



COMMITMENT  
INTEGRITY  
LEADERSHIP

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Report I2025-1

# FACT SHEET

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## Investigations of Improper Activities by State Agencies and Employees

*Waste, Improper Payments, Misuse of State Resources, and Other Improper Governmental Activities*

### Background

The California Whistleblower Protection Act (Whistleblower Act) empowers the California State Auditor (State Auditor) to investigate allegations of improper governmental activities by state agencies and employees. The Whistleblower Act defines an *improper governmental activity* as an action by a state agency or employee during the performance of official duties that violates a law; is economically wasteful; or involves gross misconduct, incompetence, or inefficiency. Since 1993, when the State Auditor activated the Whistleblower Hotline, our office has identified improper governmental activities that have cost the State hundreds of millions of dollars.

### Key Findings

From January 2024 through October 2025, our office conducted investigative work on more than 2,600 cases alleging improper governmental activities. This report details the results of five recently substantiated allegations involving several state agencies. Below are some of the wrongful activities included in this report.

- The Employment Development Department wasted more than \$4.6 million in state funds by paying the monthly service fees for thousands of mobile devices, such as cell phones, smartphones, and wireless hotspots, that were unused for four or more consecutive months. In many cases, the devices were not used for two or more years. By December 2020, the agency had procured more than 7,000 mobile devices for staff to use in response to the COVID-19 pandemic, but by April 2025, 45 months after the Governor rescinded his stay-at-home order, the agency was still paying the monthly services fees for more than 5,000 of those mobile devices.
- The California Air Resources Board continued to pay an employee on extended leave for many months after his leave hours were fully depleted and he was no longer working. The agency overpaid the employee \$171,446 because it had not accurately tracked the number of leave hours the employee had used.
- The California Department of Veterans Affairs' Yountville Veterans Home did not report more than \$400,000 in taxable fringe benefits for below-market-rate housing for employees who rented state-owned housing from 2023 to 2025. Consequently, the affected employees may face significant unpaid tax liabilities. A manager with the responsibility to ensure that the agency reports taxable fringe housing benefits described being unfamiliar with this responsibility and acknowledged not reporting such taxable benefits since occupying the position.

### Status of the 2,636 Cases for Which Our Office Conducted Investigative Work January 2024 through October 2025

