



# CALIFORNIA STATE AUDITOR

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# FACT SHEET

December 11, 2012

Report No. I2012-1

The California State Auditor released the following report today:

## Investigations of Improper Activities by State Agencies and Employees

*April 2011 Through June 2012*

### BACKGROUND

Since July 1993 the California State Auditor (state auditor) has identified improper governmental activities costing the State roughly \$31.2 million and other improper governmental activities having unquantifiable monetary effects in terms of cost but causing negative social impacts. The California Whistleblower Protection Act (Whistleblower Act) empowers the state auditor to investigate complaints that state agencies and employees have engaged in improper governmental activities. The Whistleblower Act defines an “improper governmental activity” as any action by a state agency or employee relating to state government that violates state or federal law, is wasteful, or involves gross misconduct, incompetence, or inefficiency.

### KEY FINDINGS

From April 1, 2011, through June 30, 2012, the state auditor:

- Received 7,238 calls or inquiries through the Whistleblower hotline, mail, the state auditor’s Web site, or walk-in contact and conducted analyses, reviews, and investigations of 1,453 cases opened during this or a prior period.
- Completed and reported on 15 investigations—some performed independently and some performed with other state agencies—that substantiated the commission of improper governmental activities, including the following:
  - ✓ Three individuals—a Franchise Tax Board employee, an Office of the Secretary of State employee, and a courier service owner—perpetrated a fraud scheme that resulted in three bribery convictions and an order to pay a total of \$227,430 in restitution to the State.
  - ✓ For more than a two-year period, a former employee of the Employment Development Department (EDD) helped two accomplices illegally obtain nearly \$93,000 in unemployment benefits in a conspiracy to defraud EDD. The former EDD employee and one of her accomplices were subsequently sentenced to serve time in federal prison and the second accomplice was sentenced to three years of probation.
  - ✓ The California State Athletic Commission overpaid 18 athletic inspectors nearly \$119,000 over two years because it inappropriately paid them an hourly overtime rate rather than an hourly straight-time rate for work they performed.
  - ✓ Some state entities paid employees over \$100,000 in travel benefits they were not entitled to receive:
    - The California Correctional Health Care Services authorized Department of Corrections and Rehabilitation employees to use rental cars and receive travel reimbursements for improper expenses at a cost of more than \$55,000.
    - The Natural Resources Agency circumvented state travel regulations by improperly reimbursing an official and an employee roughly \$48,000 for commuting between their homes and headquarters.
  - ✓ A supervisor with the Department of Fish and Game improperly directed the use of state funds to purchase nearly \$54,000 in goods and services not required by an agricultural lease agreement.

This report also summarizes corrective actions taken or not taken on previously reported investigations. State departments must report to the state auditor any corrective action taken in response to an investigation no later than 60 days after we notify the agency or authority of the improper activity and monthly thereafter until corrective action is completed.

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To report suspected improper governmental activities, contact the Whistleblower Hotline: (800) 952-5665, or mail information to the state auditor, or submit a complaint online to [www.auditor.ca.gov](http://www.auditor.ca.gov).

