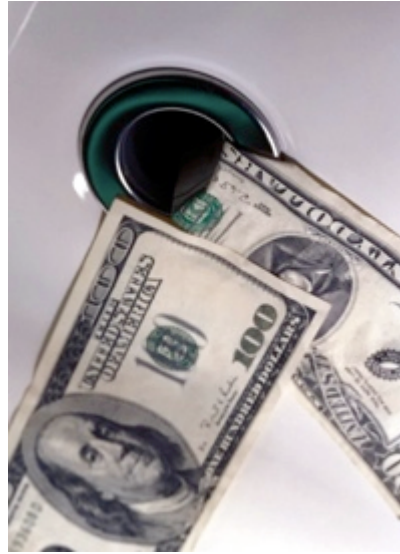




Written by [Bruce Walker](#) on December 19, 2009

Calif. Stimulus Watchdog Disappoints

When the U.S. Congress passed the massive stimulus package earlier this year, California Governor Arnold Schwarzenegger created a state-level inspector general to insure that the stimulus funds for California would not be used wastefully or improperly. This is a big job for any auditor, because California is receiving about \$50 billion dollars in stimulus funds.



Other states receiving stimulus funds are relying upon traditional mechanisms for tracking fraud, abuse, and waste. Most state governments have a state attorney general and a state auditor, both of whom typically have oversight capacity on government expenditures. California is no different, but the existing state budget crisis has reduced the number of investigators and auditors for those state offices. Laura Chick, the woman selected by Schwarzenegger as the state-level inspector general for stimulus funds, is not in any better shape. She freely admits that her office has not been able to produce any formal audits or reports. Chick also said that her office is unable to investigate potential whistle-blower cases because of inadequate staffing. Chick also acknowledged that her staff have not been able to track the number of jobs created with stimulus funds or jobs saved with stimulus funds.

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"I would not mind being a bit further along, but I am understanding, in these tough times, that it has been a challenge for the state to access the needed resources for my office," Chick states. Governor Schwarzenegger's office seems to agree that the new special inspector general for stimulus funds does not have the resources to do the job right. The California State Auditor, Elaine Howle, is an elected official under the California Constitution. Howle has expressed concern that the duties of her constitutional office overlap and may conflict with the created office that Laura Chick holds under appointment from the governor. The State Auditor, for example, prepares the state financial reports and is charged with investigating whistle-blower complaints. It is possible that these two offices, with overstretched staff and resources, may be duplicating a lot of work. What makes this particularly troubling is that Californians in referenda this year have shown very little confidence or trust in the



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integrity and competence of their elected officials.

California is simply the "big fish" in this troubled area. New Hampshire Deputy State Attorney General Orville Fitch was tagged as heard of the Office of Economic Stimulus with a budget of \$1.5 Million and three people on staff. That office, however, is scheduled to close in September 2011, and it is unclear what will happen to pending audits, investigations, complaints, and reports. Nearly every state of the union faces the same sort of problem.

States are allowed to use stimulus funds for auditing and monitoring the use of those funds, but many states have not done so, despite the fact that the FBI has estimated that from 7 to 10 percent of stimulus funding will be subject to fraud. Chick doubts that the percentage is that high, but there is no doubt that when the federal government hands out vast sums of money fraud will occur — beginning with the fact that much of the "stimulus" money is being created out of thin air.



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