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Pursuant to the provisions of Joint Rule 59, the following Assembly Journal for the 2015–16 Regular Session was printed while the Assembly was in Final Recess.

REPORTS

The following letters of transmittal were presented by the Chief Clerk and ordered printed in the Journal:

California State Auditor

2015-130
August 11, 2016

*The Honorable Speaker of the Assembly
The Honorable Members of the Assembly
of the Legislature of California
State Capitol, Room 3196
Sacramento, California*

Members of the Assembly: As requested by the Joint Legislative Audit Committee, the California State Auditor presents this audit report concerning the CalGang database and how law enforcement has implemented requirements for adding juveniles to CalGang.

This report concludes that CalGang's current oversight structure does not ensure that law enforcement agencies (user agencies) collect and maintain criminal intelligence in a manner that preserves individuals' privacy rights. Although the California Department of Justice funds it, CalGang is not established in state statute and consequently receives no state oversight. Instead, the CalGang Executive Board and the California Gang Node Advisory Committee (CalGang's governance) oversee CalGang and function independently from the State and without transparency or meaningful opportunities for public input.

Inadequate oversight contributed to the numerous instances in which the four user agencies we examined could not substantiate the validity of CalGang entries. Specifically, the agencies lacked adequate support for 13 of 100 people we reviewed in CalGang and for 131 of 563 (23 percent) of the CalGang criteria entries we reviewed. Although a

person's CalGang record must be purged after five years unless updated with subsequent criteria, we found more than 600 people in CalGang whose purge dates extended beyond the five-year limit, many of which were more than 100 years in the future. Finally, the user agencies have poorly implemented a 2014 state law requiring notifications before adding a juvenile to CalGang. Two agencies we reviewed did not provide juveniles and parents with enough information to reasonably contest the juveniles' gang designations, thereby denying many people their right to contest a juvenile's gang designation.

Although it asserts compliance with federal regulations and state guidelines—standards designed to protect privacy and other constitutional rights—little evidence exists that CalGang's governance has ensured these standards are met. As a result, user agencies are tracking some people in CalGang without adequate justification, potentially violating their privacy rights. Further, by not reviewing information as required, CalGang's governance and user agencies have diminished the system's crime-fighting value. Although CalGang is not to be used for expert opinion or employment screenings, we found at least four appellate cases referencing expert opinions based on CalGang and three agencies we surveyed confirmed they use CalGang for employment screenings. Although these practices do not appear to be commonplace, they emphasize the effect CalGang can have on a person's life.

We believe that CalGang needs an oversight structure that ensures that information is reliable and that users adhere to requirements that protect individuals' rights. Thus, we recommend that the Legislature adopt state law assigning Justice the responsibility for CalGang oversight and specifying that CalGang must operate under defined requirements, such as supervisory and periodic record reviews.

Respectfully submitted,

ELAINE M. HOWLE, CPA
State Auditor

Above report referred to the Committee on Public Safety.

California State Auditor

2015-131
August 23, 2016

*The Honorable Speaker of the Assembly
The Honorable Members of the Assembly
of the Legislature of California
State Capitol, Room 3196
Sacramento, California*

Members of the Assembly: As requested by the Joint Legislative Audit Committee, the California State Auditor presents this audit report concerning the oversight of psychotropic medications prescribed to California's foster children. This report concludes that the State and counties have failed to adequately oversee the prescribing of these medications. Specifically, some counties have yet to adopt the State's prescribing guidelines (state guidelines), a valuable tool that counties should use to ensure that foster children do not receive inappropriate or unnecessary psychotropic medications. Consequently, when we reviewed the case files for a total of 80 foster children at Los Angeles, Madera, Riverside, and Sonoma counties, we found that many foster

children were authorized psychotropic medications in quantities and dosages that exceeded the state guidelines. Although exceeding the state guidelines may be medically appropriate in some cases, we found no evidence that the counties had followed up with the health care providers to ensure the safety and necessity of the medications. When counties do not follow up with providers about prescriptions that exceed the state guidelines, the counties cannot ensure that they are reducing foster children's exposure to potentially inappropriate medication interventions.

Further, the counties have not always ensured that they follow best practices relating to the health services that foster children should receive in conjunction with their psychotropic medications. Specifically, one-third of the foster children whose records we reviewed did not receive follow-up appointments with their prescribers or other healthcare providers within 30 days after they began taking new psychotropic medications, thus increasing the risk that any harmful side effects would go unaddressed. Further, our review of the 80 case files indicates that foster children did not always receive corresponding psychosocial services before or while they were taking psychotropic medications. Additionally, and in violation of state law, counties did not always obtain required court authorizations or parental consents before foster children received prescriptions for psychotropic medications.

Finally, we found that the fragmented structure of the State's child welfare system contributes to the problems we identified. Oversight of psychotropic medications prescribed to foster children is vested among different levels and branches of government, leaving us unable to identify a comprehensive plan that coordinates the various mechanisms in place. Although the different public entities involved have made efforts to collaborate, the State's overall approach has exerted little system-level oversight to help ensure that these entities' collective efforts actually work as intended and produce desirable results. For instance, the fragmented oversight structure has contributed to the State's failure to ensure it and other stakeholders have the reliable information necessary to monitor the prescription of psychotropic medications to foster children. Even when combined, the results from data systems operated by two state departments still contain inaccurate and incomplete data related to foster children who are prescribed psychotropic medications. Consequently, neither of the two departments can completely identify which foster children statewide are prescribed psychotropic medications or which medications those children are prescribed. We recommend that the State collaborate with counties and other stakeholders to develop and implement a reasonable oversight structure for psychotropic medications prescribed to foster children.

Respectfully submitted,

ELAINE M. HOWLE, CPA
State Auditor

Above report referred to the Committee on Human Services.

California State Auditor

2016-104
September 22, 2016

*The Honorable Speaker of the Assembly
The Honorable Members of the Assembly
of the Legislature of California
State Capitol, Room 3196
Sacramento, California*

Members of the Assembly: As requested by the Joint Legislative Audit Committee, the California State Auditor presents this audit report concerning the California Public Utilities Commission's (CPUC) contracting practices and the contracts that the CPUC ordered four energy utilities to enter into. In addition to entering into its own contracts for services, the CPUC has broad authority to direct utilities to enter into contracts, which it orders through public proceedings.

This report concludes that to increase the transparency and accountability of its contracting directives, the CPUC must change the rules that govern the circumstances in which commissioners can participate in its proceedings and the entities and individuals who must report private communications about those proceedings. In our audit, we found that a commissioner—the then-president of the CPUC—participated in approving a \$152 million contract despite evidence that suggested that he was unable to act impartially towards a ratepayer advocate group's request to deny the contract. Further, we found that private communications about a \$25 million contract were not reported because the CPUC does not require commissioners to disclose when they have engaged in private discussions about the CPUC's public proceedings. We also found that the CPUC often does not follow state requirements or best practices when it issues and oversees its own contracts for services. This includes a failure to conduct market research to ensure that it obtains the best value in cases where competitive bidding is not required.

We recommend that the Legislature require the CPUC to adopt new standards requiring commissioners to recuse themselves if their impartiality is reasonably questioned and to report the content of private communications they hold related to CPUC proceedings. We also recommend that the CPUC change the way it oversees its own contracts to ensure that it receives the best value when it contracts out for services.

Respectfully submitted,

ELAINE M. HOWLE, CPA
State Auditor

Above report referred to the Committee on Utilities and Commerce.

California State Auditor

2015-803
October 3, 2016

*The Honorable Speaker of the Assembly
The Honorable Members of the Assembly
of the Legislature of California
State Capitol, Room 3196
Sacramento, California*

Members of the Assembly: As requested by the Joint Legislative Audit Committee, the California State Auditor presents the results of our audit of the city of Maywood, conducted as part of our high-risk local government agency audit program.

This report concludes that Maywood is a high-risk city because of substantial risk factors concerning the city's financial and operational management. Specifically, the city council did not adequately oversee the city's operations or monitor the performance of the former city manager over her five-year tenure, allowing numerous problems to remain uncorrected. The city council also inhibited transparency by repeatedly violating the State's open meeting law when making decisions that significantly affected city operations, including the hiring of individuals for the positions of the city manager and city attorney.

Maywood has reported a general fund deficit for the last six years, and it continues to face significant financial challenges that threaten its ability to provide services to its residents. Although the city projects a slight improvement in its financial condition, it still lacks the resources to fully repay substantial overdue debts, as of June 30, 2015, totaling over \$15 million, which is more than twice its annual operating costs. Further, the city undermined its ability to recover from its financial difficulties by failing to maximize revenue in several possible ways. For example, it understaffed its parking and code enforcement functions, leading to a loss of substantial amounts of revenue from parking citations and business license fees. Finally, Maywood spent millions on contracts it did not subject to a competitive bidding process, thereby failing to ensure the cost-effectiveness of its expenditures.

To help Maywood address these risk factors, we developed recommendations for the city to implement, including employing better personnel management practices and adhering to state laws governing the transparency of local governments' meetings. We also recommended preparing a repayment plan for the city's overdue debts, strengthening controls over procurement, and maximizing available revenue sources.

Respectfully submitted,

ELAINE M. HOWLE, CPA
State Auditor

Above report referred to the Committee on Local Government.

October 10, 2016

E. Dotson Wilson
Chief Clerk
California State Assembly

Daniel Alvarez
Secretary
California State Senate

Dear Mr. Wilson and Mr. Alvarez:

The 2016–17 State Budget includes funding for Capitol infrastructure projects including the East Annex of the State Capitol. The passage of a budget trailer bill (SB 836) clarified that the East Annex project is under the jurisdiction of the Joint Rules Committee.

Joint Rule 40.3 describes a subcommittee of the Joint Rules Committee to be known as the Subcommittee on Legislative Space and Facilities. The subcommittee shall consider the housing of the Legislature and legislative facilities. Joint Rule 40.3 also describes the membership of the subcommittee and provides that the Chair of the Joint Rules Committee shall appoint the membership.

In order to provide oversight of the East Annex project and to provide for a venue to approve memorandums of understanding and other documents necessary to move the project forward, I am today appointing the following members of the Legislature to serve on the Subcommittee on Legislative Space and Facilities:

Representing the Assembly: Ken Cooley
 Richard Gordon
 Chad Mayes
 Phil Ting, Assembly Budget Chair

Representing the Senate: Kevin de León,
 Senate President pro Tempore
 Anthony Cannella
 Mark Leno, Senate Budget Chair
 Holly Mitchell

The Subcommittee will be convened once work on conceptual plans reach critical decision points and a draft MOU between the Department of General Services and the Joint Rules Committee is ready for consideration.

Sincerely,

RICHARD S. GORDON
 Chair, Joint Rules Committee

ANTHONY RENDON, Speaker

AMY LEACH, Minute Clerk