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The Governor of California  
Members of the Legislature  
State Capitol  
Sacramento, California 95814

Dear Governor and Members of the Legislature:

The California State Auditor's Office presents its special report for the legislative standing/policy committees, which summarizes audits and investigations we issued from January 2009 through December 2010. This report includes the major findings and recommendations along with the corrective actions auditees reportedly have taken to implement our recommendations. In the reports issued during the past two years, we made 210 recommendations, of which state agencies asserted that they have fully implemented 89 and partially implemented 63; however, for the remaining 58 recommendations, we determined that agencies have taken no action for five, and corrective action is pending for 53 recommendations. To facilitate use of this report, we have included a table (Table 2) that summarizes the status of each agency's implementation efforts by audit report.

Our audit efforts bring the greatest return when the auditee acts upon our findings and recommendations. This report includes another table (Table 1) that summarizes the monetary value associated with certain findings from reports we issued during the period January 1, 2003, through December 31, 2010. We have grouped the monetary value into various categories such as cost recovery, cost savings, lost revenue, increased revenue, and wasted funds. We estimate that if auditees implemented our recommendations contained in these reports, they could realize more than \$1.2 billion in monetary value by reducing costs, increasing revenues, or avoiding wasteful spending.

The information in the report will also be available in 10 special reports specifically tailored for each Assembly and Senate budget subcommittee on our Web site at [www.bsa.ca.gov](http://www.bsa.ca.gov). We believe the State's budget process is a good opportunity for the Legislature to explore these issues and, to the extent necessary, reinforce the need for corrective action. Finally, we notify all affected auditees of the release of these special reports.

Respectfully submitted,



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