



Elaine M. Howle *State Auditor*

CONTACT: Margarita Fernández | (916) 445-0255 x 343 | MargaritaF@auditor.ca.gov

California Prison Industry Authority

It Gave Nearly \$1.3 Million in Unlawful Gifts to Other State Agencies and Repeatedly Violated Merit-Based Employment Principles

Background

The California Prison Industry Authority (CalPIA) provides work opportunities for incarcerated individuals under the jurisdiction of the California Department of Corrections and Rehabilitation (CDCR), which help develop effective work habits and occupational skills. Established to be a self-supporting and semiautonomous state agency similar to private industry, it employs over 900 people who work primarily on-site at CDCR's 35 adult institutions throughout the State, and it produces goods and services such as office furniture, clothing, food products, and printing. CalPIA's revenues come from the sale of its products and services and are overseen by the 11-member Prison Industry Board. We conducted an investigation after we received allegations of improper governmental activities at CalPIA.

Key Findings

- It unlawfully gave nearly \$1.3 million in goods and services to two agencies that did not further CalPIA's purpose and in some cases, the unlawful purchases were also wasteful.
 - In 2018 it spent about \$82,000 when it purchased artificial turf for one of CDCR's prisons. As of March 2021, CDCR had yet to install it.
 - CalPIA paid more than \$213,000 for executive leadership training designed almost exclusively for CDCR staff, and it spent \$443,000 for a perimeter camera system around a CDCR prison.
 - CalPIA spent approximately \$350,000 on various equipment and other goods for CDCR and gifted nearly \$163,000 of furniture it built to CDCR and another agency.
- CalPIA repeatedly circumvented the civil service laws when its executives influenced personnel actions to preselect desired candidates, including relatives and friends, for jobs and promotions.
 - In total, we found that CalPIA made ten unlawful appointments from 2016 through 2019.

Key Recommendations

To remedy the effects of these improper activities and prevent recurrence, CalPIA should:

- Take appropriate disciplinary action against any employees or executives who were involved in authorizing unlawful use of funds and those who failed to protect the merit-based system of hiring.
- Establish sufficient controls and more thorough approval processes over its spending and cancel a contract for training CDCR executives that does not advance CalPIA's purpose.
- Review the bad faith appointments identified and work with CalHR or the State Personnel Board to determine appropriate actions such as reclassifying positions, voiding appointments, and requiring employees to return compensation.
- Provide training to all staff involved in spending and hiring processes to ensure they understand all applicable requirements.

Bad Faith Appointments CalPIA Executed From 2016 to 2019

