



MEMORANDUM

Date: October 19, 2023

File No.: 4173

To: Michelle Baass, Director
Department of Health Care Services
P.O. Box 997413, MS 0000
Sacramento, CA 95899-7413

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 Department of Health Care Services' (DHCS) contracting program. The audit was conducted by DHCS' Internal Audits (IA).

As a condition of DHCS' exemption (Exemption Letter No. 55.7) 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 October 1, 2019, through September 30, 2023. On July 26, 2023, IA issued an audit report which presented the results of the second 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 were 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 DHCS' 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 DHCS' audit staff.

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



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Deputy Director, Office of Audit Services

cc: Erika Sperbeck, Chief Deputy Director, Policy and Program Support, DHCS
Scott Carney, Deputy Director, Administration, DHCS
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