

## Summary of 10-22-12 interview of Alan Fujii

Interview and summary by Thomas M. Patton, Deputy Attorney General

Alan Fujii holds a degree in business and worked for the State of California for 39 years beginning in 1964 and retiring in 2003. He started with the Franchise Tax Board and came to the Department of Parks and Recreation in the 1970s. Fujii started in the Parks Department's accounting section and later worked in the audit section, as well as in training and development. Fujii spent at least the last 10 years of his career working in the Department's budget office, which is part of the administrative services division. (Alan Fujii transcript (AFtr), pp. 2-8.)

While working in the budget office Fujii was initially manager of the capital outlay program and later managed "local support assistance." Both manager positions report to the budget officer.<sup>1</sup> During his time in the budget office Fujii assisted with the pilot program for performance-based budgeting, which ran from 1995 to 1999. Fujii agreed with other reports this interviewer received that performance-based budgeting presented a challenge in that dual accounting methodologies were simultaneously run--one to accommodate the regular budgeting process and the other to accommodate performance-based budgeting. (AFtr, pp. 8-11.)

Fujii assisting with preparation of budget documents for submission to the Department of Finance (DOF). Fujii stated he would wait for accounting to close its books and would then put the accounting section's figures into the budget fund condition statements in their proper locations. (AFtr, pp. 12, 16-18.) Fujii worked with Becky Brown, who was the budget officer and his immediate supervisor. Fujii was principally involved in helping prepare fund condition statements which he would provide, along with all back-up documentation, to Brown for review. Fujii could not recall whether he had ever worked on calculating prior year adjustments for budgetary fund conditions statements. (AFtr, pp. 29-30.) The last time Fujii spoke with Becky Brown was three or four years ago. (AFtr, p. 19.)

---

<sup>1</sup> Unlike the capital outlay manager, the manager of local support assistance is responsible for assisting the budget officer in preparing the Department's budget documents. (See transcript of 9-21-12 interview of Marilyn Evans-Jones, at p. 8.) Current administrative services management reports that the local support assistance manager is informally referred to as the assistant budget officer and is the number two manager within the Department's budget office.

When first asked if he had ever seen whether the fund condition statement balance reported to DOF differed from the year-end cash balance reported in the accounting statement to the State Controller's Office (SCO), Fujii stated that as far as he was concerned it must match. Fujii indicated the past year's ending cash balance in the accounting report should be input into the budget fund condition statement as the past year's ending balance and the current year's beginning balance. (AFtr, pp. 20, 22.)

Fujii was then shown the DOF's spreadsheet attached hereto as Exhibit A. That spreadsheet sets out the year-end cash balances reported to the SCO and the year-end fund balances reported to DOF for the State Parks and Recreation Fund (SPRF) and the Off-Highway Vehicle (OHV) fund for fiscal years ending in 1993 through 2011. After reviewing the numbers reflected in the spreadsheet, Fujii was asked if he recalled any efforts to identify why there were disparities in the balances reported to the SCO and the DOF. (AFtr, pp. 24-32.) Fujii responded that they were mainly concerned about being within the appropriation for SPRF and not over-spending their appropriation authority. (AFtr, pp. 32-33.)

Fujii was asked if he had worked on the fund conditions statements for the SPRF and OHV fund during the period 2000 to 2003, and Fujii responded that he probably had. He stated that he did not recall, however, a question coming up as to why year-end balances reported to the SCO and DOF for the SPRF were getting farther and farther apart. (AFtr, p. 35.) Fujii did not recall who Dorothy Kroll was and stated he did not recall Kroll giving a report during a meeting as to what she determined had caused the balance report discrepancies. (AFtr, pp. 35-39.)

Fujii was then shown a memo from the DOF dated April 8, 2002 (Exhibit G attached), which pointed out disparities in year-end balances reported to the SCO and DOF for various special funds, including the SPRF and OHV fund. It was observed that the memo identified a \$22,765,000 disparity in balances reported to the SCO and DOF regarding the SPRF for fiscal year ending June 30, 2001. Fujii stated that he might have seen the memo at the time but was not sure. He indicated that if it came to the budget office, he was sure he must have seen but he did not recall working on addressing the issues raised in it. (AFtr, pp. 42-44.)

Fujii was then asked if the \$22,765,000 dollar disparity was a significant piece of news, and Fujii responded, "Yeah." Fujii was asked if he remembered hearing that news and he

responded, “Probably. If it came in, I’m sure I had to have seen it.” Fujii was then asked: “What’s your reaction to that? That’s not good, right?” Fujii responded: “Yeah, I don’t recall being told to do anything about it.” (AFtr, p. 45.)

This interviewer then pointed out that it sounded like Fujii did have a vague recollection that there had been a disparity and Fujii responded: “Yeah . . . There was a disparity.” Fujii then reiterated that he was not told to do anything about it. Fujii also stated that he must have been aware of the disparity as a result of the DOF memo, and he did not recall Becky Brown bringing it to his attention. (AFtr, pp. 45-46.)

Fujii went on to confirm several times that he did recall there had been a disparity in the SPRF balances reported to the SCO and DOF. When asked if he found it troubling, Fujii responded: “Not if somebody else was going to take care of it.” When asked if he was curious about it, Fujii stated: “Well, yeah – it was curious.” When asked who he believed the person would be to deal with the issue, Fujii stated: “Well, it wasn’t assigned to me so I figured somebody else was taking care of it.” When asked who that would be, Fujii stated: “Becky or somebody else, I don’t know.” “Somebody higher up. I don’t know.” (AFtr, pp 47-49.)

Fujii then reiterated that when working on fund condition statements he would utilize accounting’s year-end balances and plug those numbers into the fund condition statement, taking them at face value. When asked if he ever noticed that the numbers he had put into the fund condition statement for SPRF had been changed in the final documents submitted to the DOF, Fujii indicated that he “probably” saw the whole package submitted to the DOF but he never noticed that any numbers had been changed. (AFtr, pp. 50-53.)

Lastly, Fujii was shown the balances reported to the SCO and DOF from 1993 to 2011 for the OHV fund and asked if remembered any challenges getting those balances to match up. Fujii did not recall any such issues concerning the OHV account, and stated that he was never aware there were any disparities in the OHV fund balances reported to the SCO and the DOF. (AFtr, pp. 53-55.)