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Investigations of Improper Activities by State Agencies and Employees

Wasteful and Improper Personnel Decisions, Improper Contracting, Conflict of Interest, Misuse of State Resources, and Dishonesty

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, we have identified improper governmental activities that have cost the State hundreds of millions of dollars.

Key Findings

From January 2020 through June 2020, the State Auditor’s Office investigated and substantiated allegations independently or with the assistance of other state agencies numerous improper activities. This report details the results of nine substantiated allegations involving several state agencies. In total, we identified more than \$800,000 of inappropriate expenditures and millions of dollars more that the State will wastefully spend unless it takes appropriate corrective action.

- The Department of State Hospitals began a telepsychiatry program and allowed its telepsychiatrists to receive enhanced benefits—State Safety retirement benefits—even though they do not have regular, substantial, in-person contact with patients as required. This decision will cost the State millions in overpaid retirement benefits if left uncorrected.
- Two departments failed to follow state contracting requirements.
 - » The California Department of Veterans Affairs did not competitively bid and improperly issued 10 emergency contracts totaling almost \$630,000, yet the circumstances did not lawfully qualify as emergencies.
 - » A battalion chief at the California Department of Forestry and Fire Protection entered into a \$100,000 contract with a construction company that employed his wife and was owned by his wife’s family.
- The California Department of Education and the Department of Industrial Relations preselected candidates for management positions and improperly approved inflated salaries.
- Several employees at various agencies misused state resources including using state-paid time and resources for managing personal rental properties, using state-owned vehicles to commute to and from work, and failing to account for missed time and absences.

Safety Retirement Benefits Will Increase Three Telepsychiatrists’ Pensions by \$550,000 to \$900,000 Over 20 Years

