


INTRODUCTION

This report summarizes the major findings and recommendations from audit and investigative reports we issued from January 2005 through December 2006. The purpose of this report is to identify what actions, if any, these auditees have taken in response to our findings and recommendations. We have placed this symbol  in the left-hand margin of the auditee action to identify areas of concern or issues that we believe an auditee has not adequately addressed.

Policy areas that generally correspond to the Assembly and Senate standing committees organize this report. Under each policy area we have included audit report summaries that relate to an area's jurisdiction. Because an audit may involve more than one issue or because it may cross the jurisdictions of more than one standing committee, an audit report summary could be included in more than one policy area. For example, if we audited a computer system at a university, the audit report summary may be listed under two policy areas—Business and Professions and Education.

We have compiled the recommendations we directed to the Legislature and have summarized monetary benefits such as cost recoveries, cost savings, or increased revenues that we estimated auditees could realize if they implement our recommendations in two appendices. We estimate that auditees could have realized more than \$953 million of monetary benefits during the period July 1, 2001 through December 31, 2006 if they implemented our recommendations. For example, in our audit of state departments that purchase prescription drugs, we recommended that the Department of General Services (General Services) continue its efforts to obtain more drug prices on contract by working with its contractor to negotiate new and renegotiate existing contracts with certain manufacturers. General Services reported that it implemented a contract with a new prime vendor that it estimates will save the State \$1.3 million annually. Additionally, General Services contracted with a pharmacy benefits manager for the Department of Corrections and Rehabilitation and estimates an additional savings of \$3.8 million annually. Finally, in our audit of state-owned vehicles and garages that General Services operates, with a focus on whether it is cost-effective for the State to own, maintain, and rent its vehicles and own and operate its garages, we recommended that it continue its efforts to obtain lower rates from commercial rental companies by pursuing options for a more competitive contracting process. General Services reported that it pursued a competitive bid process and awarded contracts to one primary and one secondary car rental company. General Services also reported that the contracts it awarded, which are for January 2006 through December 2008, should save the State about \$3 million in each of those three years. During the coming year, we will follow up on General Services' assertions about these two audits, and we will review General Services' changes to determine the extent to which it has implemented our recommendations and is realizing savings.

For this report, we have relied upon periodic written responses prepared by auditees to determine whether corrective action has been taken. The Bureau of State Audits' (bureau) policy requests that the auditees provide a written response to the audit findings and recommendations before the audit report is initially issued publicly. As a follow-up, we request the auditee to respond at least three times subsequently: at 60 days, six months, and one year after the public release of the audit report. However, we may request that an auditee provide a response beyond one year or initiate a follow-up audit if deemed necessary.

We report all instances of substantiated improper governmental activities resulting from our investigative activities to the cognizant state department for corrective action. These departments are required to report the status of their corrective actions every 30 days until all such actions are complete.

Unless otherwise noted, we have not performed any type of review or validation of the corrective actions reported by the auditees. All corrective actions noted in this report were based on responses received by our office as of January 2007.

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