

# State auditor turns up 19 ethics violations

By SIGRID BATHEN  
Recorder Capital Correspondent

SACRAMENTO — A state "whistle blowers" hotline for reporting unethical or illegal activity by state employees has led to 19 investigations so far this year, including one case in which a university recovered \$500,000 from a professor who used state resources for private commercial purposes.

The investigations were reported last week by the state Auditor General's Office, an independent state agency that investigates the conduct of state employees and the operation of state bureaucracies. The names of the employees investigated are not contained in the report.

The Reporting of Improper Governmental Activities Act of 1979 requires the establishment of a statewide toll-free hotline for state employees and the general public to report improper activities in state government. The hotline is operated by the auditor general, whose investigations can prompt disciplinary action.

Of the 19 probes completed between Jan. 1 and June 30, six involved time and attendance abuse, five concerned misuse of state resources, three focused on misuse of state vehicles, two involved conflicts of interest and the others dealt with waste of state funds, a "poor administrative decision" and false travel claims.

One employee was dismissed from state service, five were suspended, 12 suffered pay cuts, one was reprimanded and seven received "informal admonishments."

In seven cases, state employees repaid funds, and in eight cases internal controls were tightened in the affected agencies.

Here are some of the 19 investigations:

- The University of California, Los Angeles, recovered more than \$500,000 after showing that a professor used state resources to support his private commercial activities. The professor improperly used expensive research materials in developing a "new procedure," which was not specified in the report.

The procedure was developed 20 years ago by the professor as a member of the university faculty, using university funds and facilities. The new procedure "revolutionized the methods used in his method of research," the report concluded. "However, the procedure, which eventually was used worldwide, requires the use of expensive

materials which are difficult to obtain. Consequently, the professor devised a cost-effective method of applying the procedure."

Eventually, according to the report, the federal Food and Drug Administration granted two licenses for the procedure — one to the National Institutes of Health and the other to UCLA, which used the proceeds to support the professor's research.

In 1982, the FDA deregulated the activity, and private commercial entities prepared to fill "the market void." In 1984, the university divested its interests in favor of a private corporation whose principal stockholder was the professor who developed the procedure.

In May 1984, according to the report, "the university ignored its own policies and procedures and agreed to lease certain furnishings and equipment to the corporation for one year in return for a payment of \$2,000 a month." But the agreement was not promptly executed, and the corporation utilized university furnishings and equipment free of charge for one year.

In addition, university employees were instructed to repair equipment used by the corporation, and 10 university employees remained on the university payroll after leaving the university to work for one of the professor's commercial entities.

- Eight officials of the state Department of Social Services were demoted and received salary reductions after the auditor general determined that "they had interfered with the sampling procedures used to randomly select cases for quality assurance review by the Social Security Administration."

Workers in the Disability Evaluation Division of the Department of Social Services interfered with the random sampling of cases for quality assurance review, the auditor concluded. "In five of the six branches, staff made substitutions in samples when they found cases with performance errors. Estimated substitution rates range from less than one percent to 40 percent."

"As a result, the Social Security Administration has been developing performance measures from unrepresentative samples, and its measures of quality assurance do not accurately reflect the performance of the department's Disability Evaluation Division," the auditor said.

The auditor said branch officials condoned the practice. The division has since established an

automated sampling system to correct the "systemic weaknesses" in sampling procedures.

- The state Air Resources Board discontinued the use of private vehicles for testing after the auditor general determined that more than \$14,000 had been spent "to provide rental vehicles to the owners of two vehicles that were valued at \$5,300." A section manager in the board "wasted state funds by spending more than \$14,000 to rent vehicles for his aunt and another board employee while the board used their private vehicles, valued at only \$5,300, for a testing program to evaluate the performance of replacement parts."

- The state Board of Equalization will require all district audit supervisors to maintain a daily log of their field visits after it was determined that a supervisor "rarely or infrequently visited his staff, although his travel expense claims showed 106 days of field visits out of 151 days worked."

The supervisor admitted filing false travel claims for periods when he was reportedly performing official business away from his headquarters. The supervisor was suspended for three days without pay.

- A supervisor at the Fairview Developmental Center in the state Department of Developmental Services, which provides services to the developmentally disabled, was suspended without pay for 60 days and ordered to reimburse the state \$2,450 after he directed subordinates to renovate his private vehicle on state time — repairing the vehicle's rusted body surfaces and its upholstery, painting the vehicle and checking its generator.

- An employee at the California Correctional Institution at Tehachapi was "counseled" and given a letter of instruction "on the proper use of a state vehicle" after using a state car to go to a basketball game in Sacramento.

- An employee of the state Department of Social Services used a state computer to conduct football pools and for other "unofficial activities." She was instructed to erase all unofficial work from her computer files.

Anyone having information about any improper state governmental activity is encouraged to call the hotline at 1-800-952-5665. The identities of persons reporting such alleged activity are kept confidential by the auditor-general, and state employees who report such activity are protected from harassment or retaliation in the workplace.