



# MEMORANDUM

**Date:** March 28, 2019 File No.: 9169

**To:** Laurie Berman, Director  
California Department of Transportation  
1120 N Street  
Sacramento, CA 95814

**From:** Department of General Services  
Office of Audit Services

**Subject:** QUALITY CONTROL REVIEW OF CONTRACT APPROVAL EXEMPTION AUDIT

This report presents the results of our quality control review of an internal audit conducted of the California Department of Transportation's (Caltrans) contracting program. The audit was conducted by Caltrans' Independent Office of Audits and Investigations (A&I).

As a condition of Caltrans' exemption (Exemption Letter No. 13.0) from the Department of General Services' (DGS) approval of its contracts under \$150,000, two audits are required to be performed of the department's contracting program during the exemption period of July 1, 2016 through June 30, 2020. On June 27, 2018, the A&I issued an audit report which presented the results of the first audit required under the terms of the exemption. Public Contract Code Section 10352 requires DGS to perform a quality control review of the audit.

The objectives of our quality control review are to determine: (1) if the internal audit was conducted in accordance with an audit guide issued by DGS; and, (2) if reported findings are being appropriately addressed by Caltrans' management. Based on our interviews of audit staff and review of the working papers prepared to support audit tests, and our performance of other procedures as deemed necessary, we concluded that the audit was conducted in accordance with DGS' audit guide and that management indicated a commitment to take appropriate actions to address reported findings.

We greatly appreciated the cooperation and assistance provided by Caltrans' audit staff.

If you need further information or assistance on this report, please contact me at (916) 376-5058 or Dennis Miras, Audit Manager, at (916) 376-5064.

ANDY WON  
Deputy Director, Office of Audit Services

cc: Cristiana Rojas, Deputy Director, Administration, Caltrans  
David Prizmich, Chief, Division of Procurement and Contracts, Caltrans  
Alice Lee, Internal Audit Manager, Independent Office of Audits and Investigations, Caltrans  
Leslie Lopez, Deputy Director and Chief Counsel, Office of Legal Services, DGS