

# **JOINT LEGISLATIVE AUDIT COMMITTEE**

## **2011-12 END OF SESSION REPORT**

**Assemblymember Ricardo Lara, Chair**  
**Senator Robert Dutton, Vice Chair**

*Assembly Members*

Luis Alejo  
Tim Donnelly  
Alyson Huber  
Bill Monning  
Chris Norby  
Cameron Smyth

*Senate Members*

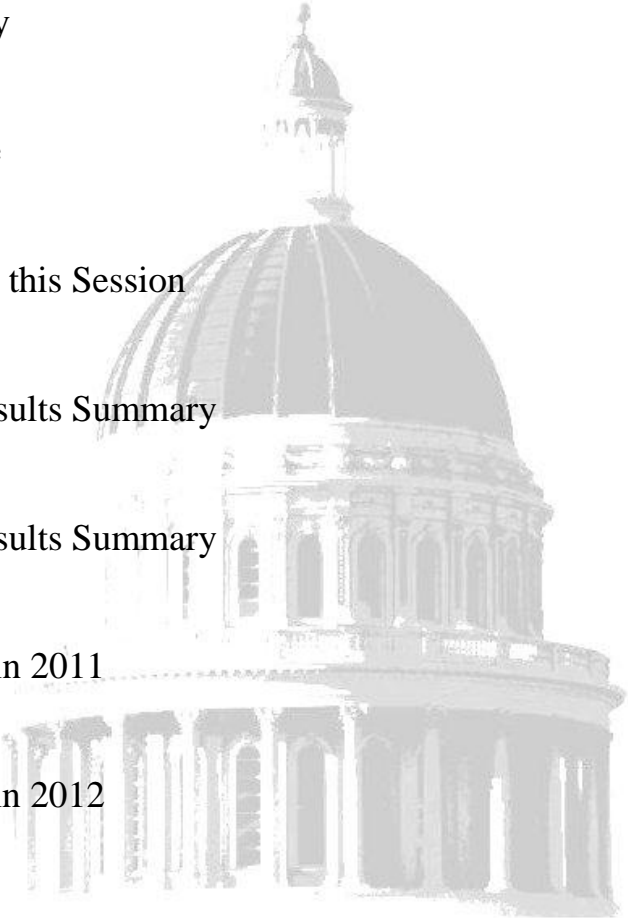
Elaine Alquist  
Joel Anderson  
Kevin de León  
Doug La Malfa  
Michael Rubio  
Lois Wolk

Staff

Cameron Valderrama, Chief Consultant  
Katarina Tarr, Committee Secretary

JOINT LEGISLATIVE AUDIT COMMITTEE (JLAC)  
2011-12 END OF SESSION REPORT  
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# ***JOINT LEGISLATIVE AUDIT COMMITTEE***

## **2011-12 End of Session Report**

### **JOINT LEGISLATIVE AUDIT COMMITTEE'S LEGISLATIVE ROLE**

Created by statute in 1956, the Joint Legislative Audit Committee (JLAC) oversees the work of State agencies and the programs they administer. Independently and through the State Auditor, JLAC investigates, studies, analyzes, and assesses the financial practices and performance of governmental and publicly created entities in California to ensure programs are achieving their legislative intent. The ultimate goal of JLAC is to improve government performance.

JLAC reviews audit requests from any of the 120 members of the Legislature, and establishes priorities by approving audit requests that are a good use of State Auditor resources and will provide important information to the Legislature and the people of California.

#### *Role of the Bureau of State Audits*

The Bureau of State Audits (BSA) is the only California state agency statutorily authorized to perform independent and nonpartisan external audits—both financial and performance-based. These audits are intended to promote the efficient and effective management of public funds and programs. JLAC staff does not perform audits.

The State Auditor must conduct any audit requested by JLAC to the extent that funding is available. State law precludes the State Auditor or any of her staff from discussing or disclosing any aspect of the audit, including the audit approach or potential findings, until it is released publicly. All of the State Auditor's reports are transmitted within 24 hours of completion to the public, the Legislature, appropriate committees, and the Governor.

BSA reports are available at [www.bsa.ca.gov](http://www.bsa.ca.gov).

The BSA performs both *mandated and discretionary* audits of state and local governments.

*Mandated audits* are required by statute, such as the State's annual fiscal audit, and are at times required in annual budget bill and trailer bills. Mandated audits are the highest priority for the Bureau of State Audits. At present more than half of BSA's time is consumed by mandated audits. Any legislation mandating an audit requires either an appropriation to fund the estimated cost of the audit (Joint Rule 37.4) or a waiver by the JLAC Chair if the estimated cost is under \$100,000 (Joint Rule 37.5).

*Discretionary audits* are requested by members of the Legislature through JLAC. Resources for discretionary audits equate to approximately 25 audits per year, depending on their complexity.

There are two types of discretionary audits –*performance and financial*. Both performance and financial audits can address compliance issues, which include determining whether an entity or program is complying with applicable laws and regulations.

*Performance audits* are independent, objective assessments by the BSA of the performance of a government organization, program, activity or function in order to provide information to improve public accountability and facilitate decision-making.

*Financial statement audits* provide reasonable assurance that a governmental entity's financial statements accurately present its financial position in accordance with generally accepted accounting principles. *Financial-related audits* determine whether an entity has adhered to specific financial compliance requirements and whether the entity's internal control structure for financial reporting or safeguarding assets are sufficient.

## **JLAC'S AUTHORITY**

JLAC derives its authority from statute, the Joint Rules of the Legislature, and the California Constitution (see page 15). In addition to approving discretionary audits for State Auditor evaluation, JLAC maintains the authority to examine the performance and the financial affairs of any and all existing public entities in the State and to conduct hearings at any time and at any place in the State without restrictions.

## **JLAC'S STRUCTURE**

JLAC was crafted to be non-partisan and continues to fiercely guard its non-partisan tradition. JLAC is composed of seven Assemblymembers and seven Senators. By statute, the Chair of JLAC is elected and serves until the position becomes vacant. The position of Chair is always held by an Assembly Member and the position of Vice Chair is held by a Senator. A vacancy may occur upon the non-reelection to office of a JLAC member.

## COMMITTEE WORK THIS SESSION

During the 2011-12 Legislative Session, the committee conducted seven regular hearings and heard 41 audit requests. The committee approved 35 and denied 6 (See pages 5-8 for a listing of all audit requests heard in committee).

Additionally, the committee held eight informational hearings. Those hearings are as follows:

**1. January 25, 2011 – *Local Government Accountability and Transparency: City of Bell: Audit Findings (Conducted Jointly with Assembly Committee on Local Government)***

Between September 2010 and December 2010, the State Controller released four audits and one quality control review that examined the financial operations in the City of Bell. The audits were conducted in response to the City's mismanagement of public funds. The California State Controller's Office and representatives from the City of Bell were invited to discuss the State Controller's audit findings.

**2. February 15, 2011 – *Administrative Office of the Courts: California Court Case Management System (Conducted Jointly with Assembly Budget Subcommittee No. 5)***

Representatives from the Legislative Analyst's Office, the State Auditor and the Administrative Office of the Courts (AOC) were invited to discuss the AOC's Court Case Management System – a computer system intended to digitally link all California court houses. This hearing was in response to an audit conducted by the State Auditor, which found that the Court Case Management System was 700% over budget.

**3. March 16, 2011 – *Creating Efficiencies in State Government: A Look at the State Auditor's 'Top 10' and Potential Budget Savings by Implementing State Auditor Recommendations***

The State Auditor and representatives from various state agencies were invited to discuss methods to reduce waste in state government. On March 9, 2011, the State Auditor released a report entitled, '*Cutting Government Waste and Increasing Efficiency: Recommendations to the Governor.*' This hearing focused on ensuring that all state agencies cited in the report were taking immediate steps to implement the Auditor's recommendations.

**4. May 10, 2011 – *Commission on Teacher Credentialing***

The State Auditor released audit report 2010-119 related to the Commission on Teacher Credentialing (Commission) on April 27, 2011. In this report, the Auditor cited the Commission as one of the worst run state agencies and found that the Commission was not investigating allegations of misconduct by teachers in a timely manner. The State Auditor, representatives from the Commission and the State Personnel Board, and one former Commission employee testified on the report's findings.

**5. July 13, 2011 – *Commission on Teacher Credentialing: Status of Implementing California State Auditor’s Recommendations***

This was conducted to follow-up on the May 10, 2011 hearing and to ensure that the Commission was promptly implementing the State Auditor’s recommendations. Swift and comprehensive action was necessary to ensure that the Commission was not jeopardizing the safety of school children by not investigating allegations of misconduct.

**6. August 29, 2011 – *American Recovery and Reinvestment Act: Statewide Implementation Update***

On February 17, 2009, the federal government enacted the American Recovery and Reinvestment Act (ARRA) for purposes that include preserving and creating jobs; promoting economic recovery; assisting those most affected by the recession; investing in transportation, environmental protection, and other infrastructure; and stabilizing state and local governmental budgets. One general principle of the Recovery Act is that the funds be used to achieve its purposes as quickly as possible consistent with prudent management.

This hearing focused on the Department of Community Services and Development, the California Energy Commission and the Department of Education. The purpose was to ensure that each agency was implementing ARRA appropriately and expending the funds in a timely manner to ensure that the state was not at risk of losing federal ARRA funds.

**7. February 1, 2012 – *Affordability of College Textbooks: Factors for Rising Costs and Strategies to Control Costs for Students***

The committee convened this hearing to bring together the academic community and publishers to discuss how to make textbooks more affordable for college students. Recently, increases in textbook prices have surpassed increases in the median household income. Combined with rising student fees, textbook prices can cause a significant financial burden on college students.

From the academic community, representatives from the following were invited to participate: University of California, California State University, California Community Colleges, the Academic Senates, and the Student PIRGs. From the research and publishing community, representatives from the following were invited to participate: the William and Flora Hewlett Foundation, Creative Commons, Course Smart, Association of American Publishers and Twenty Million Minds Foundation.

**8. July 5, 2012 – *2011-131 City of Vernon: Although Reform is Ongoing, Past Poor Decision Making Threatens its Financial Stability***

The State Auditor was invited to discuss her audit report 2011-131, released on June 28, 2012, pertaining to the City of Vernon. The purpose was to have the State Auditor brief the committee on the report’s findings.

## Hearing Results Summary 2011

- 2011-101 **Department of Social Services', Child Protective Services (Asm. Perea)**  
February 16 hearing: Request approved 12-0
- 2011-103 **California Emergency Management Agency's Mutual Aid System (Sen. Kehoe)**  
February 16 hearing: Request approved 13-0
- 2011-104 **Department of Health Care Services' Local Medi-Cal Services (Sen. Rubio)**  
February 16 hearing: Request approved 11-0
- 2011-106 **State Owned Intellectual Property (Asm. Speaker Pérez)**  
February 16 hearing: Request approved 11-0
- 2011-110 **Office of Traffic Safety, Sobriety Check Points (Asm. Norby)**  
May 11 hearing: Request approved 12-0
- 2011-111 **Employment Development Department, Workforce Development Federal Funds (Asm. Lara)**  
May 11 hearing: Request approved 12-0
- 2011-113 **Salinas Valley Memorial Hospital (Asm. Alejo)**  
May 11 hearing: Request approved 10-2
- 2011-115 **CDCR, Medical Facility Construction (Sen. Leno & Asm. Blumenfield)**  
May 11 hearing: Request failed 6-5
- 2011-116 **Department of General Services, Division of the State Architect (Sen. Lowenthal et al.)**  
May 11 hearing: Request approved with priority 11-0
- 2011-117 **High School Graduation and Dropout Data (Members of the Latino Caucus)**  
May 11 hearing: Request approved 11-0
- 2011-118 **California Statewide Communities Development Authority and the California Municipal Finance Authority – Joint Powers Authorities (Asm. Feuer)**  
August 24 hearing: Request approved 8-4
- 2011-119 **Physical Therapy Board of California (Asm. Hayashi)**  
August 24 hearing: Request approved 12-2

- 2011-120      **Caltrans, Managing State Property – 710 Freeway Extension Corridor (Asm. Portantino)**  
August 24 hearing: Request approved 12-1
- 2011-121      **Domestic Violence Probation Payments (Asm. Ma)**  
August 24 hearing: Request approved 11-0
- 2011-122      **Wildlife Conservation Board, Land Acquisition Program (Asm. Halderman & Sen. LaMalfa)**  
August 24 hearing: Request failed 7-5
- 2011-123      **Office of Spill Prevention and Response, Oil Spill Prevention Administration Fund (Asm. Huffman)**  
August 24 hearing: Request approved 14-0
- 2011-124      **Local School Bonds (Asm. Norby)**  
August 24 hearing: Request failed 7-5
- 2011-126      **Nonprofit Hospitals (Sen. Corbett)**  
August 24 hearing: Request approved 8-6
- 2011-127      **Metropolitan Transportation Commission/Bay Area Toll Authority (Sen. DeSaulnier)**  
August 24 hearing: Request approved 12-2
- 2011-129      **CDCR, Juvenile Justice Realignment (Asm. Huber)**  
August 24 hearing: Request approved 11-0
- 2011-130      **PUC, Low-Income Energy Programs (Asm. Knight)**  
August 24 hearing: Request failed 6-6
- 2011-131      **City of Vernon (Asm. Speaker Pérez and Sen. de León)**  
September 8 hearing: Request approved with priority 13-0



## 2012 Hearing Results Summary

- 2012-102 **California Air Resources Board (Dutton)**  
August 8 hearing: Request failed 6-4
- 2012-103 **Los Angeles Unified School District – Child Abuse (Lara)**  
March 7 hearing: Request approved 13-0
- 2012-104 **Southeast Los Angeles – Water Delivery (Lara)**  
March 7 hearing: Request approved 12-0
- 2012-105 **Department of Social Services, Children’s Funds (Pan)**  
March 7 hearing: Request approved 13-0
- 2012-106 **City of San Jose, Finances and Pension Obligations (Beall)**  
March 7 hearing: Request approved 10-3
- 2012-107 **DDS: Patient Abuse (Sen Anderson and Asm Beall and Conway)**  
August 8 hearing: Request approved 14-0
- 2012-108 **School Safety and Nondiscrimination Laws (Lara & Butler)**  
August 8 hearing: Request approved 9-4
- 2012-109 **City of San Diego (Hueso)**  
August 8 hearing: Request approved 8-5
- 2012-110 **Special Interest License Plate Funds (Sen DeSaulnier et al.)**  
August 8 hearing: Request approved 14-0
- 2012-111 **Youth Tobacco Survey (Sen Padilla)**  
August 8 hearing: Request approved 12-1
- 2012-112 **HAVA Compliance (Sen Padilla)**  
August 8 hearing: Request approved 8-5
- 2012-113 **California State University Extended Education (Butler & Dickinson)**  
August 8 hearing: Request approved 12-2
- 2012-115 **High Speed Rail Funding Oversight (Sen La Malfa and Asm Harkey)**  
August 8 hearing: Request failed 6-7
- 2012-117 **State Athletic Commission (Alejo)**  
August 8 hearing: Request approved 14-0

- 2012-118      **CPUC, Intervenor Compensation Program (Perea)**  
August 8 hearing: Request approved 9-1
- 2012-119      **State Veteran Home System (Pan and Perea)**  
August 8 hearing: Request approved 14-0
- 2012-120      **Regional Water Quality Control Boards (Sen La Malfa)**  
August 8 hearing: Request approved 12-0
- 2012-121      **Department of Parks and Recreation (Gaines et al.)**  
August 8 hearing: Request approved 14-0
- 2012-122      **Mental Health Services Act (Steinberg)**  
August 23 hearing: Request approved 8-0

**AUDITS RELEASED IN 2011**  
Reports are available online at [www.bsa.ca.gov](http://www.bsa.ca.gov)

*NOTE: DISCRETIONARY (JLAC) AUDITS AUTHORIZED AND ISSUED IN 2011 ARE ITALICIZED.*

January 9 – 2010-039  
Fi\$Cal Status Letter

January 13- 2010-041  
Recommendations Not Fully Implemented After One Year: The Omnibus Audit Accountability Act of 2006

January 18 – I2010-2  
Investigations of Improper Activities by State Employees: Delay in Reassigning an Incompetent Psychiatrist, Misuse of State Resources, Failure to Protect the Security of Confidential Documents, Theft of Registration Fees, and Other Violations of State Law

*January 20 – 2009-109*  
*Sacramento and Marin Superior Courts: Both Courts Need to Ensure That Family Court Appointees Have Necessary Qualifications, Improve Administrative Policies and Procedures, and Comply With Laws and Rules*

January 25 – 2010-006  
State of California: Treasurer's Cash Count as of June 30, 2010

January 27 – 2010-002.2  
Interim Reporting: Fiscal Year 2009-10 Single Audit

February 8 – 2010-102  
Administrative Office of the Courts: The Statewide Case Management Project Faces Significant Challenges Due to Poor Management

February 15- 2010-036  
Indian Gaming Special Distribution Fund: Local Governments Continue to Have Difficulty Justifying Distribution Fund Games

*February 24 – 2010-123*  
*California Housing Finance Agency: Most Indicators Point to Continued Solvency Despite Its Financial Difficulties Created, in Part, by Its Past Decisions*

March 1 – 2011-406  
Implementation of State Auditor's Recommendations: Audits Released in January 2009 – December 2010

March 9 - 2011-402

Recommendations to the Governor for Reducing Government Waste, Increasing Revenue, and Improving Efficiency

March 18 – 2010-001

State of California: Financial Report Year Ended June 30, 2010

*March 24 – 2010-112*

*Employment Development Department: Its Unemployment Program Has Struggled to Effectively Serve California's Unemployed in the Face of Significant Workload and Fiscal Challenges*

March 29 – 2010-002

State of California: Internal Control and State and Federal Compliance Audit Report for the Fiscal Year Ended June 30, 2010

*April 7 – 2010-119*

*Commission on Teacher Credentialing: Despite Delays in Discipline of Teacher Misconduct, the Division of Professional Practices Has Not Developed an Adequate Strategy or Implemented Processes That Will Safeguard Against Future Backlogs*

*April 28 – 2010-122*

*California Department of Transportation: Its Capital Outlay Support Program Should Strengthen Budgeting Practices, Refine Its Performance Measures, and Improve Internal Controls*

*May 19 – 2010-117*

*General Obligation Bonds: The Departments of Water Resources and Finance Should Do More to Improve Their Oversight of Bond Expenditures*

*May 24 – 2010-118*

*California Prison Industry Authority: It Can More Effectively Meet Its Goals of Maximizing Inmate Employment, Reducing Recidivism, and Remaining Self-Sufficient*

May 26 – 2011-030

State Bar of California: Its Lawyer Assistance Program Lacks Adequate Controls for Reporting on Participating Attorneys

June 23 – 2011-501

Department of General Services: A Follow-up Review of Information Related to our March 2011 Recommendations to the Governor

June 30 – 2011-502

Department of Health Care Services: Additional Information Related to Our March 2011 Recommendations to the Governor

July 7 – 2011-503.1

California Emergency Management Agency: Status of Funds Provided Under the American Recovery and Reinvestment Act of 2009 for the Edward Byrne Memorial Justice Assistance Grant Program

July 11 – 2011-503.2

Department of Community Services and Development: Status of Funds Provided Under the American Recovery and Reinvestment Act of 2009 for the Weatherization Assistance for Low-Income Persons Program

*July 12 – 2010-116*

*Sex Offender Commitment Program: Streamlining the Process for Identifying Potential Sexually Violent Predators Would Reduce Unnecessary or Duplicative Work*

July 14 – 2011-503.3

California Energy Resources Conservation and Development Commission: Status of Funds Provided Under the American Recovery and Reinvestment Act of 2009 for the State Energy Program

July 28 – 2011-005

State of California: Treasurer's Cash Count as of December 31, 2010

August 11 – 2011-503.4

Department of Education: Status of Funds Provided Under the American Recovery and Reinvestment Act of 2009 for Various Grants

August 18 – 2011-601

High Risk: The California State Auditor's Updated Assessment of High-Risk Issues the State and Select State Agencies Face

*August 23 – 2010-125*

*State Lands Commission: Because It Has Not Managed Public Lands Effectively, the State Has Lost Millions in Revenue for the General Fund*

August 25 – I2011-1

Investigations of Improper Activities by State Agencies and Employees: Waste of State Funds, Misuse of State Resources, Falsification of Records, Inexcusable Neglect of Duty, Failure to Monitor Time Reporting, and Other Violations of State Law

August 30 – 2011-008

State of California: Statement of Securities Accountability of the State Treasurer's Office  
December 31, 2010

*September 6 – 2010-124*

*Department of Corrections and Rehabilitation: The Benefits of Its Correctional Offender Management Profiling for Alternative Sanctions Program Are Uncertain*

*September 29 – 2010-121*

*Foster Family Home and Small Family Home Insurance Fund: Expanding Its Coverage Will Increase Costs and the Department of Social Services Needs to Improve Its Management of the Insurance Fund*

*October 27 – 2011-101.1*

*Child Welfare Services: California Can and Must Provide Better Protection and Support for Abused and Neglected Children*

*November 29 – 2011-106*

*Intellectual Property: An Effective Policy Would Educate State Agencies and Take Into Account How Their Functions and Property Differ*

*December 8 – 2011 – 116.1*

*Department of General Services: The Division of the State Architect Lacks Enforcement Authority and Has Weak Oversight Procedures, Increasing the Risk That School Construction Projects May Be Unsafe*

*December 13 – 2011-104*

*Medi-Cal Managed Care Program: The Departments of Managed Health Care and Health Care Services Could Improve Their Oversight of Local Initiatives Participating in the Medi-Cal Two-Plan Model*

December 15 – 2011-002.1

Interim Reporting: Fiscal Year 2010-11 Single Audit

December 15 – 2011-006

State of California: Treasurer's Cash Count as of June 30, 2011

**AUDITS RELEASED IN 2012**  
Reports are available online at [www.bsa.ca.gov](http://www.bsa.ca.gov)

*NOTE: DISCRETIONARY (JLAC) AUDITS AUTHORIZED AND ISSUED IN 2012 ARE ITALICIZED.*

January 5 – 2011-701

Recommendations for Legislative Consideration from Audits Issued During 2010 and 2011

January 9 – 2011-039

Fi\$Cal Status Letter

January 12 – 2011-041

Recommendations Not Fully Implemented After One Year: The Omnibus Audit Accountability Act of 2006

January 24 – 2011-504

High-Speed Rail Authority Follow-Up: Although the Authority Addressed Some of Our Prior Concerns, Its Funding Situation Has Become Increasingly Risky and the Authority's Weak Oversight Persists

January 26 – 2011-002.2

Interim Reporting: Fiscal Year 2010-11 Single Audit

January 30 – 2011-503.6

California Energy Resources Conservation and Development Commission: Follow-Up of Funds Provided Under the American Recovery and Reinvestment Act of 2009 for the State Energy Program

*January 31- 2011-103*

*California's Mutual Aid System: The California Emergency Management Agency Should Administer the Reimbursement Process More Effectively*

February 2 – 2011-503.5

Department of Community Services and Development: Follow-Up of Funds Provided Under the American Recovery and Reinvestment Act of 2009 for the Weatherization Assistance for Low-Income Persons Program

*February 16 – 2011-110*

*Office of Traffic Safety: Although It Exercises Limited Oversight of Sobriety Checkpoints, Law Enforcement Agencies Have Complied With Applicable Standards*

March 8 – 2011-113

*Salinas Valley Memorial Healthcare System: Increased Transparency and Stronger Controls Are Necessary as It Focuses on Improving Its Financial Situation*

March 15 – 2011-117

*High School Graduation and Dropout Data: California's New Database May Enable the State to Better Serve Its High School Students Who Are at Risk of Dropping Out*

March 22 – 2012-406

Implementation of State Auditor's Recommendations: Audits Released in January 2010 Through December 2011

March 23 – 2011-001

State of California: Financial Report Year Ended June 30, 2011

March 27 – 2011-111

*Federal Workforce Investment Act: More Effective State Planning and Oversight Is Necessary to Better Help California's Job Seekers Find Employment*

March 29 – 2011-101.2

*Los Angeles County Department of Children and Family Services: Management Instability Hampered Efforts to Better Protect Children*

March 30 – 2011-002

State of California: Internal Control and State and Federal Compliance Audit Report for the Fiscal Year Ended June 30, 2011

April 19 – 2011-043

CA-MMIS Status Letter

April 26 – 2012-039

Fi\$Cal Letter

May 31 – 2011-116.2

*Department of General Services: Strengthening the Division of the State Architect's Workload Management and Performance Measurements Could Help It Avoid Delays in Processing Future Increases in Workload*

June 26 – 2011-119

*Physical Therapy Board of California: Although It Can Make Improvements, It Generally Processes Complaints and Monitors Conflict-of-Interest Requirements Appropriately*



*June 28 – 2011-131*

*City of Vernon: Although Reform Is Ongoing, Past Poor Decision Making Threatens Its Financial Stability*

*July 12 – 2012-042*

*Children's Hospital Program: Fund Disbursements Are Appropriate, but Estimates of Cash Needs Have Been Consistently High*

*July 31 – 2012-008*

*State of California: Statement of Securities Accountability of the State Treasurer's Office December 31, 2011*

*August 9 – 2011-126*

*Nonprofit Hospitals: Statute Prevents State Agencies From Considering Community Benefits When Granting Tax-Exempt Status, While the Effects of Purchases and Consolidations on Prices of Care Are Uncertain*

*August 14 – 2011-123*

*Oil Spill Prevention and Administration Fund: The Department of Fish and Game and the Office of Spill Prevention and Response Need to Improve Their Administration of the Spill Fund*

*August 16 – 2011-120*

*California Department of Transportation: Its Poor Management of State Route 710 Extension Project Properties Costs the State Millions of Dollars Annually, Yet State Law Limits the Potential Income From Selling the Properties*

*August 20 – 2012-106*

*City of San José: Some Retirement Cost Projections Were Unsupported Although Rising Retirement Costs Have Led to Reduced City Services*

*August 23 – 2011-118/2011-613*

*Conduit Bond Issuers: Issuers Complied With Key Bond Requirements, but Two Joint Powers Authorities' Compensation Models Raise Conflict-of-Interest Concerns*

*August 28 – 2011-127*

*Metropolitan Transportation Commission: The Use of Toll Revenues to Purchase a New Headquarters Building Is Likely Legal, but the Transaction Exposes Toll Payers to Undisclosed Financial Risk*

*September 6 – 2011-121*

*Probationers' Domestic Violence Payments: Improved Processes for Managing and Distributing These Payments Could Increase Support for Local Shelters*

*September 11 – 2011-129*

*Juvenile Justice Realignment: Limited Information Prevents a Meaningful Assessment of Realignment's Effectiveness*

September 27 – 2012-005

State of California: Treasurer's Cash Count as of December 31, 2011

October 16 – 2012-032

California's Postsecondary Educational Institutions: Some Institutions Have Not Fully Complied With Federal Crime Reporting Requirements

October 23 – 2012-037

Department of Housing and Community Development: Awards of Housing Bond Funds Are Appropriate, but Cash Balances Are High and Monitoring Continues to Need Improvement

October 25 – 2012-401

Data Reliability: State Agencies' Computer-Generated Data Varied in Their Completeness and Accuracy

November 13 – 2012-501

Employment Development Department: Its Unemployment Insurance Program is Still Failing to Meet Acceptable Federal Performance Measures and Its Corrective Actions Have Fallen Short

*November 27 – 2012-105*

*Departments of Public Health and Social Services: Weaknesses in the Administration of the Child Health and Safety Fund and the State Children's Trust Fund Limit Their Effectiveness*

November 29 – 2012-103

*Los Angeles Unified School District: It Could Do More to Improve Its Handling of Child Abuse Allegations*

2011-2012

## ***RULES OF THE JOINT LEGISLATIVE AUDIT COMMITTEE***

Except as otherwise provided in the Joint Rules of the Senate and Assembly applicable to the 2011-2012 Regular Session, these committee rules will govern the Joint Legislative Audit Committee during the 2011-2012 Legislative Session:

### **ESTABLISHMENT**

- (a) The Joint Legislative Audit Committee is created pursuant to the Legislature's rulemaking authority under the California Constitution, Government Code Section 10501, and Rule 37.3 of the Joint Rules of the Senate and Assembly.
- (b) The Committee is of a continuing existence and may meet, act, and conduct its business at any place within the state, during the sessions of the Legislature or any recess thereof, and in the interim period between sessions.
- (c) The Committee is charged with establishing priorities and assigning audits for the State Auditor, ascertaining facts through investigations, reviewing reports and taking actions thereon, and making reports and recommendations to the Legislature regarding the revenues and expenditures of the State, its departments, subdivisions, and agencies.
- (d) The provisions of Rule 36 of the Joint Rules of the Senate and Assembly relating to investigating committees apply to the Committee, as well as other duties and responsibilities prescribed in the Joint Rules of the Senate and Assembly, and all powers conferred upon committees by Article IV, Section 11 of the Constitution of the State of California.

### **MEMBERSHIP**

- (e) The Committee shall consist of seven members of the Senate and seven members of the Assembly selected in the manner provided for in the Joint Rules of the Senate and Assembly.
- (f) Vacancies occurring between general sessions of the Legislature shall be filled in a manner provided for in the Joint Rules of the Senate and Assembly.

### **OFFICERS**

- (g) The Officers of the Committee shall be a Chair and a Vice Chair.
- (h) The Chair of the Committee shall be elected by a vote of the Committee.

- (i) The Chair shall preside at meetings when present except when the committee is considering a request of which he or she is the requester or the lead requester. Whenever the Chair is not presiding, the Vice Chair shall assume the duties of the Chair. In the absence of both, a member designated by the Chair shall preside, subject to approval of the Assembly Speaker and Senate Rules Committee.

## **AUDIT REQUESTS**

- (j) Any member of the Legislature may submit requests for audits to the Committee for consideration.
- (k) Upon receipt of an audit request from a member of the Legislature, the Chair shall review the request and shall acknowledge receipt of the request. The Chair may make recommendations to the requester regarding modification of the request to ensure that the request is appropriate for the purview of the Committee and State Auditor.
- (l) Unless the requesting member withdraws the audit request, the Chair shall submit the request, including any modifications agreed to by the member, to the State Auditor for the purpose of determining the feasibility, scope, and cost of performing the proposed audit.
- (m) The State Auditor shall prepare an analysis of the audit request, including the feasibility, scope, and cost of the audit and transmit the analysis to the Chair. The Chair shall distribute the analysis to the committee members. Neither the Chair nor any member of the committee shall disclose an analysis to the public until such time as the Committee has noticed and reviewed the request in an open meeting of the Committee.
- (n) At the time of hearing, an audit request may only be amended if the amendment does not substantially affect the feasibility, scope or cost of the proposed audit. Should a requester wish to substantially amend a request, the requester or Chair may ask the Committee to hold the request until the next committee hearing.
- (o) No action shall be taken on an audit request until such time as the Committee has reviewed the request and the State Auditor's analysis in an open meeting of the Committee.

## **AUDITS REQUESTS RECEIVED DURING INTERIM OR RECESS**

- (p) Notwithstanding rule (o), an audit request of an urgent nature received during interim or recess may be approved with the concurrence of the Chair and Vice Chair, provided that the audit's cost shall not exceed \$75,000 and that the audit shall not commence until five working days after the Committee members have been notified in writing of the audit's approval.
  - a. Audit requests in excess of \$75,000 received during interim require approval through an open meeting of the Committee as described in rule (o).

- b. If any Committee member objects to an audit request approved pursuant to this provision within the five working days, the audit shall be placed on hold until the next regular open meeting of the Committee.

## **MEETINGS**

- (q) The Committee shall meet upon call of the Chair.
- (r) Notice of hearings and the subject matter being heard shall be given in the Daily File.
- (s) The Chair shall set the hearings of audit requests and arrange the calendar for Committee hearings. Notice of hearing of audit requests shall be given the requester and such other appropriate persons requiring notice. Audit requests will not be considered in the absence of the requester without his or her consent; however, audit requests may be presented by the requester's representative authorized in writing.
- (t) The Chair shall direct the order of presentation of the arguments for and against matters for consideration by the Committee, and shall permit questions to be asked by the various members of the Committee in an orderly fashion and in keeping with proper decorum.
- (u) Committees or subcommittees, by a majority vote of such committee, may meet in executive session only as provided in Section 9029 of the Government Code and Article IV, Section 7(c) of the Constitution of the State of California. Otherwise, all meetings shall be open and public.
- (v) The Committee Secretary shall keep a record of the hearings and actions taken by the Committee. Any audit request approved by the Committee shall be forwarded to the State Auditor as a Committee request.

## **QUORUM AND VOTING**

- (w) Four members from each house constitute a quorum and the number of votes necessary to take action on any matter.

## **COMMITTEE ACTIONS**

- (x) The Committee shall consider each request as analyzed by the State Auditor and either:
  - (1) Approve the request;
  - (2) Deny the request;
  - (3) Retain the request for future consideration; or,
  - (4) Refer the request to another agency, if another agency is the more appropriate venue.
- (y) For all approved audits, the Committee shall set priorities for the State Auditor considering the extent that resources are available. To assist the Committee in ranking and prioritizing audits, the State Auditor shall each month provide the Chair with a schedule of available resources for audits throughout the fiscal year.

- (z) The State Auditor shall conduct all approved audits pursuant to Government Code Section 8546.1 to the extent that funding is available and as prioritized by the Committee. The State Auditor shall release the completed audit report to the Governor, Legislature, members of the Joint Legislative Audit Committee, and the requester.
- (aa) Any Committee member may request a public hearing to discuss the State Auditor's completed report. The Chair may summon the official whose office is the subject of the audit, the requester, the State Auditor, or any other person to appear at the hearing and provide testimony.
- (bb) An audit request retained by the Committee and not acted upon before the end of the regular two-year session of the Legislature shall automatically be deemed denied. The Chair shall contact each requester who remains a member of the Legislature and whose audit has been thus denied and notify him or her that the audit request can be resubmitted to the Committee during the next regular session.
- (cc) Further consideration of an audit request that has been approved of or defeated by the committee shall be by reconsideration only as follows:
  - (1) A motion to reconsider a vote by which an audit request is approved shall be in order and shall be voted upon at the same meeting. If such a motion is carried by a vote of four members from each house, the audit request may be considered at that meeting, provided the requester is present.
  - (2) A motion to reconsider a vote by which an audit request that has been defeated shall be in order and shall be voted upon at the same meeting. If such a motion is carried by a vote of four members from each house, the audit request for which reconsideration has been granted pursuant to this paragraph, shall not be heard again until a subsequent meeting of the Committee.
- (dd) In addition to Committee hearings pursuant to rule (bb), the Chair may also schedule hearings to review an auditee's response to issues raised in an earlier audit.

## **SUBCOMMITTEES**

- (ee) The Chair, with the concurrence of the Senate Rules Committee and the Speaker of the Assembly, may appoint from the members of the Committee, subcommittees of one or more members to consider and recommend to the full Committee action on any study, inquiry investigation, or hearing which the Committee itself has authority to undertake or hold. The Chair may assign and reassign members of, and subject matters to, the various subcommittees. The recommendation of a subcommittee may be accepted by the affirmative vote of at least four members from each house.

## **LEGISLATION**

- (ff) The Committee shall monitor legislation affecting the funding or workload of the State Auditor or Joint Legislative Audit Committee and testify as needed. The Chair or his or her

representative may also participate in fiscal and policy hearings regarding the State Auditor's funding and operations.

- (gg) Pursuant to Joint Rules 37.4 and 37.5, the Committee shall review all bills or resolutions assigning a study to the Committee or State Auditor and request an appropriation to fund the audit, waive this requirement as appropriate, and/or bring the issue to the attention of the standing committee with jurisdiction over the legislation.

### **SUSPENSION OF RULES**

- (hh) Except as otherwise provided in the rules, any provision of these committee rules may be suspended by a minimum of four Assembly members and four Senate members.

### **OTHER RULES**

- (ii) In all cases not provided for by this rule, the Joint Rules, or by statute, the authority shall be the latest edition of Mason's Manual.

Adopted by the Joint Legislative Audit Committee February 16, 2011