

# JOINT LEGISLATIVE AUDIT COMMITTEE

2021-2022

## End of Session Report

Assemblymember Rudy Salas, Chair  
Senator John Laird, Vice Chair



### *Assemblymembers*

Tasha Boerner Horvath

Kevin Kiley

Jim Patterson

Blanca Rubio

Randy Voepel

Jim Wood

### *Senators*

Josh Becker

Andreas Borgeas

Steven Glazer

Robert Hertzberg

Connie Leyva

Jim Nielsen

### *Staff*

Wesley Opp, Chief Consultant

Tram Truong, Senior Consultant

Katie Guthrie, Committee Secretary

# Joint Legislative Audit Committee

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# JOINT LEGISLATIVE AUDIT COMMITTEE

## 2021-2022 Legislative Session

### INTRODUCTION

With a goal of improving government performance, the Joint Legislative Audit Committee (Audit Committee) independently and through the work of the California State Auditor's Office (Auditor's Office) oversees the operations and finances of government and publicly created entities. The Audit Committee reviews and takes action on audit requests, which may be submitted to the Committee by any Member of the Legislature as well as the California State Auditor. The Audit Committee also monitors government operations through oversight hearings.

The Audit Committee was established through the Legislature's rulemaking authority under the California Constitution, Government Code Section 10501, and the Joint Rules of the Senate and Assembly, Rule 37.3. Duties and responsibilities in the Joint Rules of the Senate and Assembly apply to the Audit Committee as well as all powers conferred upon committees by Article IV, Section 11 of the California Constitution.

The Audit Committee is a 14-Member committee consisting of seven Assemblymembers and seven Senators. The Chair of the Audit Committee is a member of the Assembly, and the Vice Chair is a member of the Senate. The Audit Committee can meet and conduct its business at any time and at any location within the State, including during recess and the interim period between sessions.

The Chair sets the schedule of hearings, directs the order of presentation for topics for consideration, permits questions to be asked by Members on the Audit Committee, and solicits public comment at each hearing. During hearings that require committee action on any matter, four Members from each house constitute a quorum and the number of votes necessary for any action.

The Audit Committee considers each audit request as analyzed by the Auditor's Office and takes one of four actions on each request: approve, deny, hold, or refer to another agency. Audit requests approved by the Audit Committee are forwarded to the Auditor's Office. For these audits, the Audit Committee sets the priorities for the Auditor's Office.

Audits considered by the Audit Committee include performance audits that can examine the following related to state agencies and programs' operations: whether they are efficiently and effectively functioning as the Legislature intended; accomplishing their goals and objectives; complying with laws, regulations and policies; and using state resources properly. Performance audits can be on a variety of topics, ranging from broad to very specific in scope. The Audit Committee can also consider financial and financial-related audits of governmental and publicly created entities.

Additionally, the Audit Committee considers high-risk local government audit requests proposed by the California State Auditor. The California State Auditor may submit an audit request to be heard by the Audit Committee if she identifies a local government agency as high risk for the potential for waste, fraud, abuse, or mismanagement or that has major challenges associated with its economy, efficiency, or effectiveness (Government Code, Section 8546.10).

During the 2021-22 Legislative Session, the Audit Committee held two regular hearings and considered 30 audit requests. The Audit Committee approved 29 audit requests; one failed passage. Included in the 29 approved audit requests were three local high-risk audits of cities requested by the Auditor's Office. Refer to subsequent sections of this report for detailed listings of these hearings and audit requests, and for data and trends on audit requests covering the past five years. The Audit Committee also held two oversight hearings during the 2021-22 Legislative Session. For a detailed listing of these hearings, please refer to subsequent sections. Additional information about the Committee is available online at: <http://legaudit.assembly.ca.gov/>.

### **California State Auditor's Office**

The California State Auditor's Office (Auditor's Office) promotes the effective and efficient management of public funds and programs by providing the Legislature, government officials, and citizens audits of state and local government operational and financial activities. The Auditor's Office is the only California state agency statutorily authorized to perform independent, nonpartisan external audits (Government Code, Section 8453 et al.). As the State's independent auditor, state law exclusively grants the Auditor's Office unfettered access to records of state and local agencies, special districts, school districts, and any publicly-created entity.

The Auditor's Office is responsible for annually conducting California's statewide Single Audit, a combination of the audit of the State's basic financial statements and the numerous federal programs administered by California entities. Further, when resources are available, the Auditor's Office has the authority to initiate evaluations of state issues and entities identified as being high-risk for waste, fraud, abuse, and mismanagement or that have major challenges related to efficiency and effectiveness. Similar to the state high-risk program, the Auditor's Office, to the extent resources are available, identifies local government agencies—including city, county, special districts or publicly-created entities—as being high-risk. When approved by the Audit Committee, the Auditor's Office can audit these local entities.

Additionally, the Auditor's Office is statutorily authorized to administer California's Whistleblower Protection Act, which allows state employees and the public to report allegations of improper governmental activities committed by state agencies and their employees (Government Code Section 8547 et al.). The Auditor's Office has the authority to investigate and report on improper governmental activities.

To support the activities of the Auditor's Office, the state budget appropriated approximately \$44 million for fiscal years 2021-22 and approximately \$45 million for 2022-23. The Auditor's Office staffing averaged about 145 permanent employees in 2021 and about 154 permanent employees in 2022.

In 2021, the Auditor’s Office released 11 audits approved by the Audit Committee, including four local high-risk local government audits initiated by the Auditor’s Office. In 2022, it released 19 audits approved by the Audit Committee, including three high-risk local government audit initiated by the Auditor’s Office. Refer to subsequent sections for data and trends on the number of select reports released by the Auditor’s Office during the most recent five years. Reports on audits and investigations are available on the Auditor’s Office website at: [www.auditor.ca.gov](http://www.auditor.ca.gov).

# Joint Legislative Audit Committee Votes on Audit Requests in 2021

## Summary of Results

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Audits Considered 19  
Audits Approved 19  
Audits Failed 0

## June 30, 2021 Hearing

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- 2021-101     **Community Colleges—K-12 Strong Workforce Program**  
                  Requested by Assemblymember O’Donnell  
                  Approved (13-0)
- 2021-102     **Indian Gaming Special Distribution Fund**  
                  Requested by Assemblymember E. Garcia  
                  Approved (13-0)
- 2021-104     **Metropolitan Water District of Southern California**  
                  Requested by Assemblymember Gipson  
                  Approved (13-0)
- 2021-105     **Peace Officers—Hate Group Affiliations**  
                  Requested by Assemblymember Nazarian  
                  Approved (9-2)
- 2021-107     **Department of Developmental Services—Oversight of Regional Centers**  
                  Requested by Assemblymember Frazier  
                  Approved (13-0)
- 2021-108     **Bellflower Unified School District**  
                  Requested by Assemblymember C. Garcia  
                  Approved (13-0)
- 2021-109     **San Diego County Sheriff’s Office**  
                  Requested by Assemblymember Weber  
                  Approved (13-0)
- 2021-112     **California Department of Justice—Child Abuse Central Index**  
                  Requested by Assemblymember Lackey  
                  Approved (13-0)

- 2021-113     **Local Government Batterer Intervention Programs**  
                   Requested by Assemblymember Grayson  
                   Approved (13-0)
- 2021-114     **State Agencies' Management of Surplus Property**  
                   Requested by Assemblymember Quirk-Silva  
                   Approved (13-0)
- 2021-115     **School Facilities Program**  
                   Requested by Senator Hertzberg  
                   Approved (13-0)
- 2021-117     **California Public Utilities Commission—Electrical System Safety Oversight**  
                   Requested by Assemblymember Salas  
                   Approved (13-0)
- 2021-118     **State Water Resources Control Board—Safe Drinking Water**  
                   Requested by Assemblymember Salas  
                   Approved (13-0)
- 2021-120     **Department of Developmental Services—In-Home Respite Program**  
                   Requested by Assemblymember Kalra  
                   Approved (13-0)
- 2021-123     **California Departments of Public Health and Health Care Services—  
                   Hospice Licensure and Oversight**  
                   Requested by Senator Allen  
                   Approved (13-0)
- 2021-802     **Local High Risk Assessment—City of Compton**  
                   Requested by State Auditor  
                   Approved (13-0)
- 2021-805     **Local High Risk Assessment—City of Calexico**  
                   Requested by State Auditor  
                   Approved (13-0)
- 2021-806     **Local High Risk Assessment—City of Richmond**  
                   Requested by State Auditor  
                   Approved (13-0)

**Emergency Audit Requests**

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- 2021-125     **Department of Housing and Community Development—Regional Housing Needs  
                   Assessment Process**  
                   Requested by Senator Glazer  
                   Approved

# Joint Legislative Audit Committee Votes on Audit Requests in 2022

## Summary of Results

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Audits Considered	11
Audits Approved	10
Audits Failed	1

## June 27, 2022 Hearing

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2022-101	<b>COVID Contact Tracing Funding</b> Requested by Assemblymember Vince Fong Failed (8-1)
2022-102	<b>Department of Public Health—Sexual Orientation and Gender Identity Data Collection</b> Requested by Senator Wiener Approved (10-0)
2022-106	<b>Department of Water Resources and State Water Resources Control Board – Surface Water Management</b> Requested by Assemblymember Gray Approved (12-0)
2022-107	<b>California State University—Native American Graves Protection and Repatriation Act</b> Requested by Assemblymember Ramos Approved (11-0)
2022-109	<b>California State University—Sexual Harassment Complaints</b> Requested by Assemblymember Salas Approved (11-0)
2022-110	<b>California School Finance Authority—Charter School Facility Grant Program and Conduit Revenue Bond Program</b> Requested by Assemblymember Bonta Approved (8-4)
2022-112	<b>CalOptima</b> Requested by Assemblymember Quirk-Silva Approved (11-0)



- 2022-113     **California Community Colleges—Hiring Practices**  
                 Requested by Assemblymember Low  
                 Approved (10-1)
- 2022-114     **California Department of Technology—Oversight**  
                 Requested by Assemblymember Petrie-Norris  
                 Approved (12-0)
- 2022-115     **San Diego Gas & Electric and California Public Utilities Commission—  
Rate Increases**  
                 Requested by Assemblymember Boerner-Horvath  
                 Approved (11-0)

**Emergency Audit Requests**

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- 2022-120     **Orange County Power Authority**  
                 Requested by Senator Umberg  
                 Approved

## **Joint Legislative Audit Committee Oversight Hearings**

### **Joint Oversight Hearing – February 3, 2021**

**Committees:** Assembly Insurance Committee and Joint Legislative Audit Committee

**Topic:** Employment Development Department (Report No. 2020-128/628.1) & Federal COVID-19 Funding – Unemployment Insurance (Report No. 2020-628.2).

**Summary:** The Committees held a joint oversight hearing to discuss the findings and recommendations of an audit report released on January 26, 2021 titled, *Employment Development Department: EDD’s Poor Planning and Ineffective Management Left It Unprepared to Assist Californians Unemployed by COVID-19 Shutdowns*, report number 2020-128/628.1, and a report released on January 28, 2021 titled, *Employment Development Department: Significant Weaknesses in EDD’s Approach to Fraud Prevention Have Led to Billions of Dollars in Improper Benefit Payments*, report number 2020-628.2. The State Auditor, Employment Development Department, California Labor Federation, California Chamber of Commerce, and others participated at the hearing.

### **Joint Oversight Hearing – March 16, 2021**

**Committees:** Joint Legislative Audit Committee, Assembly Transportation Committee, and Senate Transportation Committee

**Topic:** California Air Resources Board: Improved Program Measurement Would Help California Work More Strategically to Meet Its Climate Change Goals (Report No. 2020-114).

**Summary:** The Committees held a joint oversight hearing to discuss the findings and recommendations of an audit report released on February 23, 2021 titled, *California Air Resources Board: Improved Program Measurement Would Help California Work More Strategically to Meet Its Climate Change Goals*, report number 2020-114. The State Auditor, California Air Resources Board, and others participated at the hearing.

# Joint Legislative Audit Committee Audit Reports in 2021

## Summary

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Total Audit Committee Reports Released in 2021

11

## Audit Committee Reports Released by State Auditor

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- 2020-102     **Public Safety Realignment: Weak State and County Oversight Does Not Ensure That Funds Are Spent Efficiently**  
                 Requested by Assemblymember Kamlager  
                 Published March 2021
- 2020-104     **Calbright College: It Must Take Immediate Corrective Action to Accomplish Its Mission to Provide Underserved Californians With Access to Higher Education**  
                 Requested by Assemblymember Medina  
                 Published May 2021
- 2020-109     **In-Home Supportive Services Program: It Is Not Providing Needed Services To All Californians Approved for the Program, Is Unprepared for Future Challenges, and Offers Low Pay to Caregivers**  
                 Requested by Assemblymember Boerner Horvath  
                 Published February 2021
- 2020-111     **Los Angeles Community College District Personnel Commission: Its Inconsistent Practices and Inadequate Policies Adversely Affect District Employees and Job Candidates, Leading to Concerns About the Fairness of Its Decisions**  
                 Requested by Assemblymember Rubio  
                 Published May 2021
- 2020-112     **Homelessness in California: The State's Uncoordinated Approach to Addressing Homelessness Has Hampered the Effectiveness of Its Efforts**  
                 Requested by Assemblymember R. Rivas  
                 Published February 2021
- 2020-114     **California Air Resources Board: Improved Program Measurement Would Help California Work More Strategically to Meet Its Climate Change Goals**  
                 Requested by Senator Bradford  
                 Published February 2021

- 2020-128/628.1 **Employment Development Department: EDD’s Poor Planning and Ineffective Management Left It Unprepared to Assist Californians Unemployed by COVID-19 Shutdowns**  
Requested by Assemblymember Salas  
Published January 2021
- 2020-802 **City of Blythe: Inadequate Planning and Other Ineffective Management Practices Hinder Its Ability to Provide Needed Services to Its Residents**  
Requested by State Auditor  
Published March 2021
- 2020-803 **City of El Cerrito: Excessive Spending and Insufficient Efforts to Address Its Perilous Financial Condition Jeopardize the City’s Ongoing Fiscal Viability**  
Requested by State Auditor  
Published March 2021
- 2020-804 **City of Lindsay: It Must Take Substantial Action to Address Its Financial Problems and Its Inadequate Management Practices**  
Requested by State Auditor  
Published August 2021
- 2020-805 **City of San Gabriel: Its Ongoing Deficit Is Inhibiting Its Financial Recovery**  
Requested by State Auditor  
Published April 2021

## Joint Legislative Audit Committee Audit Reports in 2022

### Summary

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**Total Audit Committee Reports Released in 2022**

19

### Audit Committee Reports Released by State Auditor

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- 2021-101     **K-12 Strong Workforce Program: State and Regional Administrative Shortcomings Limit the Program’s Effectiveness in Supporting Grant Applicants**  
                 Requested by Assemblymember O’Donnell  
                 Published February 2022
- 2021-102     **Indian Gaming Special Distribution Fund: The State Could Better Manage Its Distribution Fund and Its Problem Gambling Programs**  
                 Requested by Assemblymember E. Garcia  
                 Published August 2022
- 2021-104     **Metropolitan Water District of Southern California: Its Leadership Has Failed to Promote Transparency or Ensure a Fair and Equitable Workplace**  
                 Requested by Assemblymember Gipson  
                 Published April 2022
- 2021-105     **Law Enforcement Departments Have Not Adequately Guarded Against Biased Conduct**  
                 Requested by Assemblymember Nazarian  
                 Published April 2022
- 2021-107     **Department of Developmental Services: It Has Not Ensured That Regional Centers Have the Necessary Resources to Effectively Serve Californians With Intellectual and Developmental Disabilities**  
                 Requested by Assemblymember Frazier  
                 Published June 2022
- 2021-108     **Bellflower Unified School District: Has Not Used Its Significant Financial Resources to Fully Address Student Needs**  
                 Requested by Assemblymember C. Garcia  
                 Published June 2022
- 2021-109     **San Diego County Sheriff’s Department: It Has Failed to Adequately Prevent and Respond to the Deaths of Individuals in Its Custody**  
                 Requested by Assemblymember Weber  
                 Published February 2022

- 2021-112      **The Child Abuse Central Index: The Unreliability of This Database Puts Children at Risk and May Violate Individuals' Rights**  
                  Requested by Assemblymember Lackey  
                  Published May 2022
- 2021-113      **Local Government Batterer Intervention Programs**  
                  Requested by Assemblymember Grayson  
                  Expected to be published in October 2022
- 2021-114      **State Surplus Property: The State Should Use Its Available Property More Effectively to Help Alleviate the Affordable Housing Crisis**  
                  Requested by Assemblymember Quirk-Silva  
                  Published March 2022
- 2021-115      **School Facilities Program: California Needs Additional Funding and a More Equitable Approach for Modernizing Its School Facilities**  
                  Requested by Senator Hertzberg  
                  Published January 2022
- 2021-117      **Electrical System Safety: California's Oversight of the Efforts by Investor-Owned Utilities to Mitigate the Risk of Wildfires Needs Improvement**  
                  Requested by Assemblymember Salas  
                  Published March 2022
- 2021-118      **State Water Resources Control Board: It Lacks the Urgency Necessary to Ensure That Failing Water Systems Receive Needed Assistance in a Timely Manner**  
                  Requested by Assemblymember Salas  
                  Published July 2022
- 2021-120      **In-Home Respite Services: The Department of Developmental Services Has Not Adequately Reduced Barriers to Some Families' Use of In-Home Respite Services**  
                  Requested by Assemblymember Kalra  
                  Published August 2022
- 2021-123      **California Hospice Licensure and Oversight: The State's Weak Oversight of Hospice Agencies Has Created Opportunities for Large-Scale Fraud and Abuse**  
                  Requested by Senator Allen  
                  Published March 2022
- 2021-125      **Regional Housing Needs Assessments: The Department of Housing and Community Development Must Improve Its Processes to Ensure That Communities Can Adequately Plan for Housing**  
                  Requested by Senator Glazer  
                  Published March 2022
- 2021-802      **Local High Risk Assessment—City of Compton**  
                  Requested by State Auditor  
                  Expected to be published in October 2022

- 2021-805      **Local High Risk Assessment—City of Calexico**  
Requested by State Auditor  
Expected to be published in October 2022
- 2021-806      **Local High Risk Assessment—City of Richmond**  
Requested by State Auditor  
Expected to be published in November 2022

## **Joint Legislative Audit Committee**

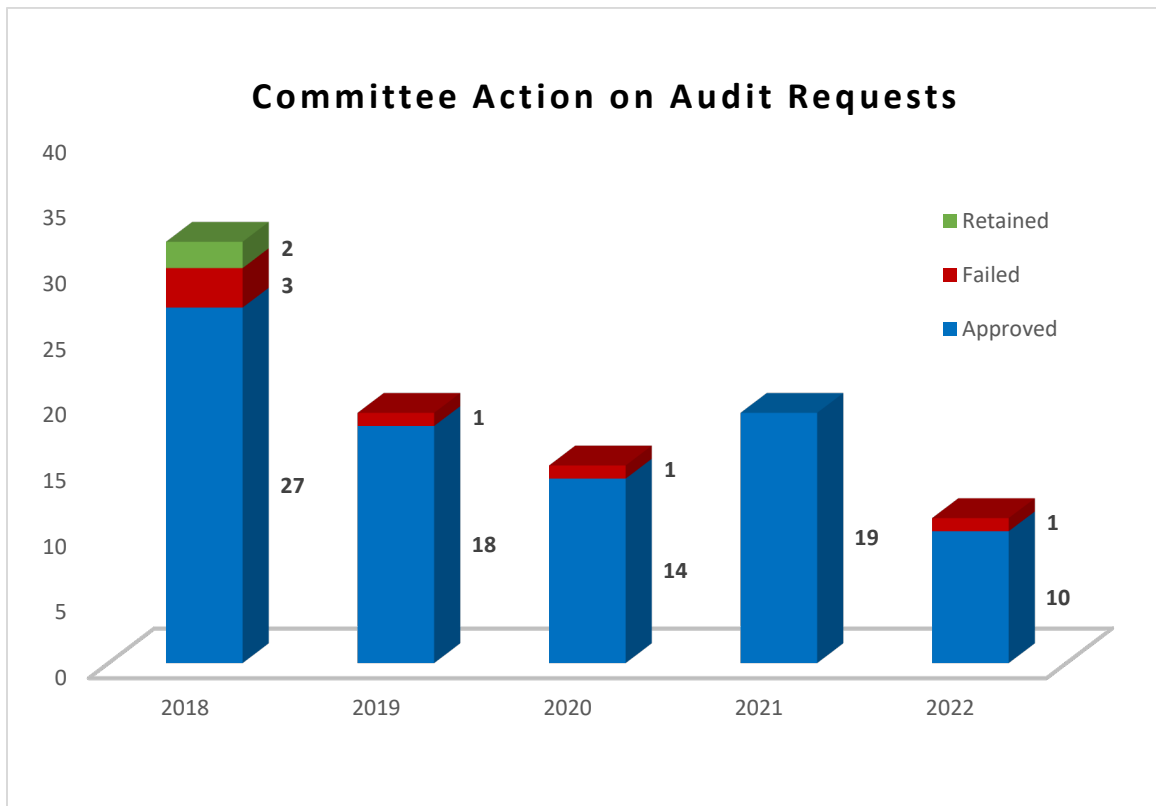
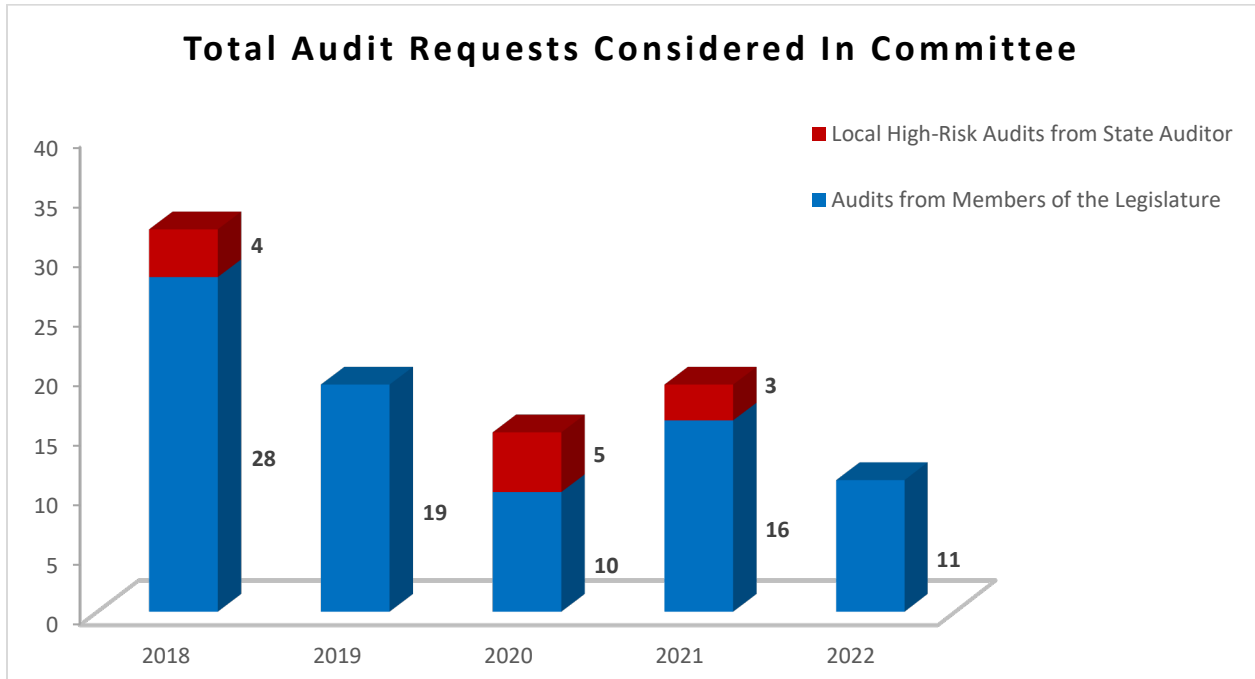
### State Auditor Selection Process

In accordance with Government Code 8543.2, the Joint Legislative Audit Committee (Audit Committee) is tasked with conducting a comprehensive search every four years to find candidates to be the California State Auditor. Candidates under consideration must possess a combination of education and experience in auditing and management necessary to perform the duties of the State Auditor, as stated in Government Code 8543.3. From the candidate pool, the Audit Committee selects three individuals to nominate to the position by a vote of at least a majority of both houses. The Governor then appoints one of the three candidates nominated to be the California State Auditor.

The Subcommittee on the Selection of the State Auditor was formed to interview candidates and make recommendations to the full Audit Committee. Assemblymembers Rudy Salas, Blanca Rubio and Randy Voepel, and Senators John Laird, Connie Leyva and Jim Nielsen were the members on the Subcommittee. The full Joint Legislative Audit Committee met on August 10, 2022 and nominated three qualified individuals (Ben Belnap, Grant Parks and Courtney Ruby) to the Governor to be the next State Auditor. The Audit Committee sent a letter to the Governor Gavin Newsom with the names of the three individuals, from which the Governor must select the next California State Auditor.



## Joint Legislative Audit Committee Data and Trends



## Audit Committee, Whistleblower, and High-Risk Reports Released by California State Auditor

