enforcement to include responsibility for investigating sexual assaults and hate crimes, and, if necessary, requires the written agreements to be updated every five years.
AB 967 VETOED	2013-124 <i>California Universities: Sexual Harassment and Sexual Violence</i> (June 2014)	Would have required, in order to receive state funds for student financial assistance, the governing board of each community college district, the California State University Trustees, the University of California Regents, and the governing board of each independent postsecondary institution to adopt and carry out a uniform process, applicable to each campus of the institution, for disciplinary proceedings relating to any claims of sexual assault. The bill would have additionally required, until December 31, 2021, in order to receive state funds for student financial assistance, the above-named entities to report on or before October 1, 2017, and on an annual basis thereafter, specified data relating to cases of alleged sexual assault, domestic violence, dating violence, and stalking. Finally, the bill would have required that the information be reported in a manner that provides appropriate protections for the privacy of individuals involved, including, but not necessarily limited to, protection of the confidentiality of the alleged victim and of the alleged perpetrator.
<b>Judiciary</b>		
SB 387 Ch. 537, Stats 2015	2015-030 <i>State Bar of California</i> (June 2015)	In part, provides that, in addition to written complaints received by the California State Bar, its Annual Discipline Report on backlog of cases must include other matters opened in the Office of the Chief Trial Counsel and pending beyond six months after receipt without the filing of notices of disciplinary charges, or the initiation of other disciplinary proceedings in the State Bar Court for the purpose of seeking the imposition of discipline against a member of the State Bar. The statute also requires the State Bar's Annual Discipline Report to include the number, average pending time, and other specified information related to disciplinary cases and complaints.
<b>Utilities and Commerce</b>		
SB 541 Ch. 718, Stats 2015	2013-130 <i>California Public Utilities Commission Charter-Party Carriers</i> (June 2014)	In part, specifies that certain enforcement activities of the California Public Utilities Commission (commission) may also be performed by peace officers. The statute further requires the commission to assess its capabilities to carry out the specified activities and to report to the Legislature no later than January 1, 2017, including an analysis of current capabilities and deficiencies, and recommendations to overcome any deficiencies identified.