

The report attributes these problems to specified procedural deficiencies in the disability claims process and unreliable computer equipment in field offices.

*Report No. P-629.2 (December 1986)* summarized the results of a statewide review of overtime and travel controls. Auditors found that, overall, the statewide controls are working effectively. These findings are particularly significant in light of a June 1986 OAG report indicating that the Department of Transportation has mismanaged employee overtime and travel. As a result of that audit, OAG completed the comprehensive statewide review which resulted in its December report.

*Report No. P-655 (December 1986)* discloses audit results concerning the Department of Corrections' selection of a prison site in Los Angeles County. The report states that the Department of Corrections did not follow established procedures in determining the site for a state prison reception center.

Auditors discovered that appraisers who estimated the market value of the reception center site did not consider the effect of either the hazardous waste contamination on adjacent property or the potential contamination on the site itself. As a result, completion of the reception center may be delayed.

In its audit, OAG recommends testing for hazardous waste contamination of soil at the site and reappraisal of the land's market value.

## FUTURE AUDIT REPORTS:

As of this writing, numerous OAG audits were in progress, including those concerning unemployment insurance overpayments, therapeutic drug utilization, vocational education, the Department of Insurance, and mandated programs for AIDS. Results of several of these audits will be reported in CRLR Vol. 7, No. 2 (Spring 1987).

## COMMISSION ON CALIFORNIA STATE GOVERNMENT ORGANIZATION AND ECONOMY (LITTLE HOOVER COMMISSION)

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The Little Hoover Commission was created by the legislature in 1961 and became operational in the spring of 1962. (Government Code sections 8501 *et. seq.*) Although considered to be within the executive branch of state

government for budgetary purposes, the law states that "the Commission shall not be subject to the control or direction of any officer or employee of the executive branch except in connection with the appropriation of funds approved by the Legislature." (Government Code section 8502.)

Statute provides that no more than seven of the thirteen members of the Commission may be from the same political party. The Governor appoints five citizen members, and the legislature appoints four citizen members. The balance of the membership is comprised of two Senators and two Assemblymembers.

This unique formulation enables the Commission to be California's only real, independent watchdog agency. However, in spite of its statutory independence, the Commission remains a purely advisory entity only empowered to make recommendations.

The purpose and duties of the Commission are set forth in Government Code section 8521. The Code states: "It is the purpose of the Legislature in creating the Commission, to secure assistance for the Governor and itself in promoting economy, efficiency and improved service in the transaction of the public business in the various departments, agencies, and instrumentalities of the executive branch of the state government, and in making the operation of all state departments, agencies, and instrumentalities and all expenditures of public funds, more directly responsive to the wishes of the people as expressed by their elected representatives...."

The Commission seeks to achieve these ends by conducting studies and making recommendations as to the adoption of methods and procedures to reduce government expenditures, the elimination of functional and service duplication, the abolition of unnecessary services, programs and functions, the definition or redefinition of public officials' duties and responsibilities, and the reorganization and or restructuring of state entities and programs.

## MAJOR PROJECTS:

*Nursing Homes.* The Commission is presently conducting its third investigation since 1977 into the state's nursing homes. In its initial report on the subject in 1977, the Commission criticized the state for poor enforcement of regulations and licensing law. In a 1982 follow-up investigation, the Commission made surprise visits to nursing homes and

conducted public hearings. Results of that investigation, documented in a 1983 report entitled "The Bureaucracy of Care," indicated a need for significant changes in the state's regulatory efforts.

The California legislature responded by passing a package of bills known collectively as the Nursing Home Patient Protection Act (NHPPA). The final elements of the NHPPA became effective in March of 1985.

The Commission's decision to conduct a third investigation closely follows publication of a recent four-part series in the *San Jose Mercury News* which reported the continuation of serious problems in nursing home patient care, despite the recent regulatory reforms. The *Mercury News* reported that Commission Chairperson Nathan Shapell has vowed to "ride herd" on nursing homes until patient care improves.

*State Controller Office Relocation.* In a December 10 letter to the Governor and state legislators, the Commission charged that California Controller Ken Cory wasted as much as \$4.7 million in his staff's recent move into a downtown Sacramento bank building.

The move into the new facilities resulted in consolidation of staff formerly housed in twelve facilities located throughout Sacramento. The Commission stated that a more detailed and comprehensive analysis of alternate locations should have been performed prior to the relocation, which more than doubled the cost of housing the Controller's 1,300 employees.

## PUBLIC HEARINGS:

At a public hearing on November 19, 1986, the Commission received testimony regarding the impact of tax-free mail order sales on California retailers and the potential tax revenue loss to California. The Commission also heard testimony on the state's lottery operations at the hearing.

## DEPARTMENT OF CONSUMER AFFAIRS

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In addition to its functions relating to its forty boards, bureaus and commissions, the Department is charged with the responsibility of carrying out the provisions of the Consumer Affairs Act of 1970. In this regard, the Department educates consumers, assists them in complaint mediation, advocates their interests in the legislature, and represents