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File No.: 9182

To: Karla Nemeth, Director
Department of Water Resources
P.O. Box 942836
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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 Water Resources' (DWR) contracting program. The audit was conducted by DWR's Internal Audit Office.

As a condition of DWR's exemption (Exemption Letter No. DWR 1) 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, 2015 through June 30, 2019. On April 30, 2019, the Internal Audit Office 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 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 DWR's 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 DWR's 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.



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Deputy Director, Office of Audit Services

cc: Kathie Kishaba, Deputy Director, Business Operations, DWR
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