



September 15, 2004

**To: News Media**  
**From: Cal-Tax (Contact: Ron Roach 916 930-3104)**  
**Subject: Fraud and Waste**

**Cal-Tax: The controller's report citing lack of controls over park grants underscores the need for stronger budget management – and the governor's California Performance Review project.**

*News Item:* Controller Steve Westly announced September 14 that he was recalling \$15.5 million in state parks grants that were doled out but not used. He was critical of the Department of Parks and Recreation for lack of oversight and announced that his office would fully audit 20 additional grants to nonprofit groups and local agencies. He reported on the initial review of more than 300 grants totaling \$102 million between 1999 and 2003. The investigation was prompted by the *San Francisco Chronicle* report of a \$500,000 grant for a community center that was never built.

Larry McCarthy, president of the California Taxpayers' Association, commented: "Recent reporting on mismanagement of state funding of nonprofit groups and local agencies underscores the critical importance of strengthening financial management and state budget procedures in Sacramento.

"The state of California faces a crisis of confidence in the unaccountable spending of public funds. Polling consistently shows that Californians are discouraged with the way the Legislature each year spends more than 100 billion hard-earned tax dollars.

"Governor Schwarzenegger's call for a top-to-bottom review of state government and its financial management is a life preserver for a system that is hopelessly adrift. Everyone who cares about how public funds are spent in California must urge the governor's California Performance Review process forward."

#