

APPENDIX

Summary of Recommendations for Legislative Consideration by Policy Area

The Table below presents a summary of the recommendations the Bureau of State Audits made to the Legislature from January 2001 through January 2003. Reports describing these recommendations are also identified in the Table. For the status of the Legislature's actions with regards to these recommendations, refer to the page number listed below.

TABLE

Recommendations to the Legislature

Report Number and Title	Page	Recommendation
Banking, Finance, Commerce, and International Trade		
2001-115, Technology, Trade and Commerce Agency: <i>Its Strategic Planning Is Fragmented and Incomplete, and Its International Division Needs to Better Coordinate With Other Entities, but Its Economic Development Division Customers Generally Are Satisfied</i>	12	We recommended that the Legislature consider commissioning an independent statewide study of the existing delivery system for export services to determine the best division of work and resources among the various entities in the international arena.
Business and Professions		
2000-117, The State's Real Property Assets: <i>The State Has Identified Surplus Real Property, but Some of Its Property Management Processes Are Ineffective</i>	18	<p>To provide consistency and quality control over the review of the State's real property holdings, we recommended that the Legislature consider empowering an existing agency or creating a new commission or authority with the following responsibilities:</p> <ul style="list-style-type: none">• Establishing standards for the frequency and content of property reviews and land management plans.• Monitoring agencies' compliance with the standards.• Scrutinizing agencies' property retention decisions. <p>Alternatively, this entity could be responsible for periodically conducting reviews of the State's real property and making recommendations to the Legislature regarding the property's retention or disposal. If the Legislature does not wish to establish such an oversight entity, it should consider replacing the current requirement for annual property reviews with a requirement for less frequent but more comprehensive reviews. The Legislature should also consider providing incentives to state agencies to encourage them to identify surplus and underused property so that they free the real estate for better uses. Such incentives could include allowing agencies to retain the proceeds from the disposition of surplus properties for use either in funding current or planned capital outlays for new property or in improving and modernizing existing facilities when the need exists. Additionally, when agencies need to acquire or improve facilities, incentives for disposing of excess property could include guaranteeing agencies the market value for the surplus property they sell or transfer.</p>

Report Number and Title	Page	Recommendation
2001-128, Enterprise Licensing Agreement: <i>The State Failed to Exercise Due Diligence When Contracting With Oracle, Potentially Costing Taxpayers Millions of Dollars</i>	73	We recommended that the Legislature consider requiring all Information Technology contracts over a specified dollar amount to receive a legal review by the Department of General Services.
2002-107, Office of Criminal Justice Planning: <i>Experiences Problems in Program Administration, and Alternative Administrative Structures for the Domestic Violence Program Might Improve Program Delivery</i>	88	To improve the efficiency of the State’s domestic violence programs and reduce overlap of Office of Criminal Justice Planning’s (OCJP) and Department of Health Services’ (DHS) administrative activities, we recommended OCJP and DHS, along with the Legislature, should consider implementing one of the following alternatives: <ul style="list-style-type: none"> • Increase coordination between the departments. • Develop a joint grant application for the two departments’ shelter-based programs. • Combine the two shelter-based programs at one department. • Completely consolidate all OCJP’s and DHS’s domestic violence programs.
Education		
2001-120, School Bus Safety II: <i>State Law Intended to Make School Bus Transportation Safer Is Costing More Than Expected</i>	120	We recommended the Legislature amend the parameters and guidelines through legislation to more clearly define activities that are reimbursable and to ensure that those activities reflect what the Legislature intended. The guidelines should clearly delineate between activities that are required under prior law and those that are required under the mandate.
2002-104, California’s Charter Schools: <i>Oversight at All Levels Could Be Stronger to Ensure Charter Schools’ Accountability</i>	147	To ensure that the chartering entities hold their charter schools accountable through oversight, the Legislature should consider amending the statute to make the chartering entities’ oversight role and responsibilities explicit.
	150	In addition, to ensure that the chartering entities charge their oversight fees appropriately, the Legislature should consider clarifying the law to define the types of charter school revenues that are subject to the chartering entities’ oversight fees.
	154	Finally, to ensure that a charter school’s assets and liabilities are disposed of properly when it closes or its charter is revoked, the Legislature may wish to consider establishing a method for disposing of the school’s assets and liabilities and requiring the California Department of Education to adopt regulations regarding this process.
Energy, Utilities, and Communication		
2000-134.2, Energy Deregulation: <i>The State’s Energy Balance Remains Uncertain but Could Improve With Changes to Its Energy Programs and Generation and Transmission Siting</i>	169	We recommended that the Legislature: <ul style="list-style-type: none"> • Create an expedited electricity transmission siting process for projects that are needed for short-term transmission system reliability. • Institute a coordinated electricity transmission siting process as it relates to other agencies similar to the coordinated power plant siting process used at the energy commission.
2001-118, California Energy Commission: <i>Although External Factors Have Caused Delays in Its Approval of Sites, Its Application Process Is Reasonable</i>	173	The Legislature should consider establishing a firm 180-day deadline for intervenors to raise issues and submit data requests.

Report Number and Title	Page	Recommendation
2001-009, California Energy Markets: Pressures Have Eased, but Cost Risks Remain	188	We recommended that the Legislature and governor consider developing a comprehensive, long-term strategic framework for the electricity industry in the State and for the Department of Water Resources' (department) role in that system. We also recommended that the Legislature consider extending the department's purchasing authority to allow time for the development and implementation of a strategic framework and to assure continuity of the purchasing authority and an effective transition, presumably back to the investor-owned utilities.
Health and Human Services		
2001-126, Department of Managed Health Care: Assessments for Specialized and Full-Service HMOs Do Not Reflect Its Workload and Have Disparate Financial Impacts	256	We recommended that the Legislature consider changing the Department of Managed Health Care's (department) assessment structure to reflect the proportion of the documented workload that the department devotes to specialized and full-service health maintenance organizations (HMOs) and to reduce disparities in the financial effect on HMOs. We also recommended that the Legislature require the department to report to it triennially on the proportion of assessments charged to each class of HMO and the proportion of the documented workload related to each class of HMO.
2001-015, Statewide Fingerprint Imaging System: The State Must Weigh Factors Other Than Need and Cost-Effectiveness When Determining Future Funding for the System	280	The Legislature should consider the pros and cons of repealing state law requiring fingerprint imaging, including whether the Statewide Fingerprint Imaging System (SFIS) is consistent with the State's community outreach and education campaign efforts for the Food Stamp program. To assist the Legislature in its consideration of the pros and cons of repealing state law requiring fingerprint imaging, Social Services and the data center should report on the full costs associated with discontinuing SFIS.
Insurance		
2001-126, Department of Managed Health Care: Assessments for Specialized and Full-Service HMOs Do Not Reflect Its Workload and Have Disparate Financial Impacts		This audit is also included in the Health and Human Services policy area. See that policy area for the wording of our recommendation.
Jobs, Economic Development, and the Economy		
2001-115, Technology, Trade and Commerce Agency: Its Strategic Planning Is Fragmented and Incomplete, and Its International Division Needs to Better Coordinate With Other Entities, but Its Economic Development Division Customers Generally Are Satisfied		This audit is also included in the Banking, Finance, Commerce, and International Trade policy area. See that policy area for the wording of our recommendation.
Local Government		
2000-016, Water Replenishment District of Southern California: Although the District Has Eliminated Excessive Water Rates, It Has Depleted Its Reserve Funds and Needs to Further Improve Its Administrative Practices	332	We recommended, if restrictions on increasing assessment rates are extended past December 31, 2002, the Water Replenishment District of Southern California (district) should consider seeking legislative approval of statutory changes that will increase its flexibility to raise funds for its operations, capital improvement projects, and reserves.
	335	In addition, we recommended that the district continue to create an updated strategic plan and capital improvement plan to identify the programs and capital improvement projects that will aid it in fulfilling its mission.

Report Number and Title	Page	Recommendation
Natural Resources, Parks, and Wildlife		
2000-117, The State's Real Property Assets: <i>The State Has Identified Surplus Real Property, but Some of Its Property Management Processes Are Ineffective</i>		This audit is also included in the Business and Professions policy area. See that policy area for the wording of our recommendation.
2000-134.2, Energy Deregulation: <i>The State's Energy Balance Remains Uncertain but Could Improve With Changes to Its Energy Programs and Generation and Transmission Siting</i>		This audit is also included in the Energy, Utilities, and Communication policy area. See that policy area for the wording of our recommendation.
2001-118, California Energy Commission: <i>Although External Factors Have Caused Delays in Its Approval of Sites, Its Application Process Is Reasonable</i>		This audit is also included in the Energy, Utilities, and Communication policy area. See that policy area for the wording of our recommendation.
2001-009, California Energy Markets: <i>Pressures Have Eased, but Cost Risks Remain</i>		This audit is also included in the Energy, Utilities, and Communication policy area. See that policy area for the wording of our recommendation.
2000-016, Water Replenishment District of Southern California: <i>Although the District Has Eliminated Excessive Water Rates, It Has Depleted Its Reserve Funds and Needs to Further Improve Its Administrative Practices</i>		This audit is also included in the Local Government policy area. See that policy area for the wording of our recommendation.
Transportation		
2001-103, Department of Motor Vehicles: <i>Although Unable to Measure the Extent of Identity Fraud and the Effect of Recent Reforms, It Should Improve Its Technology, Procedures, and Staffing Further</i>	356	We recommended that the Legislature should reconsider funding to support an upgrade of Department of Motor Vehicles' (Motor Vehicles) finger-imaging technology if recent reforms to the process for issuing driver licenses and ID cards prove insufficient. If it provides the funds, the Legislature should consider protecting against unauthorized dissemination of finger images by allowing only those entities it believes have a legitimate interest in protecting the public, such as state and local law enforcement agencies, to access Motor Vehicles' finger-imaging data. The Legislature should also consider imposing criminal sanctions for unauthorized use of the data. Further, if the Legislature approves the use of finger imaging, it should consider directing Motor Vehicles to establish controls that protect the privacy of California citizens.
2001-120, School Bus Safety II: <i>State Law Intended to Make School Bus Transportation Safer Is Costing More Than Expected</i>		This audit is also included in the Education policy area. See that policy area for the wording of our recommendation.
2001-125, Red Light Camera Programs: <i>Although They Have Contributed to a Reduction in Accidents, Operational Weaknesses Exist at the Local Level</i>	368	We recommended that to ensure local governments maintain control and operate their red light camera programs and avoid legal challenge, the Legislature should consider clarifying the law to define the tasks that a local government must perform to operate a red light camera program and the tasks that can be delegated to a vendor.
	371	Because a potential conflict exists between the confidentiality provision in the Vehicle Code and the California Constitution regarding the admissibility of evidence, the Legislature should consider clarifying the Vehicle Code to state whether photographs taken by red light cameras can be used for other law enforcement purposes.

Report Number and Title	Page	Recommendation
2002-103, Department of Transportation: <i>It Manages the State Highway Operation and Protection Program Adequately, but it Can Make Improvements</i>	379	<p>To ensure that the California Department of Transportation (Caltrans) can collect on a performance bond if a contractor does not perform, we recommended that the Legislature consider expanding Caltrans' ability to use other financial indicators included within the financial statements and information available from rating companies such as A.M. Best Company and S&P as a basis for determining the sufficiency of an insurer, before accepting performance bonds. Further, the Legislature should clarify Caltrans' authority to use the information it obtains from financial statements and other financial indicators to object to the sufficiency of an insurer throughout the bond term.</p>
Veterans Affairs		
2001-113, Department of Veterans Affairs: <i>Weak Management and Poor Internal Controls Have Prevented the Department From Establishing an Effective Cash Collection System</i>	390	<p>If the Legislature believes that the intent of its legislation creating the position of inspector general is not being met, it should consider clarifying state law governing the inspector general so that the inspector general has appropriate access to all department records.</p>
2001-127, Disabled Veteran Business Enterprise Program: <i>Few Departments That Award Contracts Have Met the Potentially Unreasonable Participation Goal, and Weak Implementation of the Program Further Hampers Success</i>	399	<p>To determine if the 3 percent Disabled Veteran Business Enterprise (DVBE) goal is reasonable, the Legislature may wish to consider requiring either Department of General Services (General Services) or Department of Veterans Affairs to commission a study on the potential number of DVBE-eligible firms in the State, the services they provide, and their geographic distribution, and compare this information to the State's contracting needs. Based on the results of this study, the Legislature may wish to consider doing the following:</p> <ul style="list-style-type: none"> • Modify the current DVBE participation goal. • Allow General Services to negotiate department-specific goals based on individual contracting needs and the ability of the current or potential DVBE pool to satisfy those needs.
	402	<p>Also, to ensure that prime contractors make a genuine good-faith effort to find a DVBE, we recommended the Legislature consider requiring awarding departments to follow General Services' policies:</p>
	403	<p>Finally, to increase the efficiency and effectiveness of the DVBE program, we recommended the Legislature consider doing the following:</p> <ul style="list-style-type: none"> • Replace the current good-faith step requiring bidders to contact the federal government with a step directing bidders to contact General Services for a list of certified DVBEs. • Enact a contracting preference for DVBEs similar to the one for the small business program—that is, allow an artificial downward adjustment to the bids from contractors that plan to use a DVBE to make the bids more competitive. • Require awarding departments to go through their own good-faith effort in seeking DVBE contractors. • Provide awarding departments with the authority to withhold a portion of the payments due to contractors when they fail to use DVBEs to the extent specified in their contracts.

