

Enhancing Oversight & Accountability in California

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California State Auditor
BUREAU OF STATE AUDITS

Introduction

- Role of the California State Auditor
- Omnibus Accountability Act—SB 1452



SB 1452 – Its Genesis

- Internal auditors pressured to overlook certain issues or findings dismissed without justification
- Desire to strengthen independence of and enhance protections for internal auditors
- Bring state law in line with GAO recommendations and Sarbanes-Oxley



Key Elements of SB 1452

- State Auditor recommendations
- Internal auditors—governance & protections
- Audit standards local auditors follow



State Auditor Recommendations

- Codifies long-standing practice
- Establishes notification responsibility
- Prescribes reporting requirements



State Auditor Recommendations (continued)

- Follow-up process codified
 - Requires updates to recommendations at specified intervals and in a prescribed format
 - State Auditor protocols
 - Letter to agencies
 - Review updates & supporting documents
 - Enhanced follow-up – validate update



State Auditor Recommendations (continued)

- Notification responsibilities
 - State Auditor notifies departments of nonimplementation
 - State agency
 - Provides written report why not implemented
 - Implements within 90 days
- Reporting requirements
 - January 15th of each year
 - Legislative committees and Finance



State Auditor Recommendations (continued)

- Report Content
 - State agency audited
 - Date audit report was issued
 - Description of recommendations
 - Agency response to notification



Inaugural Report January 2008

- January 2005 through December 2006
 - Issued 41 audits
 - Made more than 175 recommendations
- Identified 76 recommendations not fully implemented
 - Sent notifications to 17 state agencies
 - After inquiry and review of agency responses
36 recommendations remain outstanding



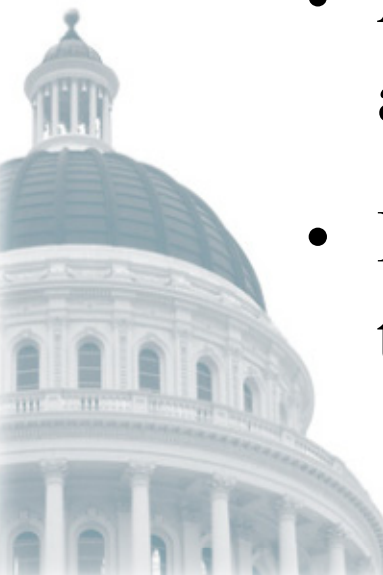
Enhanced Follow-up Activities

- Conducted five follow-up reviews
 - Focused on key recommendations
 - Verify assertions in responses
- Department of Corrections – Projection Model
- Pharmaceutical Purchases
- Department of General Services – Fleet Administration



High-Risk Program

- Inaugural list – May 2007
- Publish list every two years
- Identify areas at risk of fraud, waste, abuse and mismanagement
- Authority to initiate audits of areas identified as high-risk
- Requires state agencies to periodically report their status in mitigating or resolving risk.



Inaugural High-Risk List

- Emergency Preparedness
- Maintaining & Improving Infrastructure
- Information Technology
- Management of Human Resources
- Post-employment benefits
- Department of Corrections
- Department of Health Services



Internal Auditors' Overview

- Internal Auditors
 - Establishes reporting relationship/organization structure
 - Outlines reporting responsibilities and protections
 - Provides whistleblower protection



Questions and Answers

