



MEMORANDUM

Date: July 31, 2023

File No.: 3180

To: Nancy Farias, Director
Employment Development Department
722 Capitol Mall, #5098
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 Employment Development Department's (EDD) contracting program. The audit was conducted by EDD's Audit and Evaluation Division (AED).

As a condition of EDD's exemption (Exemption Letter No. 54.6) 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 March 1, 2021, through February 28, 2025. On March 2, 2023, AED 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 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 EDD'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 EDD's 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.



ANDY WON
Deputy Director, Office of Audit Services

cc: Amy Faulkner, Chief Deputy Director, EDD
Tad Allred, Deputy Director, Administration Branch, EDD
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